

**DEALSTREAM SECURITIES (PTY) LTD (IN LIQUIDATION)**  
**("the Company")**

**MASTER'S REFERENCE NUMBER : T945/09**

**REPORT SUBMITTED BY THE JOINT LIQUIDATORS IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON 8 September 2009 AT 10H00**

Nature of Liquidation	Application by Financial Services Board
Date of liquidation	20 February 2009
Date of provisional Order	N/A
Date of Final Order	20 February 2009
Provisional appointees	LW Roering, JF Klopper, JD Pema & MM Masilo
Date of 1 <sup>st</sup> meeting of creditors	23 March 2009
Final appointees	LW Roering, JF Klopper, JD Pema & MM Masilo

**GENERAL AND STATUTORY INFORMATION**

**Registrar of Companies**

The Company was duly registered with the Registrar of Companies under their reference number 2004/032784/07

**Registered Address**

1<sup>st</sup> Floor, Sturdee House, 9 Sturdee Avenue, Rosebank

**Nature of Business**

Broker and non-clearing financial derivatives and agricultural products member of the Johannesburg Stock Exchange. ("JSE")

**Business Address**

No 1 Melrose Arch Boulevard, Melrose Arch, Melrose Johannesburg

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**Directors**

Russell Owen Leigh  
 Saul Lawrence Cohen

**Shareholders**

Russell Owen Leigh	50%
Argil-IDC Venture Capital Fund	50%

**Brief background**

The company was provisionally liquidated on 5 October 2008. On 7 October 2008 and on application of the Financial Services Board a provisional curator was appointed by Court. The provisional liquidation and provisional curatorship ran concurrently until 18 November 2008, when the provisional liquidation was discharged.

The provisional curatorship was extended until 20 February 2009. On this date the provisional curatorship was replaced with an Order of Court, finally liquidating the company. The current liquidators were appointed as final liquidators by the Master of the High Court on 9 June 2009.

**SECTION 402(a)**

**CAPITAL ASSETS AND LIABILITIES**

According to information available to us the following would appear to represent the financial position of the Company as at the date of liquidation:

**ASSETS**

<b>IMMOVABLE PROPERTY</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
None		None
<b>MOVABLE ASSETS</b>		
Investec Corporate Cash Manager Account		16,425,457.96
Claims owing by investors		279,234,496.91
Office Furniture & Equipment		314,895.00
<b>TOTAL ASSETS</b>		<b>295,974,849.87</b>

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<b>LIABILITIES</b>		
<b>Secured</b>	None	
<b>Preferent Creditors</b>		
1. SARS	Unknown	
2. Employees	Unknown	
<b>Concurrent creditors (approximate)</b>	414,949,668.90	
<b>TOTAL LIABILITIES</b>	<b>414,949,668.90</b>	
<b>DEFICIT</b>		<b>118,974,819.03</b>

Important Notes on the above figures:

- The above figures are subject to adjustment and verification.
- The figures reflect the financial position of the company as reported on by the provisional curator.

**SECTION 402(b)**

**CAUSES OF THE COMPANY'S FAILURE**

The Directors of the Company have not furnished us with the causes of the Company's failure.

**SECTION 402(c)**

**REPORT UNDER SECTION 400(2)**

At this stage we do not have anything to report under this heading, however, should any contraventions come to our attention, a report will be submitted to the Master of the High Court in regard to such contraventions.

The Directors appear to have contravened the following provisions of the Companies' Act:

- |             |   |
|-------------|---|
| Section 105 | In that I have not been furnished with the Share Register of the Company and the Director may have failed to maintain same; |
| Section 242 | In that I have not been furnished with the Minute Book of the Company and the Director may have failed to maintain same;    |
| Section 414 | In that the Director failed to attend the First Meeting of Creditors;   |
| Section 363 | In that I have not been furnished with a Statement of Affairs.  |

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**SECTION 402(d)**

**REPORT UNDER SECTION 424**

At this stage, we are not in a position to state whether any Director or Officer, or past Director or Officer appears to be personally liable for the liabilities of the Company. However, should any additional information come to our attention, a report will be submitted to the Master of the High Court.

**SECTION 402(e)**

**LEGAL PROCEEDINGS**

As far as we are aware there are no legal proceedings pending by or against the Company, save and except for normal recovery of debts.

**SECTION 402(f)**

**FURTHER ENQUIRY**

The liquidators intend convening an enquiry into the affairs of the company.

**SECTION 402(g)**

**BOOKS AND RECORDS**

Certain records relating to the affairs of the Company were received from the provisional curator.

**SECTION 402(h)**

**PROGRESS AND PROSPECTS OF LIQUIDATION**

Upon our appointment as Provisional Liquidators we immediately took possession of the assets of the company and commenced our investigations into its affairs. These investigations are ongoing.

**SECTION 402(i)**

**MATTERS REQUIRING FURTHER DIRECTIONS OF CREDITORS AND CONTRIBUTORIES**

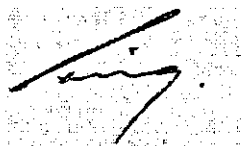
Such directions as we desire, and sanction of the actions taken by the Provisional Liquidators and Liquidators to date, are contained in the Resolutions to be submitted for consideration and adoption, are attached hereto.

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As there appears to be every likelihood of a dividend accruing to Creditors in this matter, Creditors are requested to attend to the formulation of their claims as soon as possible in order that the liabilities may be verified.

DATED at Johannesburg this 26<sup>th</sup> day of August 2009.



**LW Roering**

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**JF Klopper**

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**JD PEMA**

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**MM Masilo**

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD  
BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON 8 SEPTEMBER 2009 at 10:00**

**RESOLVED THAT:**

1. The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
2. All actions of whatsoever nature hereto before taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
3. The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4) (a) – (i) of the Companies Act No 61 of 1973, as amended, ("The Act") such powers to be exercised at his sole and absolute discretion.
4. The Liquidator is and is hereby authorised in his sole and absolute discretion to:
  - 4.1. Take legal advice on any question of law affecting the administration and distribution of the company;
  - 4.2. Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
  - 4.3. Hold any enquiry into the affairs of the company and/or any matter relating thereto;
  - 4.4. Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;
  - 4.5. Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
5. The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.

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6. The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
7. The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.
8. The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency Act No 24 of 1936 as amended, read with Section 339 of the Act, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.
9. The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
10. The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
11. The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
12. The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
13. The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Act.
14. The creditors hereby consent to the liquidator's remuneration ("the remuneration") being taxed by The Master of High Court in terms of section 384 of the Act at the **higher figure of:**

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- 14.1. the prescribed tariff as is contained in Annexure CM 104 to the Winding Up regulations to the Act
- 14.2. the increased amount of work done by the liquidator in terms of the actual time spent by him or her and his or her staff in the discharge of their duties in the winding-up as is reflected on properly kept timesheets at the charge out tariff of the respective professional and administrative staff and which will be deemed to be good cause for the increase of such remuneration.
15. The remuneration referred to in 14 above may further be increased based on aspects such as:
  - 15.1. the complexity of the estate in question,
  - 15.2. the degree of difficulty encountered by the liquidator in the administration of the estate ,and
  - 15.3. particular difficulties experienced by the liquidator because of the nature of the assets or some other similar feature connected with the winding-up,
16. The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

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**q.q. CREDITORS**