

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1130/05

**REPORT SUBMITTED BY THE JOINT LIQUIDATORS 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, PRETORIA ON 13 FEBRUARY 2006 AT 10:00**

Pursuant to an Ex-Parte Application a Provisional Order for the Liquidation of the Company was granted by the High Court of South Africa (Transvaal Provincial Division) on the 15 July 2005. The Order was subsequently made final on the 6 September 2005.

Mr. Liebenberg Dawid Ryk van der Merwe, Mr. Jacobus Frederik de Beer and Mr Mabuthi Louis Mhlongo were appointed the Provisional Liquidators by the Master of the High Court under his Certificate of Appointment dated the 5 August 2005.

At the First Meeting of Creditors and Contributories held before the Master of the High Court, Pretoria on the 5 December 2005, no claims were submitted and proved against the Company. As no Creditors were present or represented thereat, no nomination was made for the appointment as a Final Liquidator. The Master of the High Court exercised his discretion and appointed the Provisional Liquidators as Final Liquidators under his Certificate of Appointment dated the 10 January 2006.

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

The Company was duly registered with the Registrar of Companies under their reference number 1996/008765/06.

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1130/05

Registered Address

2nd Floor, 267 West Street, Centurion.

Nature of Business

The Company operated as a network for general practitioners and the sale of information to the pharmaceutical industry.

Business Address

2nd Floor, 267 West Street, Centurion.

Directors

JLDP Brink, LP Visser, M vd Mescht, MAAL Van Drunick, ABT Niemand, HJJ Coetsee, IW Janse van Rensburg, A Vermooten, JB Van Wijk, AA Visser

SECTION 402(a)

CAPITAL ASSETS AND LIABILITIES

The Authorised Share Capital of the Company consisted of 10,000 shares of R1,00 each.

The Issued Share Capital of the Company consisted of 2,774 shares of R1,00 each.

According to information available to us the following would appear to represent the financial position of the Company as at the date of liquidation:

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1130/05

	Notes	Liabilities	Assets
<u>Immovable Property</u>			None
<u>Movable Assets</u>			
<u>Encumbered Assets</u>			
Debtors			698 000-00
<u>Unencumbered Assets</u>			
Motor Vehicles			114 000-00
Movable Assets			456 000-00
Sale of intellectual property			10 000-00
Shares			1 500-00
<u>Secured Creditors</u>			
First National Bank by way of Cession of Book debts		Unknown	
<u>Preferent Creditors</u>			
Employees		797,593.63	
SARS		Unknown	
<u>Concurrent Creditors</u>			
Various		1 900 000-00	
TOTAL		2 697 593.63	1 279 500-00
DEFICIT			1 418 093.63

The above figures are subject to adjustment and verification.

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MASTER'S REFERENCE NUMBER : T1130/05

SECTION 402(b)

CAUSES OF THE COMPANY'S FAILURE

According to the Notice of Motion of the Company the principle causes of the Company's failure are attributable to the following:

1. The company's source of income was the sale of information (obtained from medical practitioners) to the pharmaceutical industry.
2. Initially this "industry" was not regulated at all.
3. During October 2003 the Health Professional Council of SA, issues a policy statement that led to a fundamental change in the way the company could conduct its business, resulting in a sharp decline in the company's income.
4. In addition to this the introduction of the "Single Exit Price" by the department of Health in May 2004, made the companies business model unsustainable.
5. A number of alternatives were considered and pursued in an attempt to restructure the company and its operations, all without success.

SECTION 402(c)

REPORT UNDER SECTION 400(2)

At this stage we do not have anything to report under this heading, however, should any contraventions come to our attention a report will be submitted to the Master of the High Court in regard to such contraventions.

SECTION 402(d)

REPORT UNDER SECTION 424

At this stage, we are not in a position to state whether any Director or Officer, or past Director or Officer appears to be personally liable for the liabilities of the Company.

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MASTER'S REFERENCE NUMBER : T1130/05

SECTION 402(e)

LEGAL PROCEEDINGS

As far as we are aware there are no legal proceedings pending by or against the Company, save and except for the recovery of debts.

SECTION 402(f)

FURTHER ENQUIRY

It is not our intention to hold a further enquiry at present into the formation, promotion and/or failure of the Company.

SECTION 402(g)

BOOKS AND RECORDS

All the books and records relating to the affairs of the Company have been handed to us.

SECTION 402(h)

PROGRESS AND PROSPECTS OF LIQUIDATION

Upon our appointment as Provisional Liquidators we immediately took possession of the assets of the company. With the consent of the Master of the High Court these assets were sold prior to the Second Meeting of Creditors.

A letter of demand has been sent to all debtors of the Company, and an accounting will be made in our Liquidation Account to be submitted to the Master of the High Court in due course.

SECTION 402(i)

**MATTERS REQUIRING FURTHER DIRECTIONS OF CREDITORS AND
CONTRIBUTORIES**

Such directions as we desire, and sanction of the actions taken by the Provisional Liquidators and Liquidators to date, are contained in the Resolutions to be submitted for consideration and adoption, are attached hereto.

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
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MASTER'S REFERENCE NUMBER : T1130/05

GENERAL

As there appears to be every likelihood of a dividend accruing to Creditors in this matter, Creditors are requested to attend to the formulation of their claims as soon as possible in order that the liabilities may be verified.

DATED at JOHANNESBURG this Johannesburg day of _____ 2006

LDR VAN DER MERWE

Liquidator

DATED at JOHANNESBURG this Johannesburg day of _____ 2006

JF DE BEER

Liquidator

DATED at JOHANNESBURG this Johannesburg day of _____ 2006

ML MHLONGO

Liquidator

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MASTER'S REFERENCE NUMBER : T1130/05

**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS
HELD BEFORE THE MASTER OF THE HIGH COURT, PRETORIA ON 13 FEBRUARY 2006 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 hereto before 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.

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1130/05

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 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.

GPNET MANAGED HEALTH CARE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T1130/05

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.
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,

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MASTER'S REFERENCE NUMBER : T1130/05

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