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REPORT TO SHAREHOLDER CLAIMANTS

THE DUKE GROUP LIMITED (IN LIQUIDATION) (“DUKE”) **Australian Company Number: 007 554 690**

I refer to my previous notices to shareholders inviting claims in the liquidation of Duke. I hereby provide a report on my administration of Duke and, in particular, on claims received from shareholders of the company and the progress that has been made towards the declaration of a dividend.

Shareholder claims generally

In accordance with orders made in the Supreme Court of South Australia, I have previously sent out notices to shareholders of Duke inviting them to lodge any claim they consider they might have as a creditor of the company. The rationale for inviting claims from shareholders was discussed in detail in my previous notices. Further information in that regard may be found at my firm's website.

In summary, however, shareholders will recall that I consider that they may have claims arising from the reduction in the value of their shares arising from two transactions – the takeover of Western United Limited in 1987 and the reverse takeover of the Duke Holdings group in 1988. On the basis of the legal advice I have received, persons who held shares at the time of those two transactions might have admissible claims totalling 36.232 cents per share in relation to the Western United Limited takeover and 21.15 cents per share for the Duke Holdings transaction. Accordingly, a person who held shares throughout the entire relevant period may have a claim for 57.382 cents per share.

I have received almost 2,900 claims from shareholders. At the date of writing, claims are continuing to be received, albeit now only sporadically. Total claims received represent holdings of approximately 20 million shares held at the time of the Western United Limited takeover, and approximately 24 million at the time of the reverse takeover. On the basis of

my legal advice, those holdings would represent claims totalling approximately \$12-15 million.

While a majority of the claims are straightforward, in that the shareholder of record is the claimant and the number of shares held at the relevant times is readily identifiable from the share registers, several hundred claims have been received that required further investigation and/or correspondence with the claimant.

The process of adjudication on all but a handful of claims is now complete. The majority of claims have been admitted. Some, however, have been rejected, either because the shares were not held at the relevant time or for other reasons. Those shareholders whose claims have been rejected in their entirety will be sent formal notice of that rejection in the next week or two. That notice will set out the reasons for the rejection of the claim.

In a number of cases, the claim has been admitted in an amount lower than was set out on the claim form. In such cases, I am required to partially reject the claim. Once again, notices of partial rejection of claims will be sent within the next fortnight. Those notices will set out the amount for which the claim has been admitted.

A handful of claimants fall, at least potentially, into a special category. It is clear that a number of persons held shares in the company via various financial institutions, which held such shares on behalf of their clients. One substantial claim has been lodged by such a nominee shareholder, ANZ Nominees Limited (“ANZ Nominees”). That claim, my adjudication thereon and the related consequences for claimants whose shares were held via nominees, are considered in the following section of this report.

Any shareholder whose claim has been rejected, in whole or in part, has the right to appeal such rejection to the court. It will, of course, be necessary to give rejected claimants a reasonable period to file such an appeal. Given the large number of overseas claimants, I consider that an appeal period of eight weeks would be appropriate.

Claims from nominees

Several of Duke’s largest shareholders are financial institutions, which held shares as nominee for their clients. As noted above, I have received one claim from such a nominee. ANZ Nominees has lodged a claim for \$6,422,229.30.

Perhaps unsurprisingly, given the lapse of time, it is apparent that ANZ Nominees has experienced difficulties locating records relating to its holding. That lack of documentation presents problems both for the claimant and for me in considering its position.

ANZ Nominees advised that it continues to hold certain of the relevant shares on behalf of clients but that it may also have taken an assignment of some shares and thus may now hold them beneficially (that is, in its own right). I have been advised by my lawyers that a claim of this nature may remain with the former beneficial owner of the shares. The matter is further complicated by the fact that many of ANZ Nominees’ clients are themselves financial institutions, and it is likely that those institutions in turn registered their interest in the shares on behalf of some as yet unidentified client. I have written to all of ANZ Nominees’ clients that have been identified, inviting them to consider whether they have any claim and requesting them to provide me with whatever documentation they may have which is relevant to their holding in the company. One client, Credit Suisse, has lodged a claim in relation to a holding of approximately 4 million shares, of which nearly 3 million represent shares

registered in the name of ANZ Nominees. The balance of Credit Suisse's claim relates to shares registered in the name of another major nominee shareholder of the company, National Nominees Limited (“National Nominees”).

Whoever may be the ultimate beneficial owner of the shares, I consider that the holding registered in ANZ Nominees’ name represents a valid claim on this administration’s funds. Accordingly, again on legal advice, I have admitted this claim in full. However, in order to address the difficulties associated with the claim, I currently propose that the funds that would be payable on account of that shareholding be set aside and further investigations undertaken, in concert with ANZ Nominees, with the aim of identifying the parties ultimately entitled to the funds. That approach would permit me to proceed with the declaration of a dividend to the other admitted claimants without further delay. I am currently holding discussions with ANZ Nominees and with the Australian corporate regulator, the Australian Securities and Investments Commission (“ASIC”), in relation to that proposal. I anticipate shortly making an application to the Court seeking related directions.

Implicit in all of the above is the principle, consistent with my legal advice, that the proper claimant in relation to any shares is the shareholder of record, regardless of whether they held their shares for themselves or on behalf of some other party. One consequence of that is that claims by persons who held their shares via nominees and thus do not appear on the company’s share register must also be rejected. However, as will be clear from the above, at least in the case of persons whose shares were registered in the name of ANZ Nominees, that rejection does not necessarily mean that they have no chance to participate in the forthcoming dividend. If it is established, on further enquiries, that they held their shares via ANZ Nominees, they would stand to be paid from the pool of funds set aside for that purpose.

I have recently held discussions with officers of National Nominees. I expect to receive a claim in relation to the approximately 7 million shares registered in the name of that company. I propose to deal with any such claim in the same manner as discussed above for ANZ Nominees. The third largest nominee shareholder of Duke, Bank of New South Wales Nominees Pty Ltd (now part of the Westpac group) may also file a claim in relation to its approximately 2 million shares. Any such claim would also be treated on the same basis as that of other nominees.

If you consider that you held shares in the company via any nominee you may wish to contact the relevant nominee shareholder.

Claim by ASIC

Under Australian law, any claim by a shareholder which is itself a company and which has been deregistered or dissolved, vests in ASIC. That is the case whether the deregistered or dissolved shareholder was previously registered in Australia or a foreign jurisdiction.

ASIC has lodged a proof of debt on behalf of Australian and foreign deregistered companies. I have admitted that claim in the amount of \$1,480,750.81.

Timing and amount of dividend

As set out above, I anticipate that I will have completed the adjudication on claims, and thus have either admitted or rejected every claim received to date, within the next two weeks.

Rejected claimants will then be afforded a period of time of eight weeks to consider and, if they see fit, to appeal that rejection.

I also intend to make an application to the Court in relation to the proposal for dealing with the claim by ANZ Nominees. I am hopeful that that application will also be completed and the relevant orders made within the next two months.

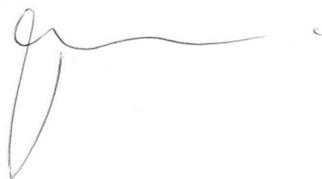
Accordingly, if the Court application proceeds smoothly and no claimant appeals my rejection of their claim, I expect to be in a position to declare a dividend in this matter by perhaps August or September of this year. Of course, if any appeal is lodged, the dividend will be delayed until such time as the Court proceedings have been resolved. In that event, I do not anticipate that I will be in a position to pay a dividend this calendar year.

As noted above, I expect the total value of admitted claims will be approximately \$12-15 million. I currently expect that an amount of between \$7 million and \$8 million will be available for distribution. In such a case, where the admitted claims exceed the funds available, claims are paid on a pro rata basis. On the basis of the above estimates, therefore, my current projection is that claims might be paid at a rate of approximately 50 cents in the dollar. In other words, a shareholder whose claim is admitted for \$1,000 might expect to receive \$500 in due course.

I stress that the above is an estimate only, and that the final outcome may be very different if, for example, any further large claims are received or if any large claim is ultimately held not to be admissible.

Please contact Nick Fryer of my office if you have any queries in relation to any aspect of this report or this administration generally.

Yours faithfully,
THE DUKE GROUP LIMITED
(IN LIQUIDATION)



JOHN SHEAHAN
Liquidator