

TEMOSO TECHNOLOGIES (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G2573/04

REPORT OF THE JOINT LIQUIDATORS, JOHANNES FREDERICK KLOPPER, LISL ANNA LOUBSER & MARIA PETRONELLA YSSEL IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON TUESDAY, 10 MAY 2005 AT 10:00

ORDER OF THE COURT AND MEETINGS

1. Temoso Technologies (Pty) Ltd ("the Company") was placed in final liquidation by Order of the High Court of South Africa, Witwatersrand Local Division, on 4 November 2004. The Master of the High Court, Johannesburg appointed J F Klopper, L A Loubser and M P Yssel as provisional liquidator on 25 November 2004.
2. The first meeting of creditors and contributories was held before the Master of the High Court, Johannesburg on Tuesday, 4 January 2005. At this meeting no claims were proved.
3. No voting took place at the first meeting of creditors, and we were appointed as liquidators on 18 January 2005.

History and information of the Company

4. According to the Registrar of Companies the company was incorporated under registration number 1998/011375/07.

Registered Address

5. The registered address of the company is Unit 1, Elevation Gardens, Waterfall Park, Midrand.

Directors

6. It appears from our investigations, that the following persons consented to serve as directors:

P N Marah

D Mashile Nkosi

Business of the Company

7. The principal business of the company was to render services and supplying products in the information technology sector.

Share Capital

8. We have not been supplied with the statutory records, and are therefore unable to report under this heading.

STATEMENT OF AFFAIRS

9. We have not received the statutory statement of affairs from the former directors of the company.

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SECTION 79(A): FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

10. The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof. These figures are subject to change and verification.

ASSETS

| IMMOVABLE PROPERTY | NOTES | AMOUNT | AMOUNT |
|--|--------------|---------------------|---------------------|
| None | | | |
| MOVABLE ASSETS | | | |
| Claims in favour of the estate | 1 | | 135,000.00 |
| Movable assets | 2 | | 5,000.00 |
| TOTAL ASSETS | | | 140,000.00 |
| | | | |
| LIABILITIES | | | |
| <u>Secured</u> | | Unknown | |
| None | | | |
| <u>Preferent Creditors</u> | 3 | 50,000.00 | |
| Unknown | | | |
| <u>Concurrent creditors (approximate)</u> | 4 | 6,700,000.00 | |
| TOTAL LIABILITIES | | 6,750,000.00 | |
| DEFICIT | | | 6,630,000.00 |

NOTES

The statement of assets and liabilities must be read in conjunction with the following notes:

Note 1 At the date of the liquidation of the company the company's bank account reflected an amount of approximately R135, 000.00 to its credit. We have established that the funds were, within days after liquidation paid to the Sheriff of Sandton, (who was unaware of the winding up Order) and acting pursuant to an attachment order.

We have established that the moneys so attached have been paid to the attorneys acting on behalf of Anthill Sap (Pty) Ltd and have requested these payments to be returned to the company.

It should be noted that in addition to these payments we are still awaiting information from the attorney acting for Anthill Sap(Pty) Ltd regarding the timing and method of payment of the funds to their client, deposited into their trust account in accordance with the order of Court following the litigation between the company and Anthill SAP (Pty) Ltd.

Allegations of impropriety have been made regarding payments by the company and payments due to the company from its clients. We are still investigating these aspects.

Note 2 We have taken possession of a number of computers, in order to obtain what ever information remained on them. The value of these computers are however negligible.

Note 3 This represents the approximate amount due to former staff of the company. We are yet to be advised of the position vis-a vis the South African Revenue Services.

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Note 4 Having regard to the winding application the concurrent creditors of the company are estimated at approximately R6,700,000.00.

CAUSES OF THE COMPANY'S FAILURE

11. Anthill SAP (Pty) (Anthill") Ltd instituted actions against the company for what it alleged was its entitlement to "the profits" of the company based on a joint venture agreement. The company lost the initial action in Pretoria High Court. The company applied for leave to appeal the judgement which was granted, dependent on the company depositing R1,150,000.00 into the trust account of the attorney acting for the Anthill. The deposit was made and the appeal proceeded. The company lost the appeal and as it had committed all its available cash in order to proceed with the appeal it was unable to meet its obligations towards its creditors, which lead to its eventual liquidation.

REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT

12. We will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

SECTION 402(d): PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

13. We will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

LEGAL PROCEEDINGS

14. We are not aware of any legal proceedings by or against the company, except for normal debt recovery.

ENQUIRY

15. Based on the facts known to us at this stage we do not at present intend convening an enquiry in this matter, but will do so should circumstances dictate that we do so.

BOOKS AND RECORDS

16. We have received the books and records of the company.

PROGRESS AND PROSPECTS OF WINDING UP

17. As stated above we are at present investigating the possibility of continuing with litigation and investigating the dispossession of shareholding by the company.

LEASES

18. We are not aware of any lease agreements entered into by the company.

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ESTIMATED DIVIDEND

19. Considering the above it should be apparent that it is at stage unlikely that concurrent creditors will receive a dividend. Creditors will however be informed should the position change.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

20. Such directions as required of creditors are contained in the draft resolutions numbers 1 – 16 which are submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

SIGNED at Johannesburg on this 4th day of May 2005.

J F KLOPPER

L A LOUBSER

M A YSSEL

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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON TUESDAY, 10 MAY 2005 at 10:00

RESOLVED THAT:

1. The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
2. All actions of whatsoever nature heretobefore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
3. The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4) (a) – (i) of the Companies Act No 61 of 1973, as amended, ("The Act") such powers to be exercised at his sole and absolute discretion.
4. The Liquidator is and is hereby authorised in his sole and absolute discretion to:
 - 4.1. Take legal advice on any question of law affecting the administration and distribution of the company;
 - 4.2. Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
 - 4.3. Hold any enquiry into the affairs of the company and/or any matter relating thereto;
 - 4.4. Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;
 - 4.5. Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
5. The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance

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in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.

6. The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
7. The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.
8. The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency Act No 24 of 1936 as amended, read with Section 339 of the Act, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.
9. The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
10. The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
11. The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
12. The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.

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13. The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Act.

14. The creditors hereby consent to the liquidator's remuneration ("the remuneration") being taxed by The Master of High Court in terms of section 384 of the Act at the **higher figure of:**
 - 14.1. the prescribed tariff as is contained in Annexure CM 104 to the Winding Up regulations to the Act

 - 14.2. the increased amount of work done by the liquidator in terms of the actual time spent by him or her and his or her staff in the discharge of their duties in the winding-up as is reflected on properly kept timesheets at the charge out tariff of the respective professional and administrative staff and which will be deemed to be good cause for the increase of such remuneration.

15. The remuneration referred to in 14 above may further be increased based on aspects such as:
 - 15.1. the complexity of the estate in question,
 - 15.2. the degree of difficulty encountered by the liquidator in the administration of the estate ,and
 - 15.3. particular difficulties experienced by the liquidator because of the nature of the assets or some other similar feature connected with the winding-up,

16. The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

q.q. CREDITORS