

Tennyson Networks Limited (Administrators Appointed)
ACN: 009 805 298

**Supplementary Report to Creditors for the Reconvened Second
Creditors' Meeting to be held on Monday 8 December 2003**

28 November 2003

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Executive Summary

- On 8 December 2003, the adjourned second meeting of creditors of Tennyson Networks Limited ('Networks') will be reconvened for the purpose of determining the futures of Networks. Creditors at the meeting may resolve one of the following:
 1. That the company execute a Deed of Company Arrangement ('DCA');
 2. That the Administration of the company end;
 3. That the company be wound up.
- The purpose of this report is to assist creditors in their decision about Networks' future and should be read in conjunction with my earlier report to creditors dated 31 October 2003 available at www.pwcrecovery.com.au or by calling Matthew Blum on (03) 8603 4250.
- The Administrators recommend that creditors accept the DCA proposed by Ascent Capital Pty Ltd ('Ascent') based on the outline of the proposed DCA included at **Annexure A** of this report.
- The outcome from a liquidation of Networks is likely to be exceeded by the outcome from the proposed DCA.
- Neoside Pty Ltd ('Neoside') has not met its obligations under the Subscription Agreement and the preliminary processes prior to litigation have been commenced including a review of the assets of Neoside and the guarantors which may potentially be available to Networks creditors.
- There remains scope that Neoside will complete the Subscription Agreement and this remains the most advantageous outcome to the creditors. Any DCA will be worded to reflect this ongoing option, albeit an unlikely one in the administrators' view.

Purpose of the Report

This report is prepared pursuant to the administrators' statutory obligations under S439A(4) of the Corporations Act, and is designed to assist creditors in their decisions concerning the company's future. It should be read in conjunction with my earlier report to creditors dated 31 October 2003 available at www.pwcrecovery.com.au or by calling Matthew Blum on (03) 8603 4250.

Creditors will be asked to consider the future of Networks at the meeting of creditors to be held on 8 December 2003. Formal notice of the meeting is attached.

Creditors are faced with three choices at the meeting. They can vote for:

- **the Administration of Networks to end.** This returns control of Networks to the directors. This would be appropriate in the event that Neoside complies with its obligations under the Subscription Agreement such that there were sufficient funds to meet all creditor and administration liabilities. This is not currently the case and Networks remains clearly insolvent in the view of the administrators. As a result this option is not appropriate.
- **that Networks execute a Deed of Company Arrangement.** A DCA has been proposed by Ascent which appears to be in the interests of the Networks creditors. This is discussed further below.
- **that Networks be wound up.** In this case, the administrators become the liquidators of Networks. However outside of the claim against Neoside and the guarantors there are minimal assets in Networks and any recovery would be largely reliant on recoveries from Networks' creditor claim in the administration / liquidation of Technologies.

Administrators' Actions and Events Since 10 November 2003

Receipt of revised DCA from Ascent Capital Pty Ltd

This is discussed below.

Monitor progress of Neoside in respect of its obligations under the Subscription Agreement

This is discussed below.

Meeting of creditors' committee held on 28 November 2003

There have been a number of informal discussions with three members of the committee of creditors since the adjourned second creditors' meeting on 10 November 2003. A formal meeting of the creditors committee was held on 28 November 2003. The points of note and outcomes from this meeting were:

1. The committee of creditors supports the DCA proposal and will be voting for its adoption.
2. The committee has expressed a desire that Freehills Perth be engaged to conduct the likely litigation involving Neoside in the event that Neoside fails to fulfil its obligations under the Subscription Agreement.
3. If Neoside demonstrates that it can complete the Subscription Agreement (to the satisfaction of the administrators and the committee) then it should so complete as this is the better outcome for creditors and shareholders.
4. The creditors' committee have requested that Datareach Limited, a wholly owned subsidiary of Networks subsidiary Tennyson Technologies Pty Ltd, remain under the control of its directors and management team. Datareach has remained under such control.
5. The committee has requested that the administrator, as the holder of a vote at the Tennyson Technologies reconvened second creditors meeting as Networks is a creditor of Technologies, vote in favour of Technologies entering into a DCA.

Proposed Deed of Company Arrangement

A DCA has been proposed for the consideration of the creditors of Networks and Technologies creditors by Ascent. An outline of the terms of the proposed DCA, as received from Acent, is attached at **Annexure A**.

I set out at **Annexure B** an assessment of potential returns under the DCA and under a liquidation of Networks and Technologies. These are based on five potential scenarios:

1. no recoveries from Neoside or the guarantors under the Subscription Agreement;
2. **net** recoveries after legal and other costs of \$500,000 from Neoside or the guarantors under the Subscription Agreement;
3. **net** recoveries after legal and other costs of \$1m from Neoside or the guarantors under the Subscription Agreement;
4. **net** recoveries after legal and other costs of \$1.5m from Neoside or the guarantors under the Subscription Agreement;
5. **net** recoveries after legal and other costs of \$2m from Neoside or the guarantors under the Subscription Agreement;

This analysis suggests that the Networks preferential creditors' position is significantly improved by the DCA when compared to a liquidation under scenario 1 (as illustrated below). There is also a reduced reliance on the uncertain outcome of recoveries under the Subscription Agreement under scenarios 2,3,4 and 5 under the DCA compared to a liquidation.

Estimated return to preferential creditors	Recovery percentage	
	DCA	Liquidation
Scenario 1: No recoveries under the Subscription Agreement	100%	0%
Scenario 2: \$500,000 recovered under the Subscription Agreement	100%	100%
Scenario 3: \$1m recovered under the Subscription Agreement	100%	100%
Scenario 4: \$1.5m recovered under the Subscription Agreement	100%	100%
Scenario 5: \$2m recovered under the Subscription Agreement	100%	100%

The unsecured creditors position is similarly improved under the DCA for the same reason as outlined for the preferential creditors.

Estimated return to unsecured creditors	Recovery percentage	
	DCA	Liquidation
Scenario 1: No recoveries under the Subscription Agreement	1%	0%
Scenario 2: \$500,000 recovered under the Subscription Agreement	23%	16%
Scenario 3: \$1m recovered under the Subscription Agreement	43%	38%
Scenario 4: \$1.5m recovered under the Subscription Agreement	63%	59%
Scenario 5: \$2m recovered under the Subscription Agreement	82%	81%

It should be stressed that both comparatives are based on the assumption that funding is available to litigate the Neoside matter. We are advised from the committee of creditors of Networks that funding is anticipated to be available in

the event that the DCA is agreed by both Networks and Technologies creditors, but this funding would not be available under a liquidation scenario.

I draw creditors attention to the following key provisions from the DCA proposal received from Ascent:

- Ascent wish to re-capitalise the Networks “shell” and require a controlling interest in the Networks shareholding and the Small Office Exchange (‘SOX’) business. This will require the sale of the SOX assets by Technologies to Networks.
- Assets not specifically dealt with under the Networks DCA will be held in a trust for the benefit of the Technologies creditors (including the shareholding in Datareach Limited, debtors, plant and equipment etc).
- The National Australia Bank (‘NAB’) has a fixed and floating charge over the assets of Networks and Technologies and as such the DCA provides for the payment of the NAB’s outstanding balance. This enables the assets of Networks and Technologies to be dealt with by the DCA Administrators free from encumbrance.
- Ascent will contribute \$356,000 to a pool of funds which the creditors of Technologies and Networks will share in equally after Technologies has made payment to the NAB of its outstanding sum.
- Ascent will contribute 5 million shares in the re-capitalised Networks for the benefit of Technologies creditors. These may be given a ‘base’ value of \$50,000 on the basis that the re-capitalisation will be at 1 cent per share. Naturally it is not possible to determine the extent or direction of any movement in the value of the shares after re-listing on the ASX. However, on the assumption that the Technologies creditors are willing to speculate there may be scope for the shares to appreciate in value over time. Conversely there may be some adverse price reaction experienced were the shares to be sold en-mass within a short time period of the re-listing.
- The first \$750,000 of recoveries from any action (net of costs and disbursements) will be for the benefit of Tennyson creditors. Thereafter net recoveries are apportioned between Networks and Technologies with 90% being for the benefit of Networks’ creditors and 10% being for the benefit of Technologies’ creditors. It should be noted that the cost and risk of running any litigation against Neoside and / or the guarantors is anticipated to be borne by third parties outside of the scope of the DCA such that the creditors of both Networks and Technologies are sheltered from any downside from the litigation. We do not have details of this arrangement but understand that it has been arranged by creditors and shareholders of Networks. The arrangement is subject to both Networks and Technologies entering into DCAs.

- Networks will not prove as a creditor of Technologies (such that any funds available are for the benefit of third party creditors) and similarly Technologies would release Networks from any potential claims it may have.
- The DCA requires the approval of both Technologies' and Networks' creditors.

There are a number of other requirements that will need clarification during the drafting of the legal documents necessary for the implementation of the DCA, including:

- The proposed DCA is silent as to the GST treatment of payments under the DCA. I will receive specialist advice on this area although it would appear from an initial review that GST will be applicable and the figures noted in the DCA proposal will need to be grossed up by 10% for GST.
- Payments by the Department of Employment and Workplace Relations ('the Department') under the GEERS scheme are by way of a loan, and on that basis the Department will require, (as a pre requisite to the payment of entitlements), the DCA to include the priority provisions of section 556(1) of the *Corporations Act 2001* in relation to the entitlements to be paid to employees. Further, the DCA must specifically provide that the Department has the same priority as is afforded under section 560 in relation to advances to employees under a winding up. I have previously given my undertaking to the Department that any DCA will include these provisions should payment under the GEERS scheme be appropriate.
- Completion of Neoside's obligations under the Subscription Agreement, whilst extremely unlikely in the administrators' view, remains the most advantageous potential outcome to the Networks and Technologies creditors. The DCA should therefore provide a mechanism to ensure that, should Neoside be in funds sufficient to complete all or substantially all of the Subscription Agreement obligations, this course of action can be accessed without breach of the DCA terms.
- The DCA proposal envisages litigation against Neoside and /or John Fletcher and Geoffrey Rubython. I currently hold insufficient funds to undertake this action and the administrators may be exposed to an unacceptable risk in respect of this litigation if commenced on these terms. In order for this matter to be progressed in line with the DCA proposal I will require funding and an indemnity from a third party.
- The DCA will need to be appropriately worded such that potential future product related claims including, warranty claims and reseller claims are encompassed into the DCA arrangement and that parties with product related claims are bound by the DCA. The same mechanisms will be embodied in the DCA to cover all contingent liabilities and claims.

- Ordinarily, unclaimed monies in a DCA must be processed through the State Trustees which can be a cumbersome process. The inclusion of a specific provision giving ASIC authority to receive unclaimed monies allows for a more streamlined process.
- The DCA will be required to reflect that any rental sums paid in advance by customers renting SOX units and associated equipment do not form part of the SOX business being acquired by Networks under the DCA.

Update on the Subscription Agreement with Neoside

The Administrators have continued to obtain regular (almost daily) updates from the directors of Neoside as to the progress made toward Neoside meeting its obligations under the Subscription Agreement. The Neoside position is summarised as follows:

- the Administrators are not in receipt of funds from Neoside in respect of its obligations under the terms of the Subscription Agreement;
- at the time of writing this report the Administrators have not been provided with bankable documentary evidence that Neoside will be in funds sufficient to meet (or even partially meet) its liabilities under the Subscription Agreement;
- the directors of Neoside continue to stress that Neoside will, within a short period of time, be capable of meeting its obligations under the Subscription Agreement.

Whilst Neoside's completion of the Subscription Agreement represents the most advantageous outcome for all creditors, we consider the prospects of Neoside forwarding all (or even part) of the Subscription Agreement monies before the creditors meeting, as being unlikely.

Courses of recovery against Neoside and its guarantors in respect of their failure to comply with the Subscription Agreement

We are advised that there are two courses of action available for recovery of sums due from Neoside under the Subscription Agreement.

1. The first is to issue and serve a creditors statutory demand pursuant to section 459E of the Corporations Act.
 - It is probable that an application would be made by Neoside to set the statutory demand aside. If Neoside has a defence or set off and is solvent, it is more probable than not that the creditors statutory demand would be set aside.
2. The second is to issue proceedings in the Supreme Court of Western Australia for breach of contract.
 - Should Neoside have no defence available to legal proceedings and fail to respond to the writ, judgment in default would be immediately available for application.
 - Were Neoside to file an appearance, an application for summary judgment would be applied for. If, on the basis of Neoside's supporting affidavit, the court was of the view that there was no issue of fact or law which required resolution by trial, Neoside would not be given leave to defend, and judgment would be entered.

- If the court was satisfied that there were questions of law or fact to be tried, Neoside would be given leave to defend and the proceeding would follow its normal course. Security for costs may also be an issue that will need to be addressed at that time.

We are advised that in order to recover monies from the guarantors it will be necessary to issue proceedings in the Supreme Court of Western Australia for breach of contract and guarantee. There may also be a cause of action for misleading and deceptive conduct given that Networks was induced to enter into the Subscription Agreement on the representations of the guarantors and representatives of Neoside.

If the guarantors file a notice of appearance to the writ, then an application for summary judgment can be applied for. It is not clear as to whether the guarantors have a defence. As soon as judgment is entered against the guarantors, a creditors bankruptcy notice would be issued and bankruptcy proceedings commenced if payment were not received.

As outlined above, on the assumption that Networks and Technologies enter a DCA we understand that certain creditors of Networks have made arrangements with regard to funding litigation against Neoside and / or the guarantors. We further understand that this funding is not available in the event that either Networks or Technologies is liquidated.

That said, the Administrators will not be in a position to commence litigation proceedings against Neoside and / or the guarantors in their capacities as Administrators or Administrators of the DCA of Networks without appropriate funding guarantees and indemnities.

We have undertaken an initial assessment of assets, office holdings (other than Networks / Technologies / Datareach Limited) and land ownership records of John Fletcher and Geoffrey Rubython which indicate that John Fletcher in particular is associated with a number of companies and businesses (although significantly more work would be required to determine the potential value of these). We set out below a summary of the results of my searches received to date.

John Wesley Fletcher

Office holdings (Australia)	Share holdings	Key assets
ACF Nominees Pty Ltd (director / sec)		
BGFM Pty Ltd (director / sec)		
Cinnebar Pty Ltd (director / sec)	1 ordinary shares - (Total paid \$1.00). Fletcher Findlay is the other shareholder	Victorian LTO records reveal 1 property: Volume 8332 Folio 308. There are no encumbrances on this titles
Dualcliff Pty Ltd (sec)		
Dorthean Pty Ltd (sec)		
Fletcher Findlay Pty Ltd (director / sec)	75,000 ordinary shares - (Total paid \$75,000).	John Fletcher & Associates - Person carrying on business - Individual Entity (ABN 75 572 527 591)
Funds Management Services Pty Ltd (director / sec)		
Funds Management Pty Ltd (director)	151,001 ordinary shares - (Total paid \$150,001.00). Shirley Dawn Fletcher is the other shareholder	<p>Victorian LTO records reveal 2 properties: Volume 8402 Folio 760, Volume 8511 Folio 386, being 110 and 110-112 King Street respectively. These properties are subject to a mortgage by St George bank for \$138,000</p> <p><i>Companies in which Funds Management Pty Ltd holds shareholdings –</i></p> <p>ACF Nominees Pty Ltd, 10 ordinary shares - (Total paid \$10.00) BGFM Pty Ltd, 10 ordinary shares – (Total paid \$10.00) Funds Management Services Pty Ltd, 1,002 ordinary shares – (Total paid \$1,002). Giotto Holdings Pty Ltd, 10 ordinary shares – (Total paid \$10.00) Peachmore Pty Ltd, 3 ordinary shares – (Total paid \$3.00)</p>
Neoside Pty Ltd (director / sec)	Neoside Pty Ltd - 1 ordinary shares - (Total paid \$1.00)	
Peachmore Pty Ltd (director / sec)		
Peter R. Budge & Associates Pty Ltd (sec)		
Thomastown Indoor Sports & Playdays Pty Ltd (director / sec)		
W.B Fleming Services Pty Ltd (director / sec)	1 ordinary shares - (Total paid \$1.00)	
Wexham Holdings Pty Limited (sec)		
	Majorlink Pty Ltd - 1 ordinary shares - (Total paid \$1.00)	

Geoffrey John Rubython

Office holdings (Australia)	Share holdings	Key assets
Neoside Pty Ltd (director)	1 ordinary share - (Total paid \$1.00)	
	Rubython Holdings Pty Ltd - 1 ordinary share - (Total paid \$ 1.00)	Rubython Industries - Individual Entity (ABN 24 507 715 590)

We have initiated a trace of records of property being held in the name of either John Fletcher or Geoffrey Rubython in Victoria, New South Wales, Western Australia or New Zealand although we are awaiting the results for other states. We note that John Fletcher holds a licence as a registered company auditor and is a chartered accountant.

Prospects of a Return to Creditors in a Liquidation

In the event of a liquidation of Networks there is a reasonable assumption that Technologies would be similarly wound-up and that the secured creditor's position will be met from the sale of Technologies plant and equipment which are subject to the fixed element of the NAB's charge.

The tables on page 4 outline that the return to the preferential creditors and unsecured creditors under a liquidation are lower than those expected from the DCA. I repeat these tables for your reference.

Estimated return to preferential creditors	Recovery percentage	
	DCA	Liquidation
Scenario 1: No recoveries under the Subscription Agreement	98%	0%
Scenario 2: \$500,000 recovered under the Subscription Agreement	100%	100%
Scenario 3: \$1m recovered under the Subscription Agreement	100%	100%
Scenario 4: \$1.5m recovered under the Subscription Agreement	100%	100%
Scenario 5: \$2m recovered under the Subscription Agreement	100%	100%

Estimated return to unsecured creditors	Recovery percentage	
	DCA	Liquidation
Scenario 1: No recoveries under the Subscription Agreement	0%	0%
Scenario 2: \$500,000 recovered under the Subscription Agreement	22%	16%
Scenario 3: \$1m recovered under the Subscription Agreement	42%	38%
Scenario 4: \$1.5m recovered under the Subscription Agreement	62%	59%
Scenario 5: \$2m recovered under the Subscription Agreement	81%	81%

Whilst, under most scenarios, there is no improvement or only a marginal improvement in the estimated return from a DCA over a liquidation this comparison does not account for the relative difficulty of funding litigation directly or arranging litigation funding under the liquidation scenario.

Should Networks be liquidated, the funding arrangements put in place in association with the DCA would not be available and alternative third party source of funding would be required to pursue Neoside and its guarantors.

There are a number of providers of litigation funding who typically seek to finance the most robust cases where there is a reasonable expectation of receipt of any damages and costs. Whilst the case against Neoside and / or the guarantors would appear to be robust, the financial standing of Neoside, John Fletcher and Geoffrey Rubython has yet to be fully determined. Further, litigation funders generally require a significant percentage of any damages awarded, reflecting the risk being taken.

Administrators' Fees

I have previously reported my fees on a 'group' basis but have been requested by the Networks creditors committee to account for my firms time separately to each of Networks and Technologies. I therefore set out below a summary of actual fees incurred between 14 October 2003 and 15 November 2003 and an estimate of fees from the date to complete the administration or the administration of the DCA.

Tennyson Networks Limited (Administrators Appointed)

Detailed fee analysis for the period 14 October 2003 to 15 November 2003

Staff Grade	Time Spent (Hours)	Rate per hour	Amount \$
Partner 2	16.02	520	8,330
Partner 1	0.45	476	214
Director	3.80	440	1,672
Associate Director	39.03	360	14,049
Senior Manager	-		
Junior Manager	-		
Executive 2	7.70	232	1,786
Executive 1	1.50	176	264
Assistant 2	0.15	160	24
Assistant 1	47.44	120	5,692
Secretary	4.00	104	416
Total	120.08		32,448
Estimated fees 15 November 2003 to 28 November 2003			3,000
Estimated fees 28 November 2003 to 8 December 2003			3,000
Estimated fees to complete			14,029
Total fees			52,477

My firm has incurred costs of \$32,448 in the period to 15 November 2003 and estimated costs of \$3,000 between the 15 November 2003 and 28 November 2003. I anticipate costs of \$3,000 will be incurred between 28 November 2003 and 8 December 2003. I will therefore request creditors approve our fees of \$38,448 plus GST for the period to 8 December 2003 at the meeting of creditors on 8 December 2003.

I will also request that creditors approve our fees in advance to complete the administration or the administration of the DCA in the amount of a further \$14,029 plus GST. Any costs beyond this cap will need to be approved by the creditors.

Reconvened Second Meeting of Creditors to be held on Monday 8 December 2003 at 11.00 AM

We advise that the adjourned second meeting of creditors to decide Networks' future will be reconvened pursuant to Section 439A of the Corporations Act and will be held at:

PricewaterhouseCoopers, Level 4, 215 Spring Street, Melbourne

Date: 8 December 2003

Time : 11.00 AM

Attached is a formal notice of the meeting which sets out the purpose of the meeting.

Also attached is:

- A formal proof of debt for the purpose of voting at the meeting. **Creditors who have already completed a proof of debt form need not complete a separate proof for this meeting (unless they wish to amend their claim).** Forms should be completed and submitted to Mathew Blum of this office on or before 9.00 AM on 8 December 2003 or to the Chairman of the meeting.
- A form of proxy is to be completed by any creditor unable to attend the meeting in person, but wishing to vote, or by each creditor which is a company or a firm. **Proxy forms completed for the first meeting of creditors are not valid for this purpose and a separate form should be completed if required.** Forms should be completed and submitted to Mathew Blum of this office on or before 9.00 AM on 8 December 2003 or to the Chairman of the meeting.

Any enquiries regarding these forms or the meeting of creditors should be directed to Mathew Blum of this office on (03) 8603 4250. Completed forms may be faxed to Mathew Blum on (03) 8603 6044.

Administrators' Opinion on Matters to be Decided at the Reconvened Second Meeting of Creditors on 8 December 2003

In accordance with the requirements of Section 439A(4)(b) of the Corporations Act, we advise that in our opinion it would be in the interests of creditors of Networks:

- (i) that the creditors of Networks approve the execution of a Deed of Company Arrangement;
- (ii) that the Administration **NOT** end (ie the company should **NOT** be returned to their pre administration status);
- (iii) that Networks **NOT** be wound up.

Dated Friday, 28 November 2003



Nick Brooke
Administrator

Annexure A

Outline of the proposed Deed of Company Arrangement

TENNYSON NETWORKS LTD
(Administrators Appointed)

PROPOSAL TO RECAPITALISE
TENNYSON NETWORKS LTD
(ABN 98 009 805 298)

DATED 26 November 2003

GENERAL TERMS OF RE-CAPITALISATION

A syndicate headed by Ascent Capital Pty Ltd (**Syndicate**) offers to recapitalise **Tennyson Networks Ltd (Tennyson or Company)** on the following terms and conditions (the **Proposal**):

- 1 The Syndicate wishes to acquire control of Tennyson and a 100% interest in the **SOX Technology**, which is currently owned by Tennyson Technologies Pty Ltd (Technologies). It is the intention of the Syndicate to continue the business of Tennyson, that is the development of the SOX Technology, and to apply, after completion of the Proposal for the lifting of the suspension on the trading in shares of the Company on the Australian Stock Exchange Limited (**ASX**).

The **SOX Technology** of Tennyson is defined as:

A product(s) that integrates voice, facsimile, voicemail, data and internet communication needs of small office of up to 64 users, means all patents, innovations patents, registered or unregistered trademarks, copyrights in original works or other subject matter, designs (whether registered or registrable but unregistered) unpatented inventions, methods and processes whether or not patentable, trade secrets and know how, eligible layouts within the meaning given to that term by the Circuit Layouts Act 1989 (Cth) and improvements to or developments of any of the forgoing or any other equipment, methods, processes or licenses to exploit such technology and as mutually agreed by the Administrator and the Syndicate.

- 2 The Syndicate Offer for the control of Tennyson, the SOX Technology and all intellectual property associated with the SOX Technology is:
 - (i) that the SOX Technology of Technologies be acquired by Tennyson from the Administrator of Technologies pursuant to a sale and purchase agreement and accordingly be transferred to Tennyson and that all other liabilities of Tennyson and Technologies be compromised via separate Deeds of Company Arrangement and all subsidiaries of Tennyson be transferred to the Deed Fund referred to below.
 - (ii) Consideration, being the payment of cash funds of \$356,000 and issue of shares, to be allocated and prioritised as follows:
 - a) the payment to National Australia Bank Ltd, in full, in return for discharge of their security;

- b) the balance of the cash funds to be allocated on a 50/50 basis for the benefit of Tennyson and Technologies creditors; and
 - c) the issue of 5 million ordinary fully paid shares in Tennyson to the Deed Administrator of Technologies for the benefit of creditors. Shares are to be issued following completion of all matters relating to the Proposal including the consolidation of the capital of Tennyson on a 1:10 basis. Zero shares will be paid to the Administrator of Tennyson.
- (iii) To make available to creditors of the net proceeds (that is, after legal costs and disbursements), if any, from any legal action taken against Neoside Pty Ltd and its guarantors. The first \$750,000 of any net proceeds are to be distributed to Tennyson creditors and thereafter 90% to Tennyson creditors and 10% to Technologies creditors. Tennyson will fund litigation against Neoside.
 - (iv) Tennyson agrees not to participate as a creditor of Technologies and that it's possible claim of approximately \$30 million from Technologies is discharged and released under the Deed of Company Arrangement.

The Syndicate Offer pursuant to a Deed of Company Arrangement of Tennyson, is made on the basis that immediately following Tennyson shareholder approval of this Proposal in its entirety and the payment referred to in point 2(2) below:

- (1) the Deed of Company Arrangement is wholly effectuated and a Trust Fund (herein after referred to as Deed Fund) is established to hold certain of the assets available to creditors and the security held by the National Australia Bank Ltd is discharged contemporaneously; and
 - (2) the Company pays the Deed Fund established for the purposes of holding certain of the Company's assets and paying claims, the sum of **\$150,000** as part payment of the above consideration. This sum is to be used to settle the National Australia Bank Ltd security and thereafter allocated in accordance with clause 2(ii)(b) above;
 - (3) the Company assigns all and any of its rights (where possible) in its sundry debtors, plant and equipment, inventories, causes of action (including the claims referred to in paragraph 2(iii) of this Proposal) and other assets (including all shares held in subsidiary companies) other than those purchased by the Syndicate; and
 - (4) notwithstanding that the Deed of Company Arrangement of Tennyson will terminate upon the payment referred to in point 2(2) above, a further amount of **\$206,000** shall be paid within 7 days of Tennyson's securities being reinstated to trading on ASX, in full and final settlement of the Proposal.
- 3 The Proposal for the control of Tennyson and the SOX Technology is detailed in Schedule A and timetable to complete the Proposal in Schedule B.
 - 4 The Syndicate is willing to acquire appropriate plant and equipment, e.g. prototypes etc, on a first right of refusal basis at not more than auction value to be identified by the Syndicate and the Administrator to accompany the SOX Technology within 7 days of the Company's securities being re-instated to trading on the ASX.

- 5 The existing share structure of Tennyson shall be consolidated on a 1:10 basis prior to the issue of securities under this Proposal.
- 6 If the meetings of creditors convened to approve this Proposal approve this Proposal the Deed Administrator shall remove the existing directors and officers of Tennyson from office pursuant to powers expressly provided for that purpose in the Deed of Company Arrangement and appoint the Syndicate's nominees as directors of Tennyson in order that the Syndicate nominees can effect the Proposal, namely drafting the notice of meeting of shareholders of Tennyson and prospectus;
- 7 The above cash amounts are proposed to be raised from placements of new equity in the Company on the following basis:
- (a) an amount of **\$2,000** from the Syndicate is to be provided in exchange for 20 million Tennyson fully paid ordinary shares at issue prices to be determined by the Syndicate. The number of shares to be allotted to the Syndicate is post a consolidation of the existing capital of the Company on a 1:10 basis.
 - (b) an amount of **\$1,000** from the Syndicate is to be provided in exchange for 30 million options each to acquire fully paid ordinary shares, exercisable at 1cent each on or before the third anniversary of shareholder approval of this Proposal. The number of options to be issued to the Syndicate is post a consolidation of the existing capital of the Company on a 1:10 basis.
 - (c) an amount of **\$200,000** from the Syndicate is to be provided in exchange for 90 million Tennyson fully paid ordinary shares at issue prices to be determined by the Syndicate. The number of shares to be allotted to the Syndicate is post a consolidation of the existing capital of the Company on a 1:10 basis.
 - (d) a general placement to raise not less than **\$1,250,000**. This placement will be on a best endeavours basis and may be underwritten, subject to certain conditions, by the Syndicate. The Syndicate reserves the right to charge an underwriting fee together with a management fee. These fees would not alter the payment to the Deed Administrator. Of this \$1,250,000, an amount of \$206,000 shall be paid within 7 days of Tennyson's securities being reinstated to trading on ASX in full and final settlement.
 - (e) an offer may be made to existing Tennyson shareholders to participate in this general placement.
- 8 The proposal for the SOX Technology is that Tennyson shall pursue the exploitation of the SOX Technology which will be wholly owned by Tennyson following completion of this Proposal.
- 9 In the event the Proposal is successful, the Company shall take all reasonable steps to assist the Trustees to collect and realise the Company's assets, other than those purchased by the Syndicate.
- 10 Change the name of Tennyson to Fusia Limited and lodge all documentation to effect the change of name within 7 days of creditor approval of the Proposal herein.
- 11 The offer is subject to the following general conditions:
- (a) That the creditors of Tennyson and Technologies both agree to the Proposal, which is interdependent on the approval at both meetings. Separate creditor meetings of Tennyson and Technologies are to be held and the

Administrator is not to pool creditors or combine creditor meetings of the two companies.

- (b) Creditor meetings of Tennyson and Technologies are to be held on the same day to approve all matters relating to the Proposal with the creditor meeting of Technologies to be held prior to the creditor meeting of Tennyson. Notices of Technologies and Tennyson creditor meetings are to reflect that unless both meetings approve the various matters relating to this Proposal then liquidation of both companies is likely.
- (c) No potential claims or action by Technologies against Tennyson in consideration for the release and discharge of the debt referred to in point 2 (iv) herein.
- (d) All liabilities and long term commitments of Tennyson being released and compromised via a Deed of Company Arrangement that reflects the terms of this Proposal. It shall be a term of the deed that it is wholly effectuated and the appointment of the Deed Administrator terminates in accordance with clause 2(1) and 2(2) of this Proposal.
- (e) The Secured Creditor, National Australia Bank Ltd, agreeing to discharge its security on the payment of the amount outstanding pursuant to the Deed of Company Arrangement.
- (f) All creditors will be required to prove debts against the Trustees of the Deed Fund as if they were Tennyson and payments to creditors shall be made in the order of priority set down by the Corporations Act.
- (g) Ownership of all subsidiaries of Tennyson at the date of this letter, which Ascent understands to be only Technologies, being transferred from Tennyson to the Deed Fund and dealt with by the Administrator under a Deed of Company Arrangement of Technologies. This Deed of Company Arrangement is to reflect the matters referred to in the Proposal related to Technologies. Deeds of Company Arrangement for Tennyson and Technologies are to be signed contemporaneously.
- (h) Termination of the employment of all employees at no cost to the Company at the wholly effectuation Deed of Company Arrangement;
- (i) ASX providing written confirmation to Tennyson that it will lift the suspension on the trading of the securities of the Company without the need to re-comply with chapters 1 and 2 of the Listing Rules on finalising the Deed of Company Arrangement. The Administrator will provide the Syndicate with the authority to seek this confirmation from the ASX, at its own cost. Ascent Capital has had favourable preliminary discussions with the ASX on this Proposal;
- (j) Confirmation from the Australian Securities & Investments Commission (ASIC) that all matters with respect to Tennyson have been rectified or will be rectified upon completion of the Proposals. The Syndicate will assist to obtain this confirmation, if required, and at its cost;
- (k) The receipt of approval by the shareholders of Tennyson to this Proposal. For this purpose, the Syndicate shall prepare the required shareholder meeting materials and will submit these materials to ASX, the ASIC and the Deed Administrator will provide his consent to the dispatch. The Syndicate shall bear its own costs in relation to the preparation of these meeting

materials which sums shall be reimbursed by the Company in the event that the proposals are approved and the Company is reinstated to trading on the ASX. Generally these costs will approximate \$75,000. If the Deed Administrator incurs costs in reviewing the above meeting materials, those costs shall be borne by the Deed Administrator; and

- (1) Ascent Capital, at its cost, will prepare the initial drafts of the Deeds of Company Arrangement referred to herein for Tennyson and Technologies after creditor approval.
- 12 The Syndicate proposes to hold a meeting of shareholders of Tennyson to approve this Proposal and make the payment referred to in point 2 above within 180 days from the date of execution of the Deeds of Company Arrangement (that reflects the terms of this Proposal) for both Tennyson and Technologies. If the shareholders meeting of Tennyson is not held within the 180 day period, the Syndicate shall have an automatic right to extend the period by 30 days by the non-refundable payment of \$5,000 to the Deed Administrator. This amount shall be in an addition to the payment referred to in point 2 above. The Deed Administrator may grant a further extension to the Syndicate to complete this Proposal, but any such grant shall be in the absolute discretion of the Administrator and for such fee as the Administrator shall reasonably determine. Should the shareholder meeting not be held by the expiration of the 180 day period (or the extended period) then the Administrators at their absolute discretion may terminate the arrangement and Ascent will forfeit the deposit paid in point 14 below, provided that the Administrator and Deed Administrator has used its reasonable endeavours to aid the holding of the shareholders meeting which shall include, amongst other things, providing its consent to the release of the notice of meeting, the prospectus and if required the annual report of the Company.
- 13 The Syndicate shall deposit in cleared funds \$25,000 for each of Tennyson and Technologies being a total of \$50,000 (**Deposit**) into the Administrators solicitors trust account following acceptance of this Proposal and no later than the day preceding the creditors meetings called to approve this Proposal which ever is earlier, which sum shall be deducted from the amounts payable under clause 2(ii).

The Deed Administrator will provide a written undertaking and instruct their solicitors that those funds are to be dealt with in accordance with the executed Deed of Company Arrangement. For the avoidance of doubt, until such time as the Deed of Company Arrangement is executed, the Deposit may not be dealt with by the Administrator, other than to return the funds to the Syndicate. The Deposit shall be non-refundable (and payable without deduction, set-off or counter-claim to the Administrator) in the event that the Syndicate withdraws from participation in this Proposal provided that, should the conditions of this Proposal (referred to in point 12 above) not be met other than directly or indirectly as a result of any act or omission by or on behalf of Ascent, then the Deposit is refunded to the Syndicate free from all deductions.
- 14 If the meetings of creditors called to approve this Proposal is adjourned for any reason, this Proposal shall remain in force save that the Deposit shall be refunded (in full) to the Syndicate within 3 business days of that adjournment and the Syndicate shall redeposit \$50,000 in cleared funds prior to the reconvened creditors meeting.

Note about Ascent Capital Pty Ltd

Ascent Capital Pty Ltd (**Ascent**) was formed by David Steinepreis, Hugh Warner and Gary Steinepreis to pursue the reconstruction and recapitalisation of existing listed companies, assist in the establishment of new businesses and the listing of new companies on recognised stock exchanges including the ASX and AIM in the United Kingdom.

Ascent and its directors have successfully recapitalised and relisted a number of companies including: Avon Resources Ltd, Imugene Limited, Synergy Metals Ltd, View Resources Ltd, GEO2 Limited, Extract Resources Ltd, Q-Vis Limited and Nautilus Australia Limited. Ascent has also completed the IPO of InfoBank International Ltd and its acquisition and change of name to Aeris Technologies Ltd. Ascent and its investor group have raised in excess of \$15,000,000 in new equity for the above companies. These companies have a cumulative current market capitalisation of in excess of \$60 million.

Recently, creditors approved Ascent's proposal to recapitalise Integra Medical Imaging Limited, Garrisons Accounting Group Limited and Objectif Telecommunications Ltd. Meetings of shareholders will be convened to approve these proposals as soon as possible.

On the basis that this Proposal is accepted by the Administrator and that the Administrator will recommend it to creditors, we agree to the Administrator providing a copy of this Proposal to creditors for their consideration and approval.

Creditor and Shareholder Approvals of Tennyson

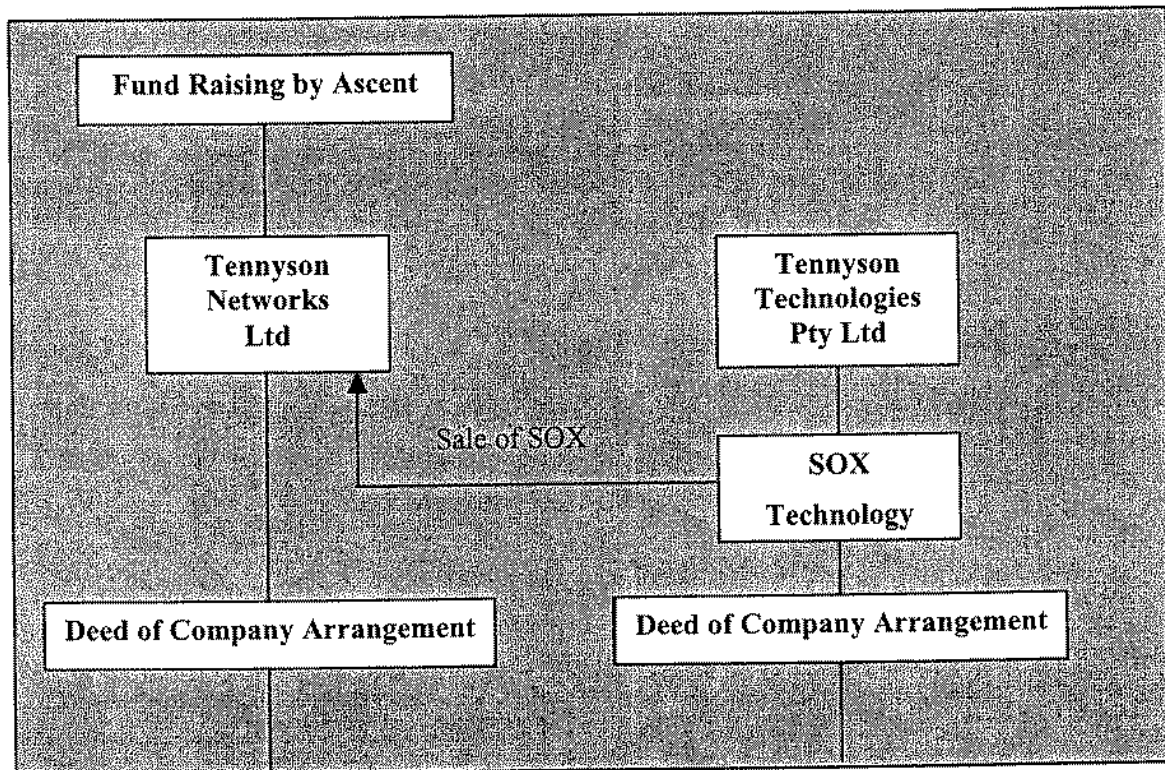
Please be advised that we have been discussing the Proposal herein with the major shareholder and creditor groups and believe that we have the support to obtain approval of the Proposal at the creditor meeting and shareholder meeting of Tennyson contemplated herein.



Signed for and on behalf of Ascent Capital Pty Ltd

**ASCENT CAPITAL PTY LTD
RECAPITALISATION PROPOSAL**

SCHEDULE A



<ul style="list-style-type: none"> • Discharge of National Australia Bank Ltd security • 50% of balance of cash funds for control of Tennyson • First \$750,000 from net proceeds and thereafter 90% of the net proceeds from action against Neoside and Guarantors, if successful • 0 new Shares in Tennyson for benefit of Tennyson creditors • Discharge and release of claim of approximately \$30 million owed by Technologies • Balance proceeds of action against Neoside and Guarantors to Tennyson after distribution to Administrator of Tennyson and Technologies, if any 	<ul style="list-style-type: none"> • Discharge of National Australia Bank Ltd security • 50% of balance of cash funds for sale of SOX • 10% of the net proceeds from action against Neoside and Guarantors, if successful, after first \$750,000 to Tennyson creditors • Tennyson to fund Neoside litigation for benefit of Technologies • 5 million Shares in Tennyson, following completion of the Proposal • Discharge and release of claim of approximately \$30 million by Tennyson • Possible purchase of SOX plant and equipment by Tennyson post recapitalisation
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SCHEDULE B

TIMETABLE TO COMPLETE THE PROPOSAL

Day	Event
0	Reconvened creditors meetings to approval Proposal
21	Last day to execute Deed of Company Arrangements
81	Lodge Notice of Meeting of Shareholders with ASIC and ASX for review
94	ASX and ASIC approval of Notice of Meeting of Shareholders
103	Post Notice of Meeting of Shareholders of Tennyson to shareholders
133	Hold Shareholder Meeting Deed of Company Arrangement of Tennyson terminates Deed Fund is established \$150,000 is paid by the Syndicate Certificate of Effectuation is issued by Deed Administrator of Tennyson
150	Issue of 5 million Shares to Technologies for the benefit of creditors
158	Application for re-instatement to ASX lodged
165	Payment of \$206,000
180	Last day to hold Shareholders Meeting and complete all matters

Annexure B

Analysis of estimated outcomes to creditors under the DCA and liquidation scenarios.

Tennyson Networks Limited
Tennyson Technologies Pty Ltd
(Both Administrators Appointed)

Annexure B

DCA: ASSUMPTION I

Assumption: no recoveries under the Subscription Agreement	Networks	Technologies
Funds available to secured creditors		
Sums payable under the DCA	149,994	206,006
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
	107,065	152,704
Less: sums due to secured creditor under DCA	0	(56,006)
Funds available to preferential creditors under the DCA	107,065	96,698
<i>Other assets available under the DCA</i>		
Shares	0	50,000
Recoveries from Neoside Pty Ltd / guarantors	0	0
<i>Other assets available</i>		
Cash on appointment	2,904	28,061
Further debtors collected	0	10,000
Sale of stock	0	0
Sale of plant and equipment (net of realisation costs)	0	82,884
Sale of Datareach Limited assets	0	0
	109,969	267,643
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	64%
Funds available to unsecured creditors	25,969	0
Unsecured creditors	(2,308,769)	(565,456)
	1%	0%

Tennyson Networks Limited
Tennyson Technologies Pty Ltd
(Both Administrators Appointed)

Annexure B

DCA: ASSUMPTION 2

Assumption: recoveries under the Subscription Agreement = \$500,000	Networks	Technologies
Funds available to secured creditors		
Sums payable under the DCA	149,994	206,006
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	
Less: Administrators fees to complete	(20,000)	(25,799)
	107,065	152,704
Less: sums due to secured creditor under DCA	0	(56,006)
Funds available to preferential creditors under the DCA	107,065	96,698
<i>Other assets available under the DCA</i>		
Shares	0	50,000
Recoveries from Neoside Pty Ltd / guarantors	500,000	0
<i>Other assets available</i>		
Cash on appointment	2,904	28,061
Further debtors collected	0	10,000
Sale of stock	0	0
Sale of plant and equipment (net of realisation costs)	0	82,884
Sale of Datareach Limited assets	0	0
	609,969	267,643
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	64%
Funds available to unsecured creditors	525,969	0
Unsecured creditors	(2,308,769)	(565,456)
	23%	0%

Tennyson Networks Limited
Tennyson Technologies Pty Ltd
(Both Administrators Appointed)

Annexure B

DCA: ASSUMPTION 3

Assumption: recoveries under the Subscription Agreement = \$1,000,000	Networks	Technologies
Funds available to secured creditors		
Sums payable under the DCA	149,994	206,006
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	
Less: Administrators fees to complete	(20,000)	(25,799)
	107,065	152,704
Less: sums due to secured creditor under DCA	0	(56,006)
Funds available to preferential creditors under the DCA	107,065	96,698
<i>Other assets available under the DCA</i>		
Shares	0	50,000
Recoveries from Neoside Pty Ltd / guarantors	975,000	25,000
<i>Other assets available</i>		
Cash on appointment	2,904	28,061
Further debtors collected	0	10,000
Sale of stock	0	0
Sale of plant and equipment (net of realisation costs)	0	82,884
Sale of Datareach Limited assets	0	0
	1,084,969	292,643
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	69%
Funds available to unsecured creditors	1,000,969	0
Unsecured creditors	(2,308,769)	(565,456)
	43%	0%

DCA: ASSUMPTION 4

Assumption: recoveries under the Subscription Agreement = \$1,500,000	Networks	Technologies
Funds available to secured creditors		
Sums payable under the DCA	149,994	206,006
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	
Less: Administrators fees to complete	(20,000)	(25,799)
	107,065	152,704
Less: sums due to secured creditor under DCA	0	(56,006)
Funds available to preferential creditors under the DCA	107,065	96,698
<i>Other assets available under the DCA</i>		
Shares	0	50,000
Recoveries from Neoside Pty Ltd / guarantors	1,425,000	75,000
<i>Other assets available</i>		
Cash on appointment	2,904	28,061
Further debtors collected	0	10,000
Sale of stock	0	0
Sale of plant and equipment (net of realisation costs)	0	82,884
Sale of Datareach Limited assets	0	0
	1,534,969	342,643
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	81%
Funds available to unsecured creditors	1,450,969	0
Unsecured creditors	(2,308,769)	(565,456)
	63%	0%

DCA: ASSUMPTION 5

Assumption: recoveries under the Subscription Agreement = \$2,000,000	Networks	Technologies
Funds available to secured creditors		
Sums payable under the DCA	149,994	206,006
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	
Less: Administrators fees to complete	(20,000)	(25,799)
	107,065	152,704
Less: sums due to secured creditor under DCA	0	(56,006)
Funds available to preferential creditors under the DCA	107,065	96,698
<i>Other assets available under the DCA</i>		
Shares	0	50,000
Recoveries from Neoside Pty Ltd / guarantors	1,875,000	125,000
<i>Other assets available</i>		
Cash on appointment	2,904	28,061
Further debtors collected	0	10,000
Sale of stock	0	0
Sale of plant and equipment (net of realisation costs)	0	82,884
Sale of Datareach Limited assets	0	0
	1,984,969	392,643
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	93%
Funds available to unsecured creditors	1,900,969	0
Unsecured creditors	(2,308,769)	(565,456)
	82%	0%

LIQUIDATION: ASSUMPTION I

Assumption: no recoveries under the Subscription Agreement	Networks	Technologies
Funds available to secured creditors		
Sale of plant and equipment (net of realisation costs)	0	82,884
Cash on appointment	2,904	28,061
Less: sums due to secured creditor under DCA	0	(56,006)
	2,904	54,939
Sale of SOX business (estimate only)	0	25,000
Sale of Datareach Limited shares	0	0
Further debtors collected	0	10,000
Sale of stock	0	0
Recoveries from Neoside Pty Ltd / guarantors	0	0
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
Funds available to preferential creditors	0	36,637
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	0%	9%
Funds available to unsecured creditors	0	0
Unsecured creditors	(2,308,769)	(30,991,254)
	0%	0%

LIQUIDATION: ASSUMPTION 2

Assumption: recoveries under the Subscription Agreement = \$500,000	Networks	Technologies
Funds available to secured creditors		
Sale of plant and equipment (net of realisation costs)	0	82,884
Cash on appointment	2,904	28,061
Less: sums due to secured creditor under DCA	0	(56,006)
	2,904	54,939
Sale of SOX business (estimate only)	0	25,000
Sale of Datareach Limited shares	0	0
Further debtors collected	0	10,000
Sale of stock	0	0
Recoveries from Neoside Pty Ltd / guarantors	500,000	0
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
Funds available to preferential creditors	459,975	36,637
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	9%
Funds available to unsecured creditors	373,071	0
Unsecured creditors	(2,308,769)	(30,991,254)
	16%	0%

LIQUIDATION: ASSUMPTION 3

Assumption: recoveries under the Subscription Agreement = \$1,000,000	Networks	Technologies
Funds available to secured creditors		
Sale of plant and equipment (net of realisation costs)	0	82,884
Cash on appointment	2,904	28,061
Less: sums due to secured creditor under DCA	0	(56,006)
	2,904	54,939
Sale of SOX business (estimate only)	0	25,000
Sale of Datareach Limited shares	0	0
Further debtors collected	0	10,000
Sale of stock	0	0
Recoveries from Neoside Pty Ltd / guarantors	1,000,000	0
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
Funds available to preferential creditors	959,975	36,637
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	9%
Funds available to unsecured creditors	873,071	0
Unsecured creditors	(2,308,769)	(30,991,254)
	38%	0%

LIQUIDATION: ASSUMPTION 4

Assumption: recoveries under the Subscription Agreement = \$1,500,000	Networks	Technologies
Funds available to secured creditors		
Sale of plant and equipment (net of realisation costs)	0	82,884
Cash on appointment	2,904	28,061
Less: sums due to secured creditor under DCA	0	(56,006)
	2,904	54,939
Sale of SOX business (estimate only)	0	25,000
Sale of Datareach Limited shares	0	0
Further debtors collected	0	10,000
Sale of stock	0	0
Recoveries from Neoside Pty Ltd / guarantors	1,500,000	0
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
	1,459,975	36,637
Funds available to preferential creditors		
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	9%
Funds available to unsecured creditors	1,373,071	0
Unsecured creditors	(2,308,769)	(30,991,254)
	59%	0%

LIQUIDATION: ASSUMPTION 5

Assumption: recoveries under the Subscription Agreement = \$2,000,000	Networks	Technologies
Funds available to secured creditors		
Sale of plant and equipment (net of realisation costs)	0	82,884
Cash on appointment	2,904	28,061
Less: sums due to secured creditor under DCA	0	(56,006)
	2,904	54,939
Sale of SOX business (estimate only)	0	25,000
Sale of Datareach Limited shares	0	0
Further debtors collected	0	10,000
Sale of stock	0	0
Recoveries from Neoside Pty Ltd / guarantors	2,000,000	0
Estimated net trading / administration position	(13,179)	34,221
Less: Administrators fees (to 15 November 2003)	(32,477)	(61,724)
Net of fee indemnity (exc GST)	22,727	0
Less: Administrators fees to complete	(20,000)	(25,799)
Funds available to preferential creditors	1,959,975	36,637
Sums due to preferential creditors - Employees	(84,000)	(390,750)
Employee claims crystallising on the sale of SOX		(30,500)
	(84,000)	(421,250)
	100%	9%
Funds available to unsecured creditors	1,873,071	0
Unsecured creditors	(2,308,769)	(30,991,254)
	81%	0%

Corporations Act

**NOTICE OF SECOND MEETING OF CREDITORS TO DECIDE THE
COMPANY'S FUTURE RECONVENED PURSUANT TO SECTION 439A**

**Tennyson Networks Limited
(Administrators Appointed)
ACN: 009 805 298 ABN: 98 009 805 298**

1. NOTICE IS GIVEN that the second meeting of the creditors of the above company held and adjourned on 10 November 2003, is to be reconvened at:

PricewaterhouseCoopers
Level 4, 215 Spring Street
Melbourne VIC 3000

on 8 December 2003 at 11 AM for Tennyson Networks Limited.

2. The purpose of the meeting is:

- To consider the Administrator's Supplementary Report about the business, property, affairs and financial circumstances of the company. A copy of that report is enclosed with this notice.
- To consider the Administrator's opinion in respect of the company on each of the following matters:
 - (a) Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement.
 - (b) Whether it would be in the creditors' interests for the administration to end.
 - (c) Whether it would be in the creditors' interests for the company to be wound up.

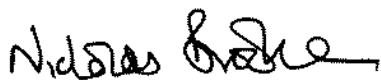
A statement of the Administrator's opinion on each of the above is enclosed with this notice.

- To consider the terms of a deed of company arrangement if proposed. A statement setting out the details of the proposed deed is attached.
- To consider the appointment of a person to be Administrator of a deed of company arrangement (if one is to be appointed).
- To fix the remuneration of the Administrator of the company and the Administrator of a deed of company arrangement (if one is to be appointed).

A form of proxy is enclosed to enable you to appoint another person to act on your behalf at the meeting (see note below). Proxies must be returned to the above office marked for the attention of Mathew Blum by 8 am on 8 December 2003. A corporate creditor can only be represented by proxy or representative appointed under Section 249(3); or by attorney.

A proof of debt is attached for completion to be used for voting purposes only.

Dated: 28 November 2003



N Brooke
Joint and Several Administrator

PricewaterhouseCoopers
215 Spring Street
Melbourne VIC 3000

Notes:

Under the Companies Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

His claim has been admitted, wholly or in part, by the Administrator; or

He has lodged with the Administrator particulars of the debt or claim.

If telephone conference facilities are expected to be available and the Administrator considers that it will be appropriate to use those facilities, the notice must also (Reg 5.6.12A)

- (i) Set out the relevant telephone number;*
- (ii) Require telephone participants to provide a written statement of their details to the Administrator by the second last working day before the meeting; and*
- (iii) Set out that the costs incurred by that participant participating by telephone must be met by the participant and will not be reimbursed from the assets of the company.*

Corporations Act

Tennyson Networks Limited
(Administrators Appointed)
ACN: 009 805 298 ABN: 98 009 805 298

FORM OF PROOF OF DEBT OR CLAIM

To the Administrators of Tennyson Networks Limited

1. This is to state that the company was on 14 October 2003 and still is, justly and truly indebted to.....

 for an amount of \$

Particulars of the debt are:

Date	Consideration (state how debt arose)	Amount \$ c	Remarks (include details of vouchers substantiating payment)
------	--	----------------	--

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$ c	Due Date
------	--------	----------	----------------	----------

- *3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated:

Signature:

Occupation:

Address:

* Do not complete if this proof is made by the creditor personally.

Corporations Act

Tennyson Networks Limited
(Administrators Appointed)
ACN: 009 805 298 ABN: 98 009 805 298

APPOINTMENT OF PROXY

***I/We** (if a firm, strike out "I" and set out the full name of the firm)
of (address)

a creditor of, appoint
(name, address and description of the person appointed)

or in his or her absence as ***my/*our *general/*special** proxy to vote at the meeting of creditors to be held on 8 December 2003, or at any adjournment of that meeting (if a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution).

Dated: _____

Signature: _____

ooOoo

CERTIFICATE OF WITNESS

(only to be completed if the person giving the proxy is blind or incapable of writing)

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy)

I (name)

of (address)

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated: _____

Signature of witness: _____

Description: _____

Place of residence: _____

* Omit if inapplicable