

Third report pursuant to article 73A of the bankruptcy act in the bankruptcies of

- Landis Group N.V. (bankruptcy number 02/238F)
- Landis Group B.V. (bankruptcy number 02/239F)
- Landis Group International B.V. (bankruptcy number 02/146F)
- Landis ICT Group B.V. (bankruptcy number 02/145F)
- Detron Zakelijke Netwerken B.V. (bankruptcy number 02/154F)
- Detron Group B.V. (bankruptcy number 02/333F)
all having their registered offices in Utrecht

- Detron Metaal B.V., having its registered office in Zaltbommel (bankruptcy number 209/2002 MB)
- ICT.com B.V., having its registered office in Nieuw Venneep (bankruptcy number F132/2002)

Bankruptcy judge: W.W. de Nijs Bik

Receivers: W.J.M. van Andel, Postbus 354, 3500 AJ, Utrecht
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Utrecht, 19 February 2003

1. Introduction

The receivers have opted to record their findings regarding the above-mentioned companies in one report in view of the relationship between the various companies. Where necessary, the companies will be discussed separately.

As of 16 October 2002, the work of the receivers concentrated on collecting receivables, an arrangement with the bank syndicate on the securities given, the further winding up of takeovers realised by the receivers and investigation and winding up of foreign subsidiaries. Insofar as necessary, this report must be read in conjunction with the first and second report.

A Dutch and an English copy of this report are available. In the event of a difference in interpretation, the Dutch version shall prevail.

This report is intended to provide information to interested parties pursuant to Article 73a of the Bankruptcy Act. No rights can be derived from this report.

2. Settlement with bank consortium

During the reporting period there were extensive discussions with the banks regarding the validity of the securities given to the banks.

In short, the facts are as follows:

- on 10 April 2002, the bank consortium terminated the credit facility of € 145 million;
- on 12 April 2002, a standstill agreement was concluded on the basis of which Landis was entitled to make payments to creditors in the period through 22 April 2002 within the existing credit line, up to a maximum of € 10 million;
- on 17 April 2002, all claims (including inter-company claims), stocks and inventory of Landis ICT Group B.V. (it held virtually all Dutch activities of Landis) had been pledged to the consortium; the deeds of pledge included a recovery maximum of € 25 million;
- on 22 April 2002, the banks rejected the reorganisation scenarios presented by Landis and the credit facility was definitely terminated, which led to the granting of the moratorium on 23 April 2002;
- in the period from 12 through 22 April 2002, there were payments to creditors of up to € 6.75 million;
- in the same period, a total of € 3.6 million was received in receivables payments.

In the meetings with the bank consortium, the receivers stated that they believed that giving securities six days before the granting of the moratorium constituted a fraudulent transfer. In the opinion of the consortium, however, the pledges had been validly effected. While maintaining their different standpoints, the parties then negotiated an amicable settlement, and came to full agreement on 10 December 2002.

The main points of this agreement are that the claims of the bank consortium in respect

of the securities will be acknowledged up to an amount of € 4 million and that the proceeds of pledged goods in excess of this amount will go to the bankruptcy estate. This implies that of the total liquid net assets realised to date (i.e. gross assets minus estate costs already paid) of € 23.7 million, a share of € 4 million goes to the banks and the remainder of € 19.7 million goes to the bankruptcy estate. This latter amount will increase, as not all assets have been liquidated yet. In the receivers' opinion, this settlement is an acceptable result for the creditors of the various Landis companies.

3 . Description per company

Following is an addition to previous reports for each (bankrupt) company, insofar as there is anything to say about the company in question.

3.1. Landis UK Plc / Landis ICT Services Ltd

There is regular consultation between the English and the Dutch receivers regarding the winding up of the various bankruptcies.

Landis ICT Group B.V. may have a claim on Landis UK Plc, but this claim ranks below the claims of the bank syndicate. The investigation of the English receivers into the validity of the guarantee which Landis UK Plc gave the banks and the floating charge which was given in that respect has not yet been completed. This also applies for the investigation into (the consequences of) the transfer of the stock from Landis UK Plc to Landis ICT Group B.V.

3.2. Landis ICT Group S.A. (France)

The assets realised in this bankruptcy were € 11,236,653.43 as of 16 December 2002. The receiver expects to be able to generate additional assets, including receivables (remaining book value approx. € 5 million) and € 1.2 million with regard to Landis Spain.

The receiver is currently verifying the validity of the claims which have been presented. In total, as of the middle of December 2002, claims amounting to a total of € 157 million including the claim of the bank syndicate had been presented. Landis ICT Group B.V. and Landis Group B.V. have presented claims in this bankruptcy.

3.3. Denmark, Norway and Sweden

The liquidation of the subsidiaries in Scandinavia is going smoothly and is expected to be completed before 1 July 2003. Landis ICT Group B.V. is the biggest creditor of all three of the subsidiaries. The total liquid assets in the three countries are approx. € 5 million.

It is expected that in the course of the first half year of 2003 an amount between € 4 million and € 4.5 million will be paid out to the estate of Landis ICT Group B.V. In this context, Landis ICT Group B.V. has already received a first payment from Sweden of € 1.6 million. The remaining assets in Scandinavia will be paid out to the other creditors of the Scandinavian companies, primarily to Landis UK Plc and Landis ICT Group SA (France).

3.4. Landis ICT Group SA (Spain)

This company is in liquidation. Under current insight, this company can pay a total of € 2.5 million in respect of inter-company claims of Landis Group companies. For Landis ICT Group B.V., this can lead to a benefit of € 1.1 million.

3.5. Landis ICT Group GmbH (Germany)

Almost all assets have been liquidated. The company still has to agree a settlement regarding a limited number of leases and employment contracts with employees. A considerable number of receivables are still to be collected. The liquidation decision will be formally effected in the short term.

The outcome of this liquidation is still unpredictable. The amount of the final assets may vary between € 0.7 million and € 1.3 million. These assets will be divided between various Landis Group companies and the bank syndicate insofar as they can present a claim in respect of the German company on the basis of a guarantee.

Two empty sister companies, Ilion GmbH and Param Consult GmbH, will be liquidated in the short term.

3.6. Landis ICT Group N.V. (Belgium)

All assets of this company have been sold. A few matters have yet to be settled, including the winding up of a lease. The amount of the final assets depends on winding up costs still to be made and the collection of receivables, and is expected to be at least € 1.2 million. This amount will primarily be paid out to Landis ICT Group B.V. and Landis ICT Group SA.

3.7. Landis ICT Group GmbH (Austria)

This company will formally go into liquidation in the short term. A limited number of payables still have to be collected. The expected assets will be at least approx. € 1.2 million and will be primarily paid out to Landis ICT Group B.V. and Landis ICT Group SA.

3.8. Landis ICT Group B.V.

3.8.1. Assets

a. Personal property

All personal property has been sold, with the exception of the assets which are still in the receivers' office building. The discussions with Compaq (see 4.7.3. of the second report under a) have not yet been completed.

b. Claims on receivables and work in progress

As of 23 April 2002 to 15 February 2003, an amount of € 13.3 million has been collected with regard to work in progress and receivables. At present, there are still outstanding receivables claims with a book value of € 10,133,789.

The receivers did not deem it appropriate to give an opinion on the value of the remaining receivables portfolio.

c. Shares in subsidiaries

Crown Castle Benelux Holding B.V.

Landis ICT Group B.V. held approx. 41% of the shares in Crown Castle Benelux Holding B.V. (CCBH). The most important other shareholders were the American company Crown Castle International (45.9%) and Lehman Brothers (12.1%).

In consultation between the shareholders, a decision was made to divest CCBH in July 2002. On instruction of the shareholders, the divestment process was supervised by First Dutch Capital of Amsterdam. A "bid book" has been drawn up and a data room has been set up for the due diligence process.

After discussions with various candidate buyers in the period September-November 2002, it transpired that D. van Wickselaar Holding B.V. was willing to offer the highest price for the shares, € 700,000, increased by the total liquid assets on the CCBH bank accounts as of the transaction date. The shares were transferred to the buyer on 31 December 2002. The purchase price was € 2.5 million, of which € 1 million went to Landis ICT Group B.V. This amount – with the exception of € 25,000 to cover possible claims which might arise in the framework of the final winding up – has been transferred to the bankruptcy account of Landis ICT Group B.V.

3.8.2. Takeovers realised

Winding up realised takeovers also required much attention after 16 October 2002.

- *Datatech/Westcon*

Consultation between Westcon and the receivers regarding an amicable settlement in the framework of the winding up of the takeover agreement has not led to any results.

In November 2002 the receivers summoned Westcon before the District Court of Amsterdam and demanded payment of a principal amount of € 3.8 million in respect of the takeover by Westcon of fixed assets and goodwill of Landis as of the middle of May 2002. Pursuant to the takeover agreement, Westcon deposited the purchase price at the time on a third-party account held by a notary. In August 2002, the receivers garnished the monies held by the notary.

In view of the complexity of the case, the receivers expect that if no settlement can be agreed in the interim, the proceedings against Westcon will take quite some time.

- *Future Telecom B.V.*

The value of the work in progress as of the bankruptcy date has been recorded and comes to approx. € 1.5 million. While the receivers are of the opinion that this amount is to be paid to the estate, Future Telecom is not willing to do so. It believes that it can set off the losses it made on certain projects it took over against the aforementioned amount. This matter will have to go to court. It was furthermore agreed in the takeover agreement that Future Telecom is obliged to deposit 35% of the amounts it received from the projects it has taken over on a third-party account as security.

An amount of approx. € 2.3 million has been collected to date. An amount of €300,000 has been deposited on the third-party account. As Future Telecom refused to deposit the remainder on the third-party account, the receivers instituted preliminary relief proceedings, requesting an order for Future Telecom to make such deposit. The decision in this case is not yet known.

- *Foundation*

In the framework of the takeover of the inventory in the building at Kobaltweg 44 and in the framework of a number of set-offs, there were discussions with Foundation regarding the precise claim of Landis ICT Group on Foundation. In mid-December 2002, this claim was fixed at € 290,000, whereby Foundation took the standpoint that it has a counterclaim on Landis ICT Group of € 90,000.

- *Special Projects*

The winding up of an important assignment from NATO took a great deal of time and energy. This project related to the development of very advanced monitoring equipment and was actually subcontracted to a foreign party, who executed the assignment in its entirety. The receivers were convinced that this third party was willing and able to complete the project on behalf of the estate in consultation with Gannexion.

However, this third party did not perform its obligations to the estate in any way, and so the estate was not able to complete this project as required by NATO at the end of 2002. Consequently, NATO terminated the assignment and allocated the budget intended for this project to other items. The receivers will endeavour to recover the loss from the subcontractor.

4. Status of the estates

The receivers have drawn up interim financial reports for each bankruptcy as per the status as of 15 February 2002, which are attached as **Appendix 1** to this report. In the report of 15 October 2002, the receivers stated that as of that date, the realised assets, including the descriptions on the accounts which the various Landis companies held with KBC Bank, amounted to a total of € 20 million, which was offset by estate costs of € 1.5 million.

As of 15 February 2002, the total realised assets, including the aforementioned additions, amounted to € 26.6 million, which was offset by estate costs of approx. € 2.9 million. After deducting the € 4 million to which the bank consortium is entitled from the proceeds of the securities pursuant to the settlement which was agreement, free assets of € 19.7 million remain.

The financial reports are of a preliminary nature and no rights can be derived from them. Certain cases, in particular, require definite decisions regarding the internal charging of estate costs to the various bankrupt companies. Moreover, it is still uncertain to what extent the bank syndicate and Compaq can rightly claim a preferential creditor position. For this reason, the rights of third parties are included PM with regard to the assets in question.

4.1. Liabilities

The final amount of the preferred claims has not yet been established (see 5.2).

Ordinary creditors have presented the following claims thus far:

- Landis Group N.V. € 4,911,096.92
- Landis Group B.V. € 2,734,733.41
- Landis ICT Group B.V. € 32,485,495.34
- Detron Zakelijke Netwerken B.V. € 198,110.97
- Detron Metaal B.V. € 19,665.35
- ICT.com B.V. € 22,429.54

To date, the bank consortium has not formally presented its claim to the receivers.

5. Other activities of the receivers

1. *Accountant's audit*

The accountant's audit has been considerably delayed, as according to the accountant there were new unforeseen circumstances. The receivers are not making any statements in this respect, as this would be running ahead of the outcome of this report. It is expected that the outcomes of this audit can be mentioned in the next report.

2. *Fiscal Position*

All the required returns have been filed, in consultation with Ernst & Young Tax Advisers. With regard to corporation tax, this can lead to returns.

After the Tax Department has made a decision in respect of these returns, there will be clarity as to the fiscal position of the various Landis companies.

3. *Ongoing proceedings*

Reference is made to the second report.

4. *Organisation of estate*

The estate currently employs one employee who carries out sundry work. Insofar as necessary, other employees are hired by the day.

5. *Investigation into backgrounds and causes of bankruptcies*

The receivers expect to be able to provide further details in a following report.

6. Perspective

Part 2 of this report states that the receivers made an arrangement with the banks, which is of great importance for the winding up of the bankruptcy of Landis ICT Group B.V. As the receivers understand it, this arrangement establishes that they will be able to pay the estate debts. Whether preferred creditors will be able to be paid in full in this bankruptcy cannot be stated with certainty, as the fiscal position is not yet fully clear. However, the settlement with the banks has obviously increased the possibility that ordinary creditors will also receive some payment in this bankruptcy.

The position of Landis Group N.V. depends largely on the answer to the question whether this company can count on a return of corporation tax, which is not improbable. For the time being, estate costs play a limited role in this bankruptcy. If there is a payment to ordinary creditors in this bankruptcy, it must be borne in mind that this company has issued a 403 statement for the other companies of the group. In addition to the company's own creditors, the creditors of the group companies may also present a claim, insofar as their claim ensues from a legally binding transaction of those other companies.

The costs of winding up the estates also play a relatively minor role in the other bankruptcies. The winding up of these bankruptcies is determined by the question whether the Tax Department will present a claim, which question cannot be answered yet and which furthermore depends, naturally, on the scope of the estate assets in the relevant bankruptcies.

H. Dulack, receiver

W.J.M. van Andel, receiver