

**IN THE HIGH COURT OF SOUTH AFRICA
(WESTERN CAPE HIGH COURT, CAPE TOWN)**

Case No: **679/2007**

In the ex parte application of:-

**EXECUTIVE OFFICER OF THE
FINANCIAL SERVICES BOARD**

Applicant

in re the financial services business of:-

FIDENTIA ASSET MANAGEMENT (PTY) LIMITED

(Registration No: 1998/024863/07)

BRAMBER ALTERNATIVE (PTY) LIMITED

(Registration No: 2000/024139/07)

FIDENTIA HOLDINGS (PTY) LIMITED

(Registration No: 2001/022355/07)

FILING SHEET

Filed herewith

CURATORS' REPORT

DATED at CAPE TOWN this the 28th day of **JUNE 2012**

CLIFFE DEKKER HOFMEYR INC

Per 

B SCRIBA

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TO: THE REGISTRAR
High Court
CAPE TOWN

**CURATORS' REPORT ON THE STATUS OF THE FIDENTIA GROUP CURATORSHIP
AS AT 31 MAY 2012**

- 1 In this Report "Fidentia" and/or "Fidentia Group" refers to either of or all of Fidentia Asset Management (Pty) Limited ("FAM") and/or Fidentia Holdings (Pty) Limited ("Holdings") and/or Bramber Alternative (Pty) Limited ("Bramber") and/or their subsidiaries, unless otherwise indicated by context.
- 2 On 20th December 2012 Yekiso J directed the Curators to file a further Report by not later than 30th June 2012 dealing with the following:-
 - 2.1 *"The status of the curatorship as at 31st May 2012;*
 - 2.2 *An overview of assets disposed of or alienated and how the proceeds were distributed;*
 - 2.3 *Irregularities committed by the companies or their officers or management or by other persons prior to and after the date of curatorship and the state of prosecution which may have been instituted;*
 - 2.4 *Details of civil and criminal actions which may have been instituted by or against the Curators;*
 - 2.5 *The costs of the curatorship as at 31st May 2012;*
 - 2.6 *Any recommendations as to how the continuation of the curatorship or any related matters, should be dealt with further.*
- 3 *The information referred to in paragraph 2.4 above must include a detailed breakdown of all civil legal proceedings instituted, prosecuted or defended by the Curators on behalf of the companies, indicating in respect of each matter,*
 - 3.1 *Who the attorneys of record for the companies were/are;*
 - 3.2 *The fees incurred in respect of the attorneys of record;*
 - 3.3 *The fees incurred in respect of Counsel;*
 - 3.4 *Whether the litigation has been concluded or not;*

- 3.5 *In the case of litigation which has been concluded, the success or otherwise of the litigation; and*
- 3.6 *The amounts recovered on taxation, if any."*
- 4 This Report is filed pursuant to the aforesaid Court Order.
- 5 This Report must be read in conjunction with and supplementary to previous Reports filed.
- 6 Inasmuch as the previous Report filed focused on the status of the curatorship as at 31st October 2011, this Report therefore mainly focuses on developments between the period 1st November 2011 and 31st May 2012 even though there may be a measure of overlap between this Report and previous Reports filed.
- 7 This Report consists of a General Section, a Report in relation to the litigation undertaken and also a Financial Report. It is not practically feasible to confine each section specifically and accordingly there may be a certain amount of overlap between the one part and the other. Where this does occur, it is for the sake of completeness and to ensure a comprehensive understanding of the affairs of the Fidentia Group as a whole for the period under review.
- 8 Two (2) Schedules are attached to this Report. The first is a detailed schedule in response to paragraph 3 herein above. The second Schedule is a detailed Financial Report which speaks to the disposal of assets, recoveries made, costs incurred and paid and distribution, effected to the end of May 2012.
- 9 The following is apparent from Schedule One:-
- 9.1 The Curators engaged in 38 litigious matters either in the form of actions or applications;
- 9.2 Pursuant to the aforesaid, a total amount of **R101 574 845.32** was recovered either by way of collection of the amount sued for, or through the realization of an asset claimed and costs recovered.
- 10 The curators were cited either as Defendants or Respondents in 13 matters. Since the October 2011 report two applications have been instituted against the Fidentia Companies:-
- 10.1 JAW Brown and 6 others instituted an application, under case number 679/2007, against the Financial Services Board, Fidentia Holdings (Pty) Limited, Fidentia

Asset Management (Pty) Limited and Bramber Alternative (Pty) Limited for an order *inter alia* setting aside the curatorship and removal of the curators. The curators were not cited as parties to the application, which was also not served on them. The curators were compelled to bring an application for leave to intervene in this application, which intervention was eventually granted by consent. The matter is pending.

10.2 The Trustees for the time being of the Antheru Beleggings Trust brought an application against the curators and the Fidentia Companies, under case number 7394/2012, for an order declaring its investment in FAM to be R33,727,399. This application is being opposed. By the curators' calculations, Antheru's claim is in the region of R 9 Million. Admitting Antheru's claim at an inflated amount would be prejudicial to other investors in FAM. Accordingly, the curators are opposing the increased claim. The matter is pending.

11 During March 2012 Brown caused a subpoena to be served on one of the curators and various other parties requiring their attendance at court in a matter unrelated to the curatorship. In addition they were required to produce documents which had no bearing on the charges Brown and another were facing. Consequently it became necessary to apply to court to have the subpoena set aside as Brown refused to release the witnesses from attending court

A final order setting aside the subpoena was duly obtained from the High Court Cape Town.

12 The total amount of costs incurred to date by the Curators either as Plaintiff/Applicant or Defendant/Respondents (as required by paragraph 3.2 and 3.3 above) amount to **R13 944 263.43** made up as follows:-

12.1 Attorneys fees: **R4 774 297.77**

12.2 Counsel's fees and other disbursements: **R9 169 965.66**

13 **CURATORS' FEES**

The curators fees paid to date amount to **R15 929 294.00**.

14 **DISTRIBUTIONS EFFECTED IN TERMS OF CURATORSHIP ORDER**

14.1 All distributions effected were mainly from recoveries and trading operations conducted by the curators.

14.2 R113 375 893.00 has been so distributed as provided for in terms of the final curatorship order.

15 CRIMINAL PROSECUTIONS

15.1 Graham Maddock was charged with various criminal offences relating to his involvement in the affairs of the Fidentia Group and was convicted and sentenced in terms of a Plea Bargain and Sentence Agreement to an effective seven (7) years imprisonment during 2008. Mr Maddock has since been released on parole.

15.2 During 2009, Steven Goodwin who fled the country was arrested under an Interpol warrant in the United States of America, was brought back to the Republic and charged with various criminal offences relating to the affairs of the Fidentia Group. He was convicted and sentenced in terms of a Plea Bargain and Sentence Agreement during April 2009 to an effective period of seven (7) years imprisonment. He is currently in prison.

15.3 Piet Botma has been criminally charged with bribery and corruption. The trial is part heard.

15.4 Joseph Arthur Walter Brown has been charged with corruption, money laundering and several counts of fraud and theft relating to the affairs of the Fidentia Group. However, he has made every attempt to avoid facing trial and his matter has been postponed no less than fourteen times.

15.5 He brought two Applications to have his indictment set aside on the basis that he would not receive a fair trial given the wide media coverage afforded the collapse of the Fidentia Group. The first Application was withdrawn on the eve of its hearing and the second Application was eventually fully argued and dismissed with costs.

15.6 This Judgment is now being appealed by Mr Brown.

15.7 In any event, Brown's trial is set down for hearing in the Cape High Court to commence during August 2012.

15.8 Mr Mel Cunningham has been charged with fraud arising from the sale of Infinity to Fidentia. The Asset Forfeiture Unit has taken control of his Estate. Mr Cunningham is currently out on bail and his trial has not yet commenced.

GENERAL

16 Sante Hotel Wellness and Conference Centre

- 16.1 This asset continues to present a challenge to the Curators. As of the 1st April 2012, a new Lease Agreement has been entered into with the Orion Group in terms of which this asset is leased to Orion with the approval of the Financial Services Board.
- 16.2 The previous tenant was placed under liquidation. The Curators have a claim for a large sum of money against the previous tenant.
- 16.3 A creditor of the previous tenant, despite being fully aware that all the assets on the property at Sante is that of Fidentia, insisted in removing certain assets on the day a major event was to be held at Sante. This necessitated an urgent application to the High Court for the stay of the writ and removal of goods attached.
- 16.4 The application was duly granted and the Sheriff and creditor need to show cause why they should not pay the costs of that application.
- 16.5 The matter is pending.

17 Infinity

This asset (except for certain surplus pieces of equipment) was sold with the approval of the Financial Services Board.

The surplus equipment will in due course be sold by public auction, subject to the approval of the FSB.

LITIGATION

18 Rashaad Khan

- 18.1 Rashaad Khan has failed to make payment of the costs he was ordered to pay and a Warrant of Execution has been issued against him. The Sheriff is experiencing difficulties in locating Mr Khan in order to serve the Warrant of Execution.
- 18.2 Mr Khan who appeared at the Insolvency Enquiry, was also ordered by the Presiding Officer, to deliver certain documents which he failed to do. A Warrant

of Arrest was duly obtained and issued is in the hands of the Sheriff to be executed.

19 MI Cunningham NO and 3 Others

19.1 The Exception brought by David Warren, was dismissed with costs.

19.2 Pleadings are now being exchanged and finalized with a view to obtain an early trial date.

20 S J De Kock and Thebe Securities

20.1 The Plaintiffs erstwhile attorney was Dino Rakitzis Attorneys (“DRA”). As a result of a dispute over fees and disbursements in associated matters, DRA refused to hand the files in this matter to Wertheim Becker Inc (“WB”) who were appointed to henceforth represent the curators.

20.2 After much negotiation and written demands, the file in the matter was handed to WB on 6th December 2011. At that stage of the matter, it was established:-

20.2.1 The First Defendant had not yet pleaded;

20.2.2 The Second Defendant had pleaded;

20.2.3 The First Defendant requested security for costs in the sum of R250 000.00, which was agreed to by the Plaintiffs. This amount was paid by the Plaintiffs to DRA. Instead of investigating the said amount and giving an irrevocable guarantee sought the First Defendant to his attorneys, DRA appropriated such amount for fees and disbursements due, owing and payable by Living Hands (Pty) Limited. Accordingly the amount of R250 000.00 was not put up as security for costs and the First Defendant refused to plead in the matter. It is important to emphasize that DRA’s fees had been fully paid by the Plaintiffs, in respect of their attendances in this matter.

20.3 During January 2012, on the instruction of the Curators, WB lodged a complaint to the Law Society of the Northern Provinces (“the Law Society”) regarding DRA’s conduct. DRA responded to the said complaint on 27th March 2012, and WB on behalf of the Curators, replied to the letter on 20th April 2012. The Law Society has requested a copy of the Judgment referred to hereunder.

- 20.4 After a complaint was lodged with the Law Society, an Application was launched by the Plaintiffs (*qua* Applicants) against DRA for the recovery of the sum of R250 000.00, together with interest that would have been earned thereon in an investment account managed in terms of S78(2)(A) of the Attorneys Act 53 of 1979. The Answering Affidavit was received on 6th February 2012 and the Replying Affidavit was delivered on 7th March 2012. The matter was heard on 29th March 2012, before Acting Judge Bashall. On that date, Acting Judge Bashall reserved judgment. The judgment has not yet been delivered.
- 20.5 The Curators transferred the sum of R250 000.00, to be held by WB, in trust. This amount was furnished as a guarantee to the First Defendant. The First Defendant delivered his Plea on 17th January 2012 in which he alleges the claim against him has prescribed.
- 20.6 The Plaintiffs have delivered a Replication to the First Defendant's Plea of prescription on 30th January 2012.
- 20.7 The matter is enlisted for trial on 12 February 2013.
- 20.8 The First Defendant has already made discovery and has also made a proposal that its Special Plea of Prescription be dealt with separately from the remainder of the matter, failing which he intends launching an application for the separation of the issues.
- 20.9 The Plaintiffs are giving consideration to this request. The Plaintiffs would like to expedite the hearing and finalization of the matter. Counsel is giving consideration to whether there is merit in opposing a separation as suggested by the First Defendant.
- 20.10 The Second Defendant has made a settlement proposal, which is unsatisfactory to the Plaintiffs. The First Defendant has been called to file his Discovery Affidavit by no later than close of business on Friday, 8th June 2012.
- 20.11 The Plaintiffs have already completed their Discovery Affidavit and pre-trial preparations are underway to ensure that the matter is ready for hearing in 2013.

21 **Hendrik R Bam**

- 21.1 The trial against Bam duly commenced on the 21st November 2011 in the High Court and ran for several days. Judgment was handed down on the 23rd May 2012, WhenBam was ordered to pay the amount of R9,866,434,18 together with interest at the rate of 15.5% from the date of issuing of summons and costs.

21.2 Bam was also ordered to pay the costs of the sequestration application brought during the course of 2011.

21.3 The curators are ordered to return Bam's shares he purported to sell to Louis Koen, which sale gave rise to this action.

DISPOSALS

22 During the period under review, the Sycodeli Building at Century City was sold by public auction and realized R1.75m (One Million Seven Hundred and Fifty Thousand Rand).

DISTRIBUTION OF ASSETS DISPOSED

23 During November 2011, the FSB applied to Court to sanction the Distribution Plan as proposed by the Curators. In the original Distribution Plan, Antheru's claim was admitted at around R9m (Nine Million Rand). Antheru's contention was that its claim should be about R27m (Twenty-seven Million Rand). The Financial Services Board's Application to sanction the proposed distribution plan was opposed by various parties including certain Antheru investors.

24 The matter was resolved on the basis that the distribution would be effected as if Antheru's claim was R27m (Twenty-seven Million Rand) and that it must institute an action against the curators within 30 days to prove its claim.

25 The matter was finally disposed of in the Cape High Court during April 2012 when the Court sanctioned the distribution proposed except that an amount of R27m (Twenty-seven Million Rand) odd had to be retained to cover any increased claim Antheru might have.

26 The Distribution Plan was appropriately adjusted to take into account the possibility that Antheru's claim may be more than the R9m (Nine Million Rand) already admitted.

27 The Antheru distribution is to be retained by the curators and not paid over unless and until the original investors in Antheru are identified whereupon their claims will be verified and distribution paid directly to them.

28 Even though Antheru's claim on its version was R27m (Twenty-seven Million Rand), it subsequently brought an Application to have its claim admitted at R33m (Thirty-three Million Rand). That claim is currently being contested.

ASSETS STILL TO BE DISPOSED OF

29 The following assets still have to be disposed of:

29.1 The property and business of Sante Hotel and Spa;

29.2 Properties at Blue Horizon Bay;

29.3 The Fidentia Group's interest in Moshate (Pty) Limited;

29.4 The Fidentia Group's interest in Legatus once the true ownership thereof is finally determined;

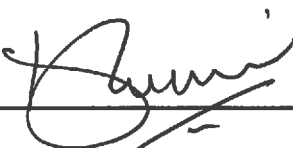
29.5 The uncut Tanzanite gemstone; and

29.6 Maddock's house at Cape Infanta unless he settles the amount owing by him.

FUTURE CONDUCT AND RECOMMENDATION

30 The Curators recommend that the remaining assets be realized as and when it is considered most favourable to do so and that the pending litigation be brought to finality as expeditiously as possible.

DATED at CAPE TOWN this 28th day of JUNE 2012.



DINES GIHWALA

On behalf of the Fidentia Curators

Curators' Report May 2012

Case Number	Plaintiffs/Applicants		Plaintiffs/Applicants' Attorneys of record		Defendants/Respondents		Defendants/Respondents' Attorneys of record		Amount of Claim	Amount Recovered	Fees	Counsel's fees and disbursements	Status of matter
	Plaintiffs/Applicants	Attorneys of record	Defendants/Respondents	Attorneys of record	Defendants/Respondents	Attorneys of record	Amount of Claim	Amount Recovered					
43116/08	Port Ferry Properties 48 G Papadakis	Petersen Hertog	Fidentia Administration Services (Pty) Ltd DCM Gihwala NO G Papadakis	Cliffe Dekker Hofmeyr - J Jones	R3 872 667.37	R	6 728.28	R	6 728.28	No changes			
73145/09	Clubview Ontwikkelings (Pty) Ltd	Bredells	Infinity Rewards	Cliffe Dekker Hofmeyr - J Jones	R	R	10 859.00	R	10 859.00	No changes			
20991/09	Itakane Trading	Werkmans Attorneys	DCM Gihwala NO G Papadakis NO	Cliffe Dekker Hofmeyr - J Jones	R	R	25 078.83	R	50 422.01	No changes			
MC Randburg 38259/09	Legatus Trust (Pty) Ltd	Cliffe Dekker Hofmeyr - J Jones	R H Meyerdricks	R	R	R	6 509.40	R	1 589.00	No changes			
No case no.	Fidentia Software Futures	Cliffe Dekker Hofmeyr - J Jones	Department of Health	None	Potential claim against Department R1.2 Million	R	700 000.00	R	32 360.61	No changes			
27734/08	Legatus Trust (Pty) Ltd	Cliffe Dekker Hofmeyr - J Jones	RH Meyerdricks	R	R	R	175 520.69	R	122 351.95	No changes			
27949/09	DCM Gihwala NO G Papadakis Legatus Trust (Pty) Ltd	Cliffe Dekker Hofmeyr - J Jones	RH Meyerdricks	Garb & Joffe Attorneys	R	R	1 464 709.49	R	126 458.12	After consultation with client, we attended to amend the amount sought in the particulars of claim to R 5 758 416.50.			
25649/20	TEBA Bank Ltd	Malebye Motaung Mtembu Inc	Corporate Money Managers (Pty) Ltd ABSA Bank Ltd mCubed Unit Trust Management Co	Cliffe Dekker Hofmeyr - J Jones	R	R	220 000 000.00	R	157 083.27	168 384.69	No changes		
27737/09	Schoombie Ouditeure		G Papadakis NO DCM Gihwala NO	Cliffe Dekker Hofmeyr - J Jones	R	R	89 490.00	R	21 543.04	3 434.89	No changes		
G207/2007	DCM Gihwala NO G Papadakis NO	Cliffe Dekker Hofmeyr - J Jones	Insolvent estate Worthyrade 185 (Pty) Ltd	None	R37 297 603.76 claim lodged for Fidentia Capitalwise (Pty) Ltd (in Curatorship)	R				No changes			
G207/2007	DCM Gihwala NO G Papadakis NO	Cliffe Dekker Hofmeyr - J Jones	Insolvent estate Worthyrade 185 (Pty) Ltd	None	R6 864 960.32 claim lodged for Fidentia Asset Management (Pty) Ltd (in Curatorship)	R				No changes			
T3324	DCM Gihwala NO G Papadakis NO	Cliffe Dekker Hofmeyr - J Jones	Insolvent estate Intabrand	None	R5 858 000.00 claim lodged for Fidentia Asset Management (Pty) Ltd	R				No changes			

9397/09	DCM Gihwala NO and G Papadakis	Cliffe Dekker Hofmeyr L Rhoadie	GN Georgiou NO BD Georgiou NO S Tsangarakis NO (Kia Joy Trust)	R 5 100 000.00 R 5 132 641.53 R 25 917.90 R 7 695.00 R	Recovered in terms of settlement	Matter is finalised
8510/07	South African Broadcasting Corporation Limited	Cliffe Dekker Hofmeyr L Rhoadie	DCM Gihwala NO G Papadakis NO Executive Officer of the FSB Registrar of Financial Services Providers	R 80 938.93 R 22 754.40 R	(taxed costs)	Matter is finalised
6655/10	Antheru Beleggings Trust	MIR Khan & Associates (who recently withdrew as attorney of record)	Fidentia Holdings (Pty) Ltd	R 899 619.63 R 2 619 060.68 R	Bills of costs taxed in the amount of R2,120,079.87 in the process of being recovered	Taxed costs to be recovered
6656/10			Fidentia Asset Management (Pty) Ltd			
6657/10	Intervening Creditors: Martin van Schalkwyk JJ van Blerk Family Trust		Bramber Alternative (Pty) Limited DCM Gihwala NO G Papadakis NO Financial Services Board	R 27 953.94 R 8 679.96 R	Proceeds from sale of property R35,000,000	Matter finalised
2171/10	DCM Gihwala NO G Papadakis NO Bramber Alternative (Pty) Ltd	Cliffe Dekker Hofmeyr - L Rhoadie	The Registrar of Deeds	R 182 742.00 R	Order authorising sale of property	Matter finalised
8992/07	DCM Gihwala NO	Cliffe Dekker Hofmeyr - L Rhoadie	JAW Brown NO	R 85 977.03 R	Nil	Matter finalised
8993/07	G Papadakis NO		SJ Brown NO A Tucker NO Registrar of Deeds (Sunset Beach)			
679/2007	JAW Brown Carter & Kloof MJ Van Schalkwyk JAW Brown Family Trust ZC Brown Family Trust Antheru Mandated Investors Brown Brothers Holdings	Possibly June Marks Attorneys	The Financial Services Board Fidentia Holdings (Pty) Limited Bramber Alternative (Pty) Limited Fidentia Asset Management Limited D Gihwala N.O G Papadakis N.O	R 121 064.01 R 106 694.43 R	Application for setting aside curatorship and intervention application by curators	Curators were granted leave to intervene and must file answering affidavits by 15 July 2012
7394/2012	H Heydemnych N.O J Joubert N.O	June Marks Attorneys	D Gihwala N.O G Papadakis N.O Fidentia Management (Pty) Limited Fidentia Asset Holdings (Pty) Limited	R 32 324.13 R 4 729.70 R	Application to declare investment of Antheru Beleggings Trust R33,727,399	Curators in the process of drafting opposing affidavits
3042/2010	D Gihwala N.) G Papadakis NO Fidentia Capitalwise (Pty) Limited	Cliffe Dekker Hofmeyr B Scriba	Bramber Alternative (Pty) Limited Threadneedle Holdings Company (Pty) Limited Threadneedle Consulting (Pty) Limited R Reed JNP de Jongh	R 20 000 000.00 Nil R 30 090.02 R 120 732.23 R	20 000 000.00 Nil	No changes
2054/08	DCM Gihwala NO G Papadakis NO	Cliffe Dekker Hofmeyr B Scriba	JPN de Jongh N de Jongh N.O.	R 1 659 982.32 R 301 795.63 R 648 122.53 R	R6 737 778.00 R 1 659 982.32 R 301 795.63 R	Settled for R5 100 000 plus costs
			Van der Spuy & Partners, Thomstraat 36 Thom Street, Paarl			

Korbers Inc, Unit 6A, Graphic
Centre, 5 Buiten Street, Cape
Town

JOHANNES WESSELS DE WET N.O.

3351/2008	DCM Gihwala NO	Cliffe Dekker Hofmeyr	ZACHARIAS CHRISTIAAN BROWN	MR Khan and Associates, 2 Struben Road, Claremont	R	4 000 000.00	R	29 646.67	R	8 171.17	Matter is still ongoing
	G Papadakis NO	L Stansfield	ANDREW HERBERT TUCKER N.O. ZACHARIAS CHRISTIAAN BROWN N.O. STEPHANUS LATEGAN N.O.								
2010/02938	DCM Gihwala NO	Wertheim Bekker Attorneys	Stephanus de Kock	Edward Nathan Sonnenbergs Inc, 150 West Street, Sandton	R	17 600 000.00					The matter is set down for trial on 12 February 2013
	G Papadakis NO			Phukubje Piere Maathela Attorneys, Level 4, 17 Baker Street, Rosebank			R	46 512.00	R	44 264.49	
	Fidentia Capitalwise (Pty) Ltd		Thebe Securities Limited				R	4 774 297.77	R	9 169 965.66	

Curators' Financial Report – May 2012

1. Introduction

- 1.1 This financial report deals with the administration and financial performance of the remaining companies comprising the private equity portfolio for the period ended 31 May 2012 in respect of Infinity and Legatus. These two companies represent the remaining trading entities within the private equity portfolio. With regards to the other companies in the private equity portfolio, these have either been disposed of with the consent of the FSB, or in respect of the companies for which no offers were received and which could not continue trading profitably, and these have been wound down.
- 1.2 The remaining companies comprising the private equity portfolio, for the period covered by this report, are:
- Legatus;
 - Infinty;
 - Ayanda (not trading); and
 - Moshate (not trading).

2. Legatus Trust (Pty) Ltd (“Legatus”)

2.1 Introduction

- 2.1.1 Legatus continues to provide specialised fiduciary products to the South African Market, and specifically administers deceased estates and Trusts. It is a member of the Fiduciary Institute of South Africa.
- 2.1.2 The audit of the financial statements of Legatus for the year ended 31 March 2012 is in the process of being finalised.
- 2.1.3 The income statement, statement of financial position, cash flow statement and statement of changes in equity for the five months ended 31 October 2012, together with a commentary thereon, are recorded at paragraphs 2.2 to 2.5 *infra*.
- 2.1.4 The legal matters and disputes are recorded at paragraph 2.6 *infra*.

2.1.5 As recorded in our previous report, the proposed sale of Legatus has been deferred, until the dispute as to ownership has been resolved. There have been no further developments in this regard since our previous report.

2.2 Income statement for the five months ended 31 March 2012

		Five months ended 31 Mar 2012 (Unaudited)	Five months ended 31 Mar 2011	Year ended 31 Mar 2011 (Audited)
	Note	R	R	R
Revenue	2.2.1	2 347 398	3 462 963	6 336 246
Operating expenses	2.2.2	2 138 929	2 180 252	4 694 764
Operating Profit		<u>208 469</u>	<u>1 282 711</u>	<u>1 641 482</u>
Investment Income		60 033	46 772	93 299
Net profit before taxation		<u>268 502</u>	<u>1 329 483</u>	<u>1 734 761</u>
Taxation	2.2.4	93 422	371 521	232 433
Profit after tax		<u>175 080</u>	<u>957 962</u>	<u>1 502 348</u>

2.2.1 Total revenue for the five months ended 31 March 2012 decreased by 32.2% compared to the five months ended 31 March 2011. Whilst the value per estate in the 2012 financial year was marginally higher than in the 2011 financial year, the number of incoming estates declined compared to 2011 which is the cause of the decline in profitability.

2.3 Statement of financial position

		31 Mar 2012 (Unaudited)	31 Mar 2011 (Audited)
	Note	R	R
Assets			
Non current assets			
Property plant and equipment	2.3.1	63 641	98 173
Intangible Assets – Trust Licence	2.3.2	200 376	200 376
		<u>264 017</u>	<u>298 549</u>
Current assets			
Trade and other receivables	2.3.3	386 899	671 735
Cash and cash equivalents		2 780 000	2 810 371
		<u>3 166 899</u>	<u>3 482 106</u>
Total assets		<u>3 430 916</u>	<u>3 780 655</u>
Equity and liabilities			
Equity			
Share capital		312	312
Retained income		1 491 343	2 342 292
	2.3.4	<u>1 491 655</u>	<u>2 342 604</u>
Current Liabilities			
Current tax payable		141 526	204 302
Trade and other payables		597 735	1 233 749
Shareholder for Dividend		1 200 000	-
Total Current Liabilities		<u>1 939 261</u>	<u>1 438 051</u>
Total Liabilities and equity		<u>3 430 916</u>	<u>3 780 655</u>

2.3.1 Property Plant and Equipment comprises of computers and equipment, which is being depreciated using the straight line method to write down the cost, less residual value over the useful lives of the assets.

2.3.2 The intangible assets comprise of the Trust Licence and are regarded as having an indefinite life. Based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows.

2.3.3 Trade and other receivables largely include advances made to Estates and Trusts and are recoverable in full.

2.3.4 The movement in shareholders equity is addressed through the statement of changes in equity (refer paragraph 2.5).

2.4 Cash Flow Statement

	31 Mar 2012 (Unaudited) R	31 Mar 2011 (Audited) R
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	5 415 609	6 023 502
Cash paid to suppliers and employees	(5 354 960)	(5 803 322)
Cash generated from operations	60 649	220 180
Interest income	132 749	93 299
Tax paid	(223 852)	(521 549)
Net cash from operating activities	(30 454)	(208 070)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(11 170)
Total cash movement for the year	(30 454)	(219 240)
Cash at the beginning of the year	2 810 454	3 029 694
Total cash at end of the year	2 780 000	2 810 454

2.5 Statement of changes in equity

	Share Capital R	Retained income R	Total equity R
Balance at 31 March 2010	312	839 944	840 256
Profit for the year		1 502 348	1 502 348
Balance at 31 March 2011	312	2 342 292	2 342 604
Profit for the year		349 051	349 051
Dividend declared	-	(1 200 000)	(1 200 000)
Balance at 31 March 2012	312	1 491 343	1 491 655

2.5.1 The company declared a dividend of R1 200 000. This amount was distributed to the LHUT.

2.6 Legal matters

2.6.1 Summonses have been issued against RH Meyerdricks, a former director and shareholder of Legatus. The details are recorded at paragraphs 2.6.1.1 to 2.6.1.2 *infra*.

2.6.1.1 While acting as director of Legatus, Meyerdricks allegedly received certain monies "secret profits" to which he was not entitled.

2.6.1.2 Monies lent and advanced to Meyerdricks have not yet been repaid.

2.6.2 Summons was issued by the Joint Trustees of the estate of AL Cruickshank for the recovery of an asset in the amount of R4.8 million. The curators are of the view that there is no merit to the claim and are defending the matter.

2.6.3 The dispute as to the ownership of Legatus is still to be resolved.

3. Ayanda Collective Investments Solutions Ltd (Ayanda)

3.1 Financial Position

- 3.1.1 Since the last report there has been no material change in the financial position of Ayanda, other than the monthly expense that continues to be incurred and interest earned on Ayanda funds that have been invested.

4. Infinity Rewards (Pty) Ltd (Infinity)

4.1 Disposal of Infinity

- 4.1.1 Since the last report, we can report that the company has been disposed of with the consent of the FSB. The purchase consideration, including the retention of cash arising from the expiry of cardholder funds amounts to approximately R13.5 million. The effective date of sale was 1 November 2011.

5. Moshate Holdings Pty Ltd (Moshate)

- 5.1 This is a non-trading company in which approximately R15 million of investors funds were invested, with a view to the company procuring land upon which cemeteries would be established. A dispute currently exists as to the effective shareholding in Moshate.
- 5.2 Despite repeated assurances from the directors that audited financial statements would be prepared from the date of commencement of operations, the directors have failed to provide audited financial statements for the company.
- 5.3 The curators are considering the best course of action to adopt.

6. Compilation of Accounting Records

- 6.1 We continue to make progress with the writing up of the accounting records of Fidentia Holdings, Fidentia Administrative Services (FAS) and Fidentia Facilities.

7. Court Sanctioned Distribution Plan

7.1 Admitted Claims

7.1.1 The curators admitted the following claims:

Investor	Capital Claim
TETA	R 185 000 000
Antheru	R 9 205 449
Baltron	R 38 573 680
LHUT	R1 133 911 822
Total admitted claims at date of this report	R1 366 690 951

7.1.2 Another investor that invested funds with FAM was Evertrade Medical Waste (Evertrade). The investigation surrounding the investment made by Evertrade is complete, including a detailed cash flow analysis. The results of the investigation reveal that Evertrade invested an amount of R48.26 million and was repaid an amount of R90.338 million, being R42.078 million in excess of the amount invested. The initial investment was made by Evertrade in January 2004 and Evertrade was repaid approximately R33.7 million in January and February 2004. During April 2005 Evertrade was repaid a further R56.6 million, which amount appears to have been paid on an outstanding capital investment of approximately R7.4 million. For the period February 2004 to April 2005 this represents a return of approximately 765%. The funds used to pay Evertrade were sourced from funds invested by Baltron and LHUT.

7.1.3 This matter has been referred to the NPA on the basis that the available evidence supports a reasonable conclusion that this transaction was designed to affect a fraud/theft on the Development Bank of Southern Africa.

7.1.4 In terms of the distribution plan as approved by the Western Cape High Court, the following amounts have been or are in the process of being distributed to the TETA, Baltron and LHUT. In accordance with the judgment, as handed down, the distribution to Antheru has been withheld pending the determination of an action to be instituted by Antheru in relation to its claim as admitted by the curators. Antheru

subsequently did institute an action, in terms of which it disputes the quantum of the claim as admitted by the curators.

Investor	Capital Claim
TETA	R 33 300 361
Baltron	R 6 943 338
LHUT	R 90 728 888
Total distribution	R 130 972 587

This distribution equates to 18% of the admitted claim of each investor. In accordance with the judgment handed down, an amount of R5 027 413 has been retained in respect of Antheru's potential claim.

7.2 Disposals of capital assets to date and recoveries of other amounts.

7.2.1 The disposal of the capital assets to date is summarised as:

7.2.1.1 Proceeds from the Sale of Assets Comprising the Fixed Property Portfolio (exclusive of VAT):

Description of Property	Sales Proceeds
Facets	R 43 480 824
Facets-Occupational Rental	R 6 177 054
Thaba Manzi	R 34 099 998
Thaba Manzi-Occupational Rental	R 2 100 000
Sante-Rental (Note 1)	R 378 389
Syco Deli-Occupational Rental (Note 2)	R 154 605
Waterford Place (Note 3)	R 34 415 887
Wavelengths 231	R 4 270 084
Villa Marais	R 3 900 352
Recovery Transfer Duty-Bell Sombre	R 1 000 000
Recovery Deposit-Bell Sombre	R 510 268
Recovery Teewaterskloof	R 265 000
Total	R 130 752 461

Note 1 The previous operator's lease was cancelled due to non-payment of rental. The hotel operation has subsequently been leased to a new operator and the rental payments are up to date. The rental figure is recorded net of costs incurred associated with the hotel.

Note 2 The transfer of the building Syco Deli was cancelled as the buyer failed to make payment, including full payment of the occupational rent.

Note 3: An amount of R375 000 was repaid to the purchaser in settlement of a dispute regarding occupational interest. This was done with the consent of the FSB. At the time of writing a dispute exists with the attorneys who attended to the conveyancing of the property, regarding the proceeds paid to the sellers. The value reported as the proceeds from the sale of Waterford Place is included, subject to qualification as to the accuracy thereof.

7.2.1.2 The proceeds from the Sale of Assets Comprising the Private Equity Portfolio, exclusive of VAT, is.

Description	Net Sales Proceeds
AOS	R9 993 668
Software Futures (Note 1)	R14 366 636
Fidentia Rangers	R3 050 000
Boland Rugby	R201 397
Polex	R5 293 284
Infinity (Note 2)	R13 464 626
Total	R46 369 611

Note 1: A provision of R11.1 million for potential tax liabilities was provided for against this amount. A settlement was reached with SARS in the amount of R6 625 667, thus allowing for the curators to release R4 474 333 of this provision. The sale proceeds recorded in the table above are reported net of the settlement amount.

Note 2: The business of Infinity and the subsidiary Infinity (Namibia) were disposed of.

7.2.2 The remaining companies comprising the private equity portfolio have not been disposed of.

7.2.3 Other recoveries, recorded exclusive of VAT, comprise:

Description	Proceeds
Sale of Movable Assets	R10 381 272
Sale of Cricket Suite	R 319 200
Recoveries from Previous Directors & Staff	R22 354 677
Recoveries from Third Parties (Note 1)	R 8 792 035
Guarantee (Note 2)	R 4 367 268
Other	R 662 213
Total	R46 876 665

Note 1: The reduction of R158 097 compared to the amount reported in the previous report is attributable to the payment to AOS of amounts recovered from Trilinear.

Note 2: The guarantee is reflected in the records as funds held as a guarantee deposited by the Baltron investor.

7.2.4 The inflow of funds as detailed *supra* can be summarised as:

Description	Proceeds
Sale of fixed properties	R130 752 461
Sale of private equity	R 46 369 611
Other Recoveries	R 46 876 665
Inflows from sales and recoveries	R223 998 737
Interest earned (Note 1)	R 21 180 919
Interest Polex	R 2 120 990
Proceeds from trading activities	R 93 409 106
Total inflows	R340 709 752

Note 1: No provision for tax on the interest earned has been raised as it is anticipated that the interest income will be offset against the assessed losses and trading expenses of the various companies within the Fidentia Group.

7.2.5 The total outflows, representing expenditure incurred by the Curators (exclusive of VAT), to 31 May 2012 are:

Description	Expenditure
Curators Fees	R 15 929 294
Forensic Accounting Services	R 7 954 378
Legal Services	R 41 040 028
Recoveries-Taxed Bills	R (221 570)
FSB costs	R 2 509 782
Total expenditure	R 67 211 912

7.2.6 The amount currently available can accordingly be summarised as:

Total inflows	R 340 709 752
Less: Total expenditure	R (67 211 912)
Less: Distributions for benefit of LHUT	R(113 375 893)
Less: Court Approved Distribution Note 1	R(136 000 000)
Amount available	R 24 121 947

Note 1: This includes the amount of R5 027 413 retained as directed by the Court.

7.2.7 The account reflects that as at 31 May 2012, an amount of R24.1 million is available.

8. Distributions

- 8.1 Since curatorship, we have made distributions to the LHUT in the amount of approximately R113.3 million prior to the approved distribution plan. Including the amount as approved in the distribution plan a total of R204.1 million will have been distributed to LHUT. The distribution to date to LHUT, Baltron and TETA represents 18% of their admitted claims.

9. Assisting the NPA

- 9.1 We continue to assist the NPA with the various criminal cases they are involved in prosecuting.