



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

Outcome of First Liquidation Committee Meeting

The First meeting of the liquidation committee (“the Committee”) was held on 25 February 2013 at PWC’s offices in Wellington. The meeting was facilitated by John Fisk (“the Liquidator”). The Committee unanimously voted that John Strahl be appointed as Chairman. 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.

Inland Revenue

The Liquidator advised the Committee that he has been in discussions with Inland Revenue in relation to the treatment of income tax returns filed by investors, these included income sourced from the portfolio reports received from the Ross Group Companies. (That is, the potential for investors to seek to recover income tax paid by them on Ross Group portfolio returns that may, in fact, have been fictitious.) Communications are ongoing in an attempt to agree some general principles to be applied to the treatment of investors’ tax positions. There are certain time limits as to which tax periods can be reassessed by Inland Revenue (four years as of right; up to eight years if there has been a clear mistake or oversight).

The Committee asked the Liquidator to write to Inland Revenue requesting an extension of time for all investors to amend their return for the period ended 31 March 2008, being the earliest period to which it would be possible to obtain a reassessment as of right (within the four year period.) The Liquidator has subsequently discussed this matter with Inland Revenue and they are expecting the letter.

Investors should also consider what impact the receivership and liquidation of the Group Companies may have on their income tax return for the period ended 31 March 2012 if it has not yet been filed. It is recommended that investors should seek independent professional advice to preserve their position in this regard.

The Liquidator has stressed the urgency to Inland Revenue to have a clear position on investors wishing to have income tax returns reassessed. Investors will be updated as soon as there is a response from Inland Revenue.





Current Cash and Share Position

The Liquidator advised that the current recorded value of share and cash portfolios held as at 22 February 2013 by the Group Companies or accounts associated with David Ross is \$9,383,027. Of that, \$3,007,565 relates to holdings subject to potential proprietary claims by third parties. The Liquidators are working with those third parties to verify their claims before agreeing to release anything to them, but it is likely that, most of those funds will not be available for creditors and investors in general.

The Liquidators intend to start taking action to realise the various portfolios, starting with those based in New Zealand, unless they have potential proprietary claims. The Committee endorsed this approach. It is anticipated that there are likely to be some difficulties in the realisation of some of the overseas holdings due to regulatory issues in some countries and the illiquid nature of many of the shares.

Costs to Date

The Receivers & Liquidators have received circa \$100,038 to date, primarily from funds held at the date of receivership. The Receivers & Liquidators have paid circa \$86,123 in expenses since the date of receivership. This is primarily the costs associated with maintaining the Ross Group Companies' offices and the employment of former staff to assist in investigations. The Liquidators intend to vacate the offices shortly, which should reduce ongoing overhead costs.

The Liquidators presented details of their costs to date including unpaid Receivers' and Liquidators' remuneration of \$203,922 and disbursements of \$22,511. The Receivers and Liquidators have not drawn any remuneration or paid any disbursements to date. There is other unpaid expenditure of \$145,168 which includes \$112,020 of legal fees.

Shareholder Current Account

According to the most recent set of financial statements, David and Jillian Ross are jointly indebted to Ross Asset Management Limited (In Receivership & in Liquidation) in the sum of \$3,491,579. Recovery action against Mr and Mrs Ross is expected shortly in relation to the repayment of this amount. The Committee encouraged such action to be progressed promptly. The extent of any possible repayment is currently uncertain.

Further Investigation

The Committee suggested that there may be other assets which have not yet been identified by the Liquidators. To assist the Liquidators in determining if this is the case we attach a form seeking details of any payments you have made to David Ross or the Group Companies in the 12 months leading up to the appointment of receivers. **Only those investors who made deposits during this period should complete and return this form.** The purpose of this request is to allow the Liquidators to compare the inflows recorded in this period with the inflows as advised by investors on the attached form. This will allow a cross-check to be made to determine if funds were received outside of those recorded in known bank accounts. If multiple payments were made please complete and return multiple forms.

A review of Ross Asset Management Limited's bank accounts for the 12 months leading up to the appointment of receivers shows sales of investments were circa \$17,550,000. This was against payments made to investors in the same period of circa \$29,488,000.



Clawback of Monies Paid out by the Group Companies

The Liquidators have obtained a legally privileged legal opinion on the possibility of recovering money paid out by the Group companies in the period leading up to receivership and liquidation. This was presented to the committee, however, it was agreed that due to the opinion being legally privileged and to avoid the possible prejudice of any actions which may be identified the full opinion will not be disclosed. We set out below key points in relation to the legal opinion which we are able to disclose.

The legal opinion was discussed with the Committee. It will be difficult to take a class action against all who had received monies so the Liquidators will initially focus on some of the clearer claims within the past three years, and are seeking legal advice on the particular circumstances of each such claim to determine whether they can be pursued. The Committee endorsed this approach. All claims will need individual consideration to ensure recovery is economic. Certain defences based on fair and equitable grounds may be available for many of the claims. Accordingly the extent of recovery, if any, is not currently possible to determine.

Financial Markets Authority (“FMA”) & Serious Fraud Office (“SFO”)

It is necessary for the Liquidators to provide assistance to the FMA and the SFO in their enquiries. All attempts are being made to avoid the duplication of work, and where possible the Liquidators will rely on the FMA’s and SFO’s investigations rather than incurring cost investigating the same matters. The FMA and SFO have confirmed to the Liquidators that the investigation of this matter and any subsequent action is a priority.

Distribution of Assets

Although not currently in a position to make a distribution to creditors, there may ultimately come a time when such a distribution can be made. At that time 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.

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 be 'John Fisk', written in a cursive style.

John Fisk
Joint Liquidator



Ross Asset Management Limited (In Receivership & Liquidation) and Related Entities

Post to Ross Asset Management Limited (In Receivership & Liquidation), C/- PricewaterhouseCoopers, PO Box 243, Wellington 6140 or Fax to (04) 462 7492

ONLY TO BE COMPLETED BY INVESTORS WHO PAID MONEY TO THE ROSS GROUP BETWEEN OCTOBER 2011 AND NOVEMBER 2012

COMPLETE ONE FORM PER PAYMENT

Investor Payment Form

Investor Details:

Name: Address: Email	
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AMOUNT PAID	
DATE PAID	
BANK ACCOUNT PAID INTO	

Investor's Signature: _____

Date: _____

Investor's Name: _____

Portfolio Name: _____