

Letter from the Chairman-designate: Themba September 5th May 2004

Dear Steering Group Member (or future Steering Group Member).

I would like to share 4 issues with you:

- New confirmed members
- The Association of Business Assessment and Recovery Professionals
- Information about the Launch Steering Group
- Press release

New confirmed members

- Mervyn King (Brait) - Work Group
- Anna Isaacs (Nedcor) - Work Group
- Peter Flack (FRM) - Advisory Group
- Alistair Moffat (FRM) switches from Work Group to Advisory Group
- Bul Lombard (Private) - Advisory Group
- Ben Durandt (KPMG) - Advisory Group
- Gavin Gainsford (KPMG) - Advisory Group
- John Louw (KPMG) - Advisory Group
- Dave Douglas (Quadserv) - Advisory Group
- Pierre Ferreira (Nedcor) - Advisory Group
- Inus du Preez (FNB) - Advisory Group
- Neil Harvey (Rhodes University) - Advisory Group
- William Valentin (Lombard Insurance Company) - Advisory Group

You can download the latest complete Launch Steering Group membership list (see "Information about the Launch Steering Group" below).

The Association of Business Assessment and Recovery Professionals

You may be aware of this association, since it was part of the proposals made at Department of Justice's workshop in March this year.

After an article in Beeld today, people are asking how the SA Chapter of the TMA is positioned relative to the Association of Business Assessment and Recovery Professionals.

The ABARP will be under the control of the State Law Advisor. Turnaround professionals will be appointed from a panel, a similar procedure to that currently pertaining to the appointment of liquidators at present, and the various panels will be at the disposal of the Master's Office. To serve on the turnaround panel, one must belong to ABARP. To qualify, candidates need to be:

- Lawyers - minimum admitted 5 years' experience, 3 years' of practicing for own account/partner/director, practicing attorney and member of Law Society.
- Accountants - minimum admitted 5 years' experience, 3 years' of practicing for own account/partner/director, practicing attorney and member of Institute of Chartered Accountants.

- Liquidators - minimum 8 years' experience and member in good standing with AIPSA, ABIB OR IPSA.
- Other - appropriate (financial?) qualifications, 5 years' practice, and 3 years' of practicing for own account/partner/director.

This summary may be truncated and/or super-ceded by events, and represents my understanding from discussions held at DoJ in March. I trust Patrick Daly at Daly Inc would be more in a position to give you chapter and verse on ABARP.

What is important to understand is that ABARP is geared to cater for the future "formal turnarounds" or "legislative" turnarounds only. In contrast, the historical driving force behind the SA Chapter of the TMA is to cater for the current informal turnaround sector i.e. turnarounds associated with shareholder, creditor/bank workouts and those turnarounds that take place in the time continuum ahead of the legislative processes. Naturally, I am confident that the local TMA chapter will support the "new business rescue model" initiative as it is certainly symbiotic to its objectives. Most prospective members are ready to and some already do actively assist in the furtherance of a change in the ethos from a primarily liquidation mode to a rescue/wealth preservation one. We are thus ready to assist with the promulgation and practical applications of the new business rescue legislation, should the State Law Advisory wish us to play a role. In fact, it is envisaged that the local TMA chapter will support ABARP by promoting BEE in the formal turnaround industry, helping TMA members to qualify for admission to ABARP, help with a training and certification programme to attract new blood to the formal turnaround industry, especially black professionals, etc.

There is and can be no conflict between establishing the local TMA Chapter and the advent of ABARP. In fact, our various groups (Work-, Advisory-, etc incorporate professionals who are closely involved with the ABARP initiative.

Information about the Launch Steering Group

Some of my previous e-mails to you went astray, amongst other reasons because some of your email administrative procedures reject zipped attachments. Consequently, I have re-mailed the contents of 3rd May with unzipped attachments, and trust these will not the same fate. As a fail-safe measure, these documents can also be downloaded from the web address given below.

Please ensure that you have received the following 3 documents:

- TMA Launch Steering Group - a list of Work and Advisory Group members in Excel or pdf format.
- TMA Launch Information Document 040503 - in Word or pdf format
- Chapter Leadership Manual (Manual2-2-04.pdf)

If you do not have all 3 documents, please download it by clicking on the following link from Thursday 5th May onwards:

[www.corprenewal.co.za/Turnaround Management SA/Formation of a SA chapter of the Turnaround Management Association/About the TMA/About the TMA.asp](http://www.corprenewal.co.za/Turnaround%20Management%20SA/Formation%20of%20a%20SA%20chapter%20of%20the%20Turnaround%20Management%20Association/About%20the%20TMA/About%20the%20TMA.asp)

Press Release

I am not planning for a press release about our venture until after the first Work Group Meeting. Also given certain sensitivities and perceptions, I shall rather complete the initial briefings on the initiative with Stakeholders and Government prior to such a press release.

First Work Group Meeting

The first meeting is provisionally scheduled for Monday 17th May from 16h00 to 18h00 in Sandton - probably at RMB but the venue will be confirmed. Work Group members, please pencil this into your diaries. Also, please prepare for the meeting by fully studying the TMA Launch Information

Document and the Chapter Leadership Manual. I will distribute the draft Agenda and final date, time and venue ASAP.

Thank you for your support.

Best regards

Themba September