



***Ross Asset Management Limited (In Liquidation) (“RAM”)
Bevis Marks Corporation Limited (In Liquidation)
McIntosh Asset Management Limited (In Liquidation)
Mercury Asset Management Limited (In Liquidation)
Dagger Nominees Limited (In Liquidation)
Ross Investment Management Limited (In Liquidation)
Ross Unit Trusts Management Limited (In Liquidation)
United Asset Management Limited (In Liquidation)
together “the Ross Group Companies” or “the Group Companies”***

Outcome of Second Liquidation Committee Meeting

The second meeting of the Liquidation Committee (“the Committee”) was held on 19 April 2013 at PwC’s offices in Wellington. Six committee members attended in person and one attended by telephone. The meeting was chaired by John Strahl. This document is the Committee’s agreed communication to be sent to all creditors and investors following the meeting. It was agreed that future communications concerning the liquidation process will continue to be sent from the Liquidator on behalf of the Committee.

Vacation of Ross Asset Management business premises

The Liquidators had continued to rent the offices previously occupied by RAM until the end of March 2013. Those offices have now been vacated with all physical records either being taken by the Liquidators or the Financial Markets Authority (“FMA”). The computer system has been set up at the Liquidators’ offices so that queries from the database can be made, if required. No further rental payments will be made for the offices. Any future rental payments under the lease will be an unsecured claim in the liquidation of RAM.

Inland Revenue

Discussions between the Liquidators and Inland Revenue are ongoing in relation to those investors who may have previously overpaid tax on fictitious returns, and whether that overpaid tax can be recovered. Details of the issues we are dealing with were posted on the PwC website on 21 March 2013.

The Liquidators have advised Inland Revenue that it is unlikely that they can establish an accurate position in relation to shares actually held, rather than those which were reported to be held, for individual investors. However, it looks likely that an approximate calculated value of the overall share portfolio managed by RAM at key points in time can be established. This involves manually working backwards from the position established at the time of receivers being appointed last year and so is likely to take a considerable amount of time to reconstruct the position at 31 March each year back to the 2008 tax period.

Before further reconstruction work is done by the Liquidators, Inland Revenue wish to review our work done to date to determine whether it will be adequate for Inland Revenue to be satisfied that a reassessment can be made to previously filed tax returns. This is likely to be a decision made at a senior level within Inland Revenue so may also take some time.





RAM has previously paid Income Tax based on the reported management fees which had been charged to investors. These fees were based on the purported value of the portfolios at given points of time.

Accordingly the Liquidators are also considering whether those management fees were inflated and if tax paid on the inflated management fees can be recovered for the benefit of creditors. Any reassessment in this regard could have a corresponding impact on deductions claimed by investors.

The Committee endorsed the Liquidators' work in this area and requested that it continue to be a priority with a view to reaching an agreed approach with Inland Revenue as soon as possible.

Share realisations

The Liquidators have commenced realising shares held by the Ross Group Companies. Shares managed by New Zealand brokers have been largely realised. Shares managed by overseas brokers are in the process of being realised or will be in the near future. Steps will then be taken to realise shares held directly at the relevant registry by the Group Companies. A managed approach needs to be taken to this to minimise the risk of selling any shares subject to proprietary claims. This is discussed in more detail below.

To date circa \$900,000 worth of shares have been realised. This is after brokerage fees. Fluctuations in the market have meant that some shares have sold for greater than anticipated and some for less than anticipated, however overall realisations are generally in line with valuation. Shares with an estimated value of \$4.8 million remain to be sold.

A breakdown of the share realisations completed by the Liquidators as at 12 April 2013 is detailed below:

	Estimated to Realise *	Net Realisation	Yet to be Realised	Estimated Total Realisations
NZ Broker Holdings	\$718,067.95	\$632,169.56	\$844.55	\$633,014.11
Australia Broker Holdings	\$1,729,989.29	\$0.00	\$1,729,989.29	\$1,729,989.29
USA Broker Holdings	\$892,530.73	\$174,269.11	\$658,360.61	\$832,629.72
Other Broker Holdings	\$491,830.25	\$0.00	\$491,830.25	\$491,830.25
NZ Registry Holdings	\$589,736.57	\$0.00	\$589,736.57	\$589,736.57
Australia Registry Holdings	\$1,412,072.25	\$92,077.52	\$1,319,994.73	\$1,412,072.25
USA Registry Holdings	\$0.00	\$0.00	\$0.00	\$0.00
Other Registry Holdings	\$37,008.98	\$0.00	\$37,008.98	\$37,008.98
Totals	\$5,871,236.02	\$898,516.19	\$4,827,764.98	\$5,726,281.17

* Based on share portfolio valuations dated 21 February 2013



Proprietary claims

Certain investors had shares held in their own name but managed by RAM, which have been subject to the Court freezing orders obtained last year. The Liquidators have been reviewing these claims to ensure that no monies derived from the Group Companies or other investors were used to purchase these shares. If the Liquidators and their legal advisors are satisfied a proprietary claim can be established, the Liquidators will make application to the High Court to have the relevant shares released from the freezing orders and returned to the claimant.

Certain other investors have made claim to shares owned by the Group Companies, but purportedly held on trust for them. These are often shares which were passed to RAM to manage but were supposed to remain in the name of the particular investor. Again the Liquidators and their lawyers are reviewing the relevant documentation to determine if such a trust exists, and if so, those shares will fall outside of the assets available for the general body of creditors.

As at 12 April 2013, shares valued at circa \$3.7 million are subject to proprietary claims. At this stage the Liquidators believe that circa \$2.5 million of shares are likely to be returned to claimants. These shares are additional to the shares discussed in the previous section of this note.

Before an application is made to Court the Liquidators wish to ensure that any management fees outstanding on those shares are paid in full.

Investigation into monies deposited

In the previous update a form was attached requesting investors provide details of deposits they had made in the 12 months prior to the Group Companies being placed into receivership. The purpose of this exercise was to determine whether there were any bank accounts which had not yet been identified. A number of investors returned this form. The Liquidators have been able to verify the accounts into which all deposits have been paid. Accordingly no new accounts have been located. At this stage no further investigations into the existence of other bank accounts will be undertaken. However, the Liquidators remain open to examining this matter further should new evidence come to light.

Financial position

A summary of the receipts and payments together with costs incurred but not paid, was presented to the meeting. As at 12 April 2013, the Receivers and Liquidators have net funds on hand of \$538,502.30. A breakdown of the individual balances held for each Ross Group company is detailed below:

Bevis Marks Corporation Limited (In Liquidation)	\$	930.35
Dagger Nominees Limited (In Liquidation)	\$	32,245.65
Ross Asset Management Limited (In Liquidation)	\$	499,184.76
United Asset Management Limited (in Liquidation)	\$	6,141.54
		<hr/>
		\$ 538,502.30
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Shareholder current account

According to the financial statements as at 31 March 2010, David and Jillian Ross are jointly indebted to RAM in the sum of \$3,491,579. Discussions are currently underway with Mr & Mrs Ross and their legal advisers in relation to this outstanding amount.

Clawback of monies paid out by the Group Companies

The Liquidators are continuing to focus on some of the clearer potential claims in the last three years with a view to determining whether to instigate legal action. This remains a work in progress. It is taking some time to establish the facts necessary to evaluate the strength of such claims. The Liquidators are having some difficulty in obtaining full access to historic email accounts. Further, a potential issue in any legal action is the likely need to establish that a recipient of a payment which is sought to be clawed back was, in fact, a creditor (i.e. rather than an investor/proprietary claimant) at the time of receiving that payment (i.e. had no claim to specific shares). This involves re-creating RAM's asset position at the relevant point in time. This is a time consuming exercise.

Distribution of assets

Although not currently in a position to make a distribution to creditors, work has commenced on establishing a basis for valuing creditor claims and the basis for any distribution. If a distribution is to be made, it is the intention of the Liquidators to make an application to the Court for directions as to the appropriate distribution model to use. The Committee will be consulted on this distribution model before directions are sought.

The Liquidators have located information on the Company's database which details deposits and withdrawals made by each investor in respect to their portfolios. The information is not in a format which can be easily worked with so time is being spent converting it into a more manageable format. This will likely form the basis of any distribution model which is used. One of the likely distribution models provides that any investor who has withdrawn their cash contributions in full will not be entitled to participate in any distribution of the residual assets. It is not possible to determine the impact of this on the investor group until further work has been completed.

Financial Markets Authority ("FMA") & Serious Fraud Office ("SFO")

The FMA and SFO have confirmed to the Liquidators that the investigation of this matter and any subsequent action remains a priority and they are progressing their investigations as quickly as possible. Where possible, information obtained by the Liquidators is being provided to assist them in their investigations, and in turn, the Liquidators are seeking to obtain information from the FMA and SFO to avoid duplication of work.

Future communication

It has been requested that more information about the conduct of the liquidations be provided to investors than has been available to date. The Liquidators and Committee will attempt to provide as much information as possible when reporting to investors. This must be balanced against the increased cost of more frequent and detailed reporting. In addition, the provision to creditors and investors of certain information by the Liquidators could be prejudicial to future actions or advice received could be privileged. Therefore, the Liquidators may not be able to provide full information if it could prejudice any attempt to recover money for the benefit of creditors.



If you have any queries, please submit your enquiry through the on-line form via our website, through the dedicated phone line (04) 462 7040, or by writing to our mailing address. We will endeavour to respond to all enquiries as quickly as possible. Please mark any queries for the Liquidation Committee so that these can be passed to them for consideration.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Fisk', written over a light grey rectangular background.

John Fisk
Joint Liquidator

Message from the Chairman

Fellow Investors

I am adding this note to the report from the Liquidators on behalf of the Committee. We are very conscious of the desire by investors for as much information as possible. I wanted to assure you that the Committee members are very happy with the work being done by the Liquidator and his team and with the openness with which they share information with us. It is not possible for all of this information to be shared but we will ensure as much as possible is.

John Strahl
Chair
Liquidation Committee