



***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' Ninth Six Monthly Report

For the Period 17 December 2016 to 16 June 2017

***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 December 2016 to 16 June 2017.

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 <https://www.pwc.co.nz/services/business-recovery/liquidations/ross-group.html>

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

A meeting of the Liquidation Committee was held on 9 June 2017. An update to investors and creditors was issued following the meeting and is available on our website. We have not set a date for any further Liquidation Committee meetings.

Shares held

There have been further share realisations in the period covered by this report. There are 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 \$109,405.29 was received from the sale of shares.

Proprietary Claims

There have been no further proprietary claims raised or settled within the period.

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

Insolvent Transactions (“Clawback”)

On 26 May 2017 the Supreme Court confirmed the Court of Appeal ruling in *McIntosh v Fisk*. All five judges agreed that the Liquidators are entitled to claw back the full amount of fictitious profits received by an investor prior to liquidation (subject to a valid change in position defence). The claim was successful under both the provisions of the Companies Act 1993 and the Property Law Act 2007.



By a majority decision (4-1), the Court declined the Liquidators' cross-appeal seeking to recover the full value of withdrawals, comprising both capital deposited and fictitious profits. The dissenting judge would have allowed this cross-appeal.

A copy of the Supreme Court's decision is available at <https://www.pwc.co.nz/services/business-recovery/liquidations/ross-group.html>

Of the other test cases, one has been settled and the other had been stayed pending the outcome of the McIntosh proceedings.

Following the Supreme Court decision, the Liquidators have written to 160 investors with an offer of settlement of the claims against them. The offer of settlement is open until 21 July 2017, after which the Liquidators will be considering further recovery action. These represent claims which have not previously been settled totalling \$21.6m.

54 investors settled the claims against them prior to the Supreme Court decision and the general settlement offers being sent as discussed above. Those settlements total \$9.7m.

The Liquidators have also written to any investors who had been contacted regarding capital-only claims to confirm that these claims are no longer being pursued.

Distribution Model

In order for a distribution to be made to investors the Liquidators will need to seek directions from the Court regarding the appropriate method and model for distribution.

No application for directions had been made to date by the Liquidators as the outcome of the Supreme Court hearing was expected to have a material impact on how claims would be valued and established.

Work has commenced to prepare an application to the Court to approve the distribution model. The Liquidators intend to disclose the preferred model of distribution to investors prior to filing the application. Investors will have an opportunity to make submissions to the Court, should they wish to be heard on this matter. As soon as possible after the model has been approved the Liquidators intend to make an interim distribution to investors.

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 June 2017 of \$10,295,595.57. This was held in the liquidations as follows:

• Ross Asset Management Limited (in Liquidation)	\$ 9,172,994.13
• Bevis Marks Corporation Limited (in Liquidation)	\$ 338.91
• McIntosh Asset Management Limited (in Liquidation)	\$ 0.00
• Mercury Asset Management Limited (in Liquidation)	\$ 0.00
• Dagger Nominees Limited (in Liquidation)	\$ 1,122,262.53
• 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
- 7% - convening of Committee meetings and liaising with the Committee
- 1% - the reconstruction and recovery of the overdrawn shareholder current account
- 4% - sale of shares
- 3% - liaising with Inland Revenue
- 45% - investigation and litigation regarding clawback
- 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 and the claims brought by the Liquidators against certain investors it is not yet possible to accurately estimate when the liquidations are likely to be completed.

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: 12 July 2017

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

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 June 2017

Ross Asset Management Limited (In Liquidation)

Receipts	\$	\$
Asset Sales	9,475.21	
Clawback Recovery	9,499,755.86	
Dividends	37,399.25	
Funds on Hand	31,947.25	
Interest Income	152,993.34	
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	12,509.12	
Share Sales	2,523,302.41	
Transfer from Receivers	40,378.06	
Total Receipts		14,130,973.87
Payments		
Advertising	4,127.72	
Bank Charges	883.03	
Brokerage Fees	42,441.62	
Sale Commission	26,850.48	
Document Management	45,087.78	
DRG Ross Trust Legal Fees	8,533.04	
DRG Ross Trust Receivers' Fees	14,055.00	
DRG Ross Trust Receivers'	4,158.99	
Disbursements		
Duress Payments	10,095.39	
Employee Preferential Creditors	19,574.83	
Insurance	3,956.04	
IT Support	9,402.38	
Legal Fees	2,046,654.03	
Liquidation Committee Expenses	191.70	
Liquidators' Fees	1,335,964.30	



Liquidators' Disbursements	125,143.10	
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	42,040.19	
Shares under Valid Proprietary Claim	479,326.57	
Wages	11,104.29	
GST Receivable	493,592.36	
Total Payments		<hr/> 4,957,979.74
Cash at Bank		<hr/> 9,172,994.13 <hr/>



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

Bevis Marks Corporation Limited (In Liquidation)

Receipts	\$	\$
Dividends	12,079.18	
Interest	3,267.96	
Share Sales	216,961.78	
Transfer from Receivers	2,902.15	
GST Payable	0.00	
Total Receipts		<hr/> 235,221.07
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		<hr/> 234,872.16
Cash at Bank		<hr/> 338.91 <hr/>



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

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		<hr/> 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		<hr/> 29,656.44
Cash at Bank		<hr/> 0.00 <hr/>



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

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		<hr/> 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		<hr/> 81,143.74
Cash at Bank		<hr/> 0.00



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

Dagger Nominees Limited (In Liquidation)

Receipts	\$	\$
Dividends	72,393.78	
Funds on Hand	7,355.59	
Interest	87,460.46	
Management Fees	186.43	
Share Sales	1,170,782.64	
Transfer from Receivers	4,922.65	
GST Payable	1,591.85	
Total Receipts		1,344,693.40
Payments		
Bank Charges	734.94	
Brokerage Fees	14,310.37	
Document Charges	2,248.64	
Liquidators' Fees	18,415.69	
Liquidators' Disbursements	3,926.27	
Proprietary Claims	157,766.79	
Withholding Tax	25,028.15	
Total Payments		222,430.87
Cash at Bank		1,122,262.53



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

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		<hr/> 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		<hr/> 155,553.08
Cash at Bank		<hr/> 0.00 <hr/>



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

Ross Investment Management Limited (In Liquidation)

Receipts	\$	\$
Interest	188.15	
Share Sales	7,923.35	
GST Payable	0.00	
Total Receipts		<hr/> 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		<hr/> 8,111.50
Cash at Bank		<hr/> 0.00 <hr/>



***Statement of Realisations and Distributions
For the period 17 December 2012 to 16 June 2017***

Ross Unit Trusts Management Limited (In Liquidation)

Receipts	\$	\$
Interest	206.73	
Share Sales	8,308.30	
GST Payable	0.00	
Total Receipts		<hr/> 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		<hr/> 8,515.03
Cash at Bank		<hr/> 0.00 <hr/>