

Confidential to Investors

6 November 2017

By Post

Dominion Finance Group Limited (In Receivership & In Liquidation) Investors' Update Report

Introduction

On 20 March 2017, we provided Dominion Investors with an update on our progress on the final aspects of the receivership programme.

In our previous updates we envisaged that one final distribution, of up to 1 cent in the dollar, was still expected, bringing the total distributions to 18.5 cents in the dollar. However the timing of this final distribution was always going to be subject to obtaining a decision from Inland Revenue on how statutory provisions apply to Dominion's GST position (which we have now finally received), then preparing calculations of Dominion's final GST and income tax positions, as well as filing all the necessary tax returns that Inland Revenue will audit.

We are pleased to report we are making good progress, albeit with a few unexpected delays. As such, we are now in a position to provide another update.

What has occurred since March 2017?

Apart from Dominion's unresolved GST position, almost all other security litigation and asset realisation aspects of the receivership programme have now been completed by the Receivers, with one claim conducted in conjunction with the liquidators at McGrath Nicol.

We do not propose to repeat in this update the difficulty and complexity we have had in resolving Dominion's GST position with Inland Revenue; suffice to say that while this extended for far longer than we conservatively anticipated, an appropriate legal basis has now finally been established to enable the Receivers to file Dominion's GST returns. Inland Revenue is now auditing Dominion's returns spanning some nine years, to finalise the position.

The nature of receiverships require that full disclosure is made with Inland Revenue, because once the tax position is finalised, any refund due (which is Dominion's position at present) would be distributed to investors. Unlike other taxpayers, there is no practical opportunity to revisit these calculations after the funds have been distributed to investors.

For that reason we have worked hard with Inland Revenue, providing them with a lot of detail as to our approach and giving them full access to all our calculations and records in order to establish the finality required prior to distributing funds. This checking process obviously takes time, given the number of returns to be audited, but good progress is being made.

Apart from the GST position, we also needed to resolve Dominion's income tax position which was not possible until the GST position had been agreed with Inland Revenue on a

basis acceptable to DFG. Dominion had paid provisional tax pre-receivership, at a time when we consider it was actually making losses (albeit reporting a different position to investors). We are seeking to recover these income tax payments from Inland Revenue.

How much will the next distribution be?

While the outcome of the Inland Revenue audit is still not yet known, it still seems more likely than not, that a distribution of not less than 1 cent in the dollar is possible around March or April 2018, subject to a satisfactory conclusion of the Inland Revenue audit.

We cannot be any more certain on the amount and timing of this distribution until such time as the audit is complete and the position has been finalised by Inland Revenue.

Further information

We have previously provided details of the receivership website developed at the time of our appointment (www.deloitte.com/nz/dominion). This website continues to have updates posted. The Receivers' statutory reports are filed on-line at the Companies Office and can be viewed free at the Companies' Office website www.companies.govt.nz.

If you have any other queries, (including change of address details), please contact us by email (greg@financeservices.co.nz) or post (Dominion Finance Group Ltd (In Receivership and In Liquidation), c/- Deloitte, Private Bag 115033, Auckland 1140). Please remember that any address change requests need to be signed by the account holder (or their authorised representative supported by evidence of that authority).

Concluding comments

Rod Pardington and I appreciate your support, and patience, while completing this complex recovery work to optimise returns for investors.

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Yours sincerely

Dominion Finance Group Limited (In Receivership & In Liquidation)



Barry Jordan
Receiver and Manager