

19 August 2015

AN E-MAIL FROM THE RECEIVER:

Dear Madam/Sir

LIQUIDATION AND DISTRIBUTION ACCOUNT ("L&DA") AND OTHER ISSUES

Further to my notice dated 29 July, 2015, I address a number of issues of interest.

1. L&DA

- 1.1. The deadline for inspecting and lodging objections in respect of the L&DA has passed.
- 1.2. All objections received are being assessed as to their validity and I will correspond in due course with the affected parties as to the outcome of such objections.

2. LEGAL MATTERS

- 2.1. Two investors, represented by a legal firm Theron and Partners ("Theron") brought an urgent application against Orthotouch Limited ("Orthotouch"), myself and Mr Nicholas Georgiou, to stop the process prescribed in the Scheme of Arrangement ("the Arrangement") in respect of the inspection of the L&DA, pending the outcome of an application to the High Court to extend the time periods provided for in the Arrangement, despite being aware of the contents of the Arrangement documents for some 10 months. The Court ruled that the application was "fatally defective" and ", in [the **judge's***] view was simply done to create the impression that this matter was extremely urgent.....". Furthermore, the judge commented that "[the **applicants***] have been dilatory in the launching of their proceedings. The urgency in this matter was self created".

(* **insertion**).

- 2.2. Coincidentally, 3 clients of the self same Theron have brought an application against 28 parties, including Orthotouch and myself for the setting aside (cancellation) of the Arrangement in which you are a participant and the existence of which gives you the right, inter alia, to receive monthly interest payments ("the setting aside application").
- 2.3. The setting aside application has been postponed pending the outcome of certain technical legal issues which the Court is required to rule upon. This will occur in March, 2016 and I will advise you of the outcome. The setting aside application proceedings can only proceed after such date.
- 2.4. It is important to note that the negative effect of these cases on Orthotouch is to drain both its financial and human resources. Funds and management time are being dedicated by Orthotouch to properly defend Orthotouch's legal position in a number of cases, even though I am advised that these cases are frivolous. Proof of this is the finding of the Court in the urgent application as set out in 2.1 above.
- 2.5. In addition to unnecessarily draining Orthotouch's funds, management's time whose priority it is to implement the Arrangement, is being diverted to deal with Orthotouch's legal defences. This can only be ultimately to the detriment of investors.
- 2.6. It is important to note that a consequence of Theron's clients being successful with their application to set aside the Arrangement, is that investors will **NOT** receive any further monthly interest payments, nor the capital amounts set out in the Arrangement, and will more than likely have to refund (pay back) interest paid by Orthotouch since inception of the Arrangement.
- 2.7. What is unfathomable and illogical is that the clients of Theron who brought the two cases mentioned above, continue to receive monthly interest payments as a result of the Arrangement whilst at the same time are doing their utmost, through Theron, to stop such monthly interest payments being paid to you by bringing the urgent court application referred to in 2.1 above and the setting aside application referred to in 2.2 above.

3. INTERMEDIARIES AND BROKERS

- 3.1. I have been informed that the majority of the investors, who consist of pensioners, in the various Highveld Syndication schemes were introduced to and sold these investment products by intermediaries and brokers. Many of the investors continue to be "represented" by these self same intermediaries and brokers who sold an investment product inappropriate for such investors. These investment products were sold before Orthotouch's involvement in this matter.
- 3.2. It is noticeable that some of these intermediaries and brokers, despite having sold an inappropriate investment product, have taken it upon themselves to

"represent" certain investors who they claim are "destitute" as a result of failure of the Highveld Syndication schemes.

- 3.3. It is difficult to comprehend that it is these self same intermediaries and brokers, who sold investors a wholly inappropriate product, resulting in financial hardship, claim to "represent" certain investors' interests. In addition, these individuals criticise the Arrangement, Orthotouch, myself and others publically and privately at every turn in order to deflect the inadequacy of their advice to certain investors which has resulted in the financial demise of these investors.
- 3.4. Often I ask myself the question: If these intermediaries and advisors were genuinely concerned about the plight of investors, why then have they not reimbursed these investors with the excessively high commissions they earned from placing pensioner's ' funds in a wholly inappropriate product in view of their circumstances?
- 3.5. In future, neither my office nor Orthotouch will interact, neither orally nor in writing, with intermediaries or brokers unless the identification, power of attorney procedures etc. regarding representation of investors per my 29 July 2015 notice are complied with. If you have any queries, etc. then you are most welcome to communicate further queries to us in writing at admin@orthotouch.co.za or fax to (011) 467-0087.

I will report back to you in future when circumstances dictate.

Yours faithfully,



D P COHEN
RECEIVER