



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”***

Liquidators' Seventh Six Monthly Report

For the Period 17 June 2016 to 16 December 2016

Company numbers:455971

372992

455890

377152

431870

652854

652855

647452



Introduction

The Ross Group Companies were placed into liquidation on 17 December 2012 and John Howard Ross Fisk and David John Bridgman are the appointed joint and several liquidators. The appointments are pursuant to sections 241(2)(a) and 241(2)(c) of the Companies Act 1993 (“the Act”). More specific details in relation to the appointments are contained in our previous reports to creditors.

This report covers the period 17 June 2016 to 16 December 2016.

Some of the information contained in this report has previously been reported in updates to investors and creditors arising from the Liquidation Committee meetings we have held during the period. These updates are available on our website <http://www.pwc.co.nz/rossassetmanagement>.

Restrictions

This report has been prepared by us in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs with respect to the Ross Group Companies in liquidation and the conduct of the liquidations.

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 section 255 of the Act. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

Conduct of the liquidation in the Preceding 6 Months

We set out below a review of matters dealt with since our last report:-

Liquidation Committee

No meeting of the Liquidation Committee was held during the period, however, the Liquidators did communicate with the committee in relation to proprietary claims as discussed below. In relation to any further meetings, we are currently awaiting the outcome of litigation, discussed below, and we do not envisage setting a date for any further Liquidation Committee meetings until the Supreme Court judgment in respect of *McIntosh v Fisk* is received and reviewed.

Shares held

There have been further share realisations in the period covered by this report. There remain some further shares to be realised, although it remains uncertain whether they can be realised. We continue to examine options to progress these matters in a cost effective manner. During the period covered by this report \$161,584.97 was received from the sale of shares.

Proprietary Claims

One of the remaining proprietary claimants made an application to the High Court to have their claims recognised. This was heard in a week long hearing before the High Court in October 2015. In August 2016 the High Court found in favour of the claimant. The Liquidators appealed this decision to the Court of Appeal. In the intervening period the claimant and the Liquidators have agreed to settle this claim on a confidential basis. This has resulted in a portion of the share portfolio value being realised for the benefit of the liquidation and a portion being assigned to the claimant.



The liquidators have also settled the other outstanding proprietary claim during the period. This has resulted in a combination of shares and money being received by RAM for the benefit of creditors and investors in general.

In the course of reviewing potential clawback claims the Liquidators identified an investor who had not previously made a proprietary claim but who appeared to have a valid proprietary right to shares that were still held by RAM at receivership. A review of RAM's physical records confirmed that the claim was valid. Information was provided to the committee, who accepted the Liquidators' advice that the claim was valid. Accordingly the sum of \$96,019 was paid to the investor, being the proceeds of shares that had been sold by the Liquidators before the proprietary claim was identified. This also includes dividends and interest received by the Liquidators in relation to the shares subject to the claim.

It is possible that further proprietary claims may be identified as more clawback claims are reviewed.

Insolvent Transactions("Clawback")

As previously advised, any investor who received cash, shares or other property from RAM is on notice that the liquidators believe we may have a valid claim to recover those monies or property pursuant to sections 292, 294 and 297 of the Companies Act 1993 and sections 347 and 348 of the Property Law Act 2007. The liquidators may also have a claim pursuant to the decision of *Re Diplock's Estate* [1948] 2 ALL ER 429.

The Liquidators commenced legal proceedings against three RAM investors who received payments in the period prior to liquidation requesting that those monies be returned to the Liquidators for the benefit of investors and creditors as a whole. One of these proceedings, *Fisk v McIntosh* has been heard by the High Court and Court of Appeal, both of which ruled that the investor needed to repay the value of withdrawals he had made in excess of the amount he had contributed to RAM, in his case circa \$454,000. The other two cases were placed on hold pending the outcome of the first case. The proceedings in one of these test cases have been amended to challenge transactions older than the conventional six year limitation period.

Mr McIntosh appealed the Court of Appeal decision to the Supreme Court. The liquidators cross-appealed. This was heard on 27 July 2016. Following the hearing the Supreme Court sought further submissions from the parties. At the time of writing no decision has been received and it is not known when the decision of the Supreme Court is likely to be released.

Due to Limitation Act issues and as a result of these decisions and the subsequent appeals, the liquidators have written to investors requesting that they enter into standstill agreements. The effect of a standstill agreement is that the liquidators agree not to issue proceedings until after the Supreme Court decision in exchange for the investor not challenging those proceedings as being time barred. The liquidators continue to write to relevant investors requesting that they enter into standstill agreements.

At the time of writing, claims against 93 investors are subject to standstill agreements. Two investors were not willing to enter into standstill agreements and accordingly legal proceedings have been issued against them, however, one of those proceedings has since been settled. 39 investors wished to avoid any ongoing risk of litigation and settlements have been agreed with them with a combined value of \$6.8 million, of which \$6.1 million had been received by the end of the period covered by this report. The liquidators are in discussions with other investors regarding further settlements or the entering into of standstill agreements. A number of investors have chosen to use the same legal advisor in relation to this matter. Details of that advisor can be provided to any investors upon request.

Statement of Realisation and Distribution

Attached as Appendix B are Statements of Realisations and Distributions for the period of the liquidations.

The Liquidators held funds on hand as at 16 December 2016 of \$7,169,672. This was held in the liquidations as follows:

• Ross Asset Management Limited (in Liquidation)	\$ 6,091,756.46
• Bevis Marks Corporation Limited (in Liquidation)	\$ 336.08
• McIntosh Asset Management Limited (in Liquidation)	\$ 0.00
• Mercury Asset Management Limited (in Liquidation)	\$ 0.00
• Dagger Nominees Limited (in Liquidation)	\$ 1,077,579.77
• United Asset Management Limited (in Liquidation)	\$ 0.00
• Ross Investment Management Limited (in Liquidation)	\$ 0.00
• Ross Unit Trusts Management Limited (in Liquidation)	\$ 0.00

Liquidators' Fees

Liquidators' fees paid to date cover the following areas

- 3% - reporting to creditors
- 8% - convening of Committee meetings and liaising with the Committee
- 1% - the reconstruction and recovery of the overdrawn shareholder current account
- 5% - sale of shares
- 4% - liaising with Inland Revenue
- 42% - investigation and litigation regarding potentially insolvent transactions
- 3% - dealing with investor queries
- 22% - reviewing investor and creditor claims
- 12% - other investigations and general administration of the liquidations

Note this list is not exhaustive.

Please note section 284 of the Act below which states:

284 Court supervision of liquidation

- (1) On the application of the liquidator, a liquidation committee, or, with the leave of the Court, a creditor, shareholder, other entitled person, or director of a company in liquidation, the Court may—

- (e) In respect of any period, review or fix the remuneration of the liquidator at a level which is reasonable in the circumstances:

Proposals for Completing the Liquidation

Due to the above litigation it is not yet possible to accurately estimate when the liquidations are likely to be completed.

In order for a distribution to be made to investors the Liquidators will need to obtain the approval of the Court of the method of distribution. The outcome of the Supreme Court decision in *McIntosh v Fisk* will also have a bearing on the distribution method and, depending on the outcome, may make it too uncertain to distribute any money until all clawback claims have been resolved.

A further report will be issued in 6 months unless the administration is completed prior to that time in which case a final report will be issued.

Contact Details

If you have any other queries, please submit your enquiry through the on-line form via our website, through the dedicated phone line (04) 462 7040, by writing to our mailing address or email receiverships@nz.pwc.com. We will endeavour to respond to all enquiries as quickly as possible.

Dated: 19 January 2017



John Howard Ross Fisk
Liquidator



Appendix A

Restrictions

All information contained in this report is provided in accordance with section 255 of the Companies 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 Group Companies. 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 Group Companies 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.



Appendix B

Statement of Realisations and Distributions For the period 17 December 2012 to 16 December 2016

Ross Asset Management Limited (In Liquidation)

Receipts	\$	\$
Asset Sales	9,475.21	
Clawback Recovery	6,142,887.51	
Dividends	25,821.03	
Funds on Hand	31,947.25	
Interest Income	113,466.54	
Management Fees	27,117.49	
Other Income	621.60	
Rental Income	6,404.52	
Reparations from David Ross	876,069.76	
Sale of Eastbourne Property	828,000.00	
Sale of Riversdale Property	85,000.00	
Security for Costs	5,891.25	
Share Sales	2,422,981.17	
Transfer from Receivers	40,378.06	
GST Payable	122,348.74	
 Total Receipts		10,738,410.13

Payments

Advertising	4,127.72
Bank Charges	864.41
Brokerage Fees	42,245.30
Sale Commission	26,850.48
Document Management	42,391.46
DRG Ross Trust Legal Fees	8,533.04
DRG Ross Trust Receivers' Fees	14,055.00
DRG Ross Trust Receivers' Disbursements	4,158.99
Duress Payments	10,095.39
Employee Preferential Creditors	19,574.83
General Expenses	6,231.37
Insurance	3,956.04
IT Support	9,402.38



Legal Fees	1,847,429.18	
Liquidation Committee Expenses	191.70	
Liquidators' Fees	1,175,386.30	
Liquidators' Disbursements	111,134.71	
PAYE	11,142.61	
Petitioning Creditor Costs	1,302.80	
Property Expenses	28,067.48	
Receivers' Fees	172,185.53	
Receivers' Disbursements	12,098.48	
Security for Costs	10,000.00	
Withholding Tax	31,951.47	
Shares under Valid Proprietary Claim	479,326.57	
Wages	11,104.29	
GST Receivable	562,846.14	
Total Payments		4,646,653.67
Cash at Bank		6,091,756.46



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

Bevis Marks Corporation Limited (In Liquidation)

Receipts	\$	\$
Dividends	12,079.18	
Interest	3,265.13	
Share Sales	216,961.78	
Transfer from Receivers	2,902.15	
GST Payable	0.00	
Total Receipts		235,208.24
Payments		
Bank Charges	90.78	
Brokerage Fees	3,285.36	
Distribution to David Ross' Receivers	217,208.44	
Document Charges	105.00	
Liquidators' Fees	8,874.74	
Liquidators' Disbursement	623.22	
Other Expenses	529.97	
Receivers' Fees	1,485.52	
Receivers' Disbursements	222.83	
Withholding Tax	749.60	
GST Receivable	1,696.70	
Total Payments		234,872.16
Cash at Bank		336.08



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

McIntosh Asset Management Limited (In Liquidation)

Receipts	\$	\$
Funds on Hand	495.60	
Interest	924.70	
Share Sales	28,236.14	
GST Payable	0.00	
Total Receipts		29,656.44
Payments		
Brokerage Fees	444.01	
Distribution to David Ross' Receivers	22,926.88	
Liquidators' Fees	4,919.35	
Liquidators' Disbursements	327.75	
Withholding Tax	251.39	
GST Receivable	787.06	
Total Payments		29,656.44
Cash at Bank		0.00



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

Mercury Asset Management Limited (In Liquidation)

Receipts	\$	\$
Dividends	1,207.06	
Funds on Hand	1,574.15	
Interest	1,494.13	
Share Sales	76,868.40	
GST Payable	0.00	
Total Receipts		81,143.74
Payments		
Bank Charges	30.00	
Brokerage Fees	1,478.36	
Distribution to David Ross' Receivers	71,645.48	
Liquidators' Fees	6,001.42	
Liquidators' Disbursements	388.68	
Other Expenses	273.12	
Withholding Tax	368.16	
GST Receivable	958.52	
Total Payments		81,143.74
Cash at Bank		0.00



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

Dagger Nominees Limited (In Liquidation)

Receipts	\$	\$
Dividends	47,204.94	
Funds on Hand	7,355.59	
Interest	79,315.65	
Management Fees	186.43	
Share Sales	1,161,698.59	
Transfer from Receivers	4,922.65	
GST Payable	27.96	
Total Receipts		1,300,711.81
Payments		
Bank Charges	671.73	
Brokerage Fees	14,195.37	
Document Charges	2,248.64	
Liquidators' Fees	18,248.29	
Liquidators' Disbursements	3,920.22	
Proprietary Claims	157,766.79	
Withholding Tax	22,529.97	
GST Receivable	3,551.03	
Total Payments		223,132.04
Cash at Bank		1,077,579.77



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

United Asset Management Limited (In Liquidation)

Receipts	\$	\$
Funds on Hand	17,574.66	
Interest	4,371.84	
Share Sales	132,725.13	
Transfer from Receivers	881.45	
GST Payable	0.00	
Total Receipts		155,553.08
Payments		
Bank Charges	34.20	
Brokerage Fees	2,629.81	
Distribution to David Ross' Receivers	114,025.19	
Document Charges	54.00	
Liquidators' Fees	8,133.55	
Liquidators' Disbursements	569.71	
Withholding Tax	1,185.43	
Unsecured Creditor Distribution	27,615.70	
GST Receivable	1,305.49	
Total Payments		155,553.08
Cash at Bank		0.00



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

Ross Investment Management Limited (In Liquidation)

Receipts	\$	\$
Interest	188.15	
Share Sales	7,923.35	
GST Payable	0.00	
Total Receipts		8,111.50
Payments		
Brokerage Fees	115.71	
Distribution to David Ross' Receivers	4,980.14	
Liquidators' Fees	2,369.35	
Liquidators' Disbursements	207.45	
Withholding Tax	52.33	
GST Receivable	386.52	
Total Payments		8,111.50
Cash at Bank		0.00



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 December 2016***

Ross Unit Trusts Management Limited (In Liquidation)

Receipts	\$	\$
Interest	206.73	
Share Sales	8,308.30	
GST Payable	0.00	
Total Receipts		8,515.03
Payments		
Bank Charges	34.00	
Brokerage Fees	255.09	
Distribution to David Ross' Receivers	6,180.91	
Liquidators' Fees	1,624.84	
Liquidators' Disbursements	166.50	
Withholding Tax	57.53	
GST Receivable	196.16	
Total Payments		8,515.03
Cash at Bank		0.00