

NEWAVE DIGITAL JUNXION (PTY) LIMITED
(IN LIQUIDATION) (“the Company”)

REGISTRATION NUMBER : 2001/016608/07

MASTER’S REFERENCE NUMBER : C238/2003

REPORT OF THE LIQUIDATOR, JOHANNES FREDERICK KLOPPER, IN TERMS OF SECTION 402 OF THE COMPANIES ACT, ACT NO. 61 OF 1973, AS AMENDED, (“THE ACT”), TO BE SUBMITTED TO CREDITORS AND CONTRIBUTORIES AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE, BELLVILLE, ON FRIDAY, 10 OCTOBER 2003 AT 11H00

ORDER OF THE COURT AND MEETINGS

- 1 The company was provisionally liquidated by an order of the High Court of South Africa (Cape of Good Hope Provincial Division) on 07 April 2003 pursuant to an application by Neville Charles Kleinhans under Case Number 2581/2003. The provisional order of liquidation was made final on 28 May 2003.

The Master of the High Court, Cape Town, appointed Johannes Frederick Klopper of Hans Klopper Trustees as Provisional Liquidator as per Certificate of Appointment Number C238/2003 dated 16 April 2003.

- 2 The first meeting of creditors and contributories was held before the Magistrate, Bellville, on 15 August 2003. No claims were submitted for proof at the meeting.
- 3 No voting took place at the first meeting of creditors and Johannes Frederick Klopper was appointed as Final Liquidator by the Master of the High Court, Cape Town, as per Certificate of Appointment Number C238//2003 dated 29 August 2003.

HISTORY AND INFORMATION OF THE COMPANY

- 4 According to the Registrar of Companies the company was incorporated under Registration Number 2001/016608/07.

REGISTERED ADDRESS

5 The registered address of the company was No. 3, The Crescent, Durbanville, Western Cape.

DIRECTORS

6 It appears from my investigations that the following persons served as the Directors:

- 6.1 Neville Charles Kleinhans;
- 6.2 Shahied Ariefdien.

BUSINESS OF THE COMPANY

7 The company conducted a photocopying and lithoprinting business out of Unit 2B, Steelpark, Modderdam Road, Bellville South, Western Cape.

AUDITORS

8 The auditor of the company was Immelman Ferreira Inc., P O Box 1499, Bellville, Western Cape.

STATEMENT OF AFFAIRS

9 I have not been placed in possession of a Statement of Affairs by the Directors as required in terms of Section 363 of the Companies Act No 61 of 1973, as amended. I have, however, been provided with all the required information and have not been hampered in this regard.

SECTION 402(a) : FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

10 The following represents the assets and liabilities of the company at date of liquidation and are subject to verification and adjustment. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the claims submitted for proof.

ASSETS	AMOUNT {R}	AMOUNT {R}
Movable Property		
Machinery and equipment valued at <i>(Subject to a Perfected Notarial Bond in favour of IDC)</i>		2 506 640,00

Muller Martini Pony Binder valued at (Subject to Instalment Sale Agreement in favour of Stannic)		60 000,00
Sub-Total		2 566 640,00
LIABILITIES		
<u>Secured</u>	3 878 768,83	
Approximate		
<u>Preferent</u>		
Receiver of Revenue : Section 99	800 000,00	
Salaries : Section 98A	523 552,44	
<u>Concurrent</u>		
Approximate	1 042 234,39	
Shortfall		3 677 915,66
TOTAL	6 244 555,66	6 244 555,66

Although the valuation of the assets amount to R2 566 640,00 in total, the market has indicated that the assets are severely overvalued.

SECTION 402(b) : CAUSES OF THE COMPANY'S FAILURE

11 According to documentation lodged and investigations conducted, the following appears to be the main reason for the liquidation of the company.

When the company was formed, the major source of the company's business was to be business from the University of the Western Cape and on the strength of the aforesaid representation, the company acquired expensive printing equipment. A significant number of staff also had to be employed in order to service the equipment and machinery.

Unfortunately the company did not get the promised level of business from the University of the Western Cape and was therefore unable to generate the income which the cash flow of the business required. As a consequence the business became cash-strapped as and when it had to make the necessary monthly payments in respect of the credit agreements and payments to its suppliers.

The fact that the company was unable to pay its debts as and when they became due in the ordinary course of business caused the company to be insolvent and the one Director, Neville Charles Kleinhans, consequently applied for the liquidation of the company.

SECTION 402(c) : REPORT TO THE MASTER IN TERMS OF SECTION 400 (2) OF THE COMPANIES ACT

12 It is not my intention to submit a report to the Master of the High Court.

SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

13 At this stage it is not known whether the former Directors of the company can be held personally liable for the debts of the company. A report will be submitted should it become necessary.

SECTION 402(e) : LEGAL PROCEEDINGS

14 I have no knowledge of any legal proceedings pending or threatened by or against the company as at date of liquidation, other than actions relating to the recovery of debt.

SECTION 402(f) : ENQUIRY

15 I do not at present intend to hold an enquiry into the affairs of the company.

SECTION 402(g) : BOOKS AND RECORDS

16 The books and records relating to the company's affairs have been kept on a Pastel Accounting Package on the company's computers which complies with the provisions of Section 284 of the Companies Act.

SECTION 402(h) : ESTIMATED DIVIDEND

17 It would appear from the above that there is a danger of contribution being levied upon creditors in this estate.

SECTION 402(i) : MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

18 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 13 which are submitted for consideration and

adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

**JOHANNES FREDERICK KLOPPER
LIQUIDATOR**

**HANS KLOPPER TRUSTEES (PTY) LIMITED
P O BOX 820
STELLENBOSCH
7599**

**TELEPHONE: 021 – 887 9992
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RESOLUTIONS

RESOLUTIONS TO BE SUBMITTED AT THE SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE, BELLVILLE, ON FRIDAY, 10 OCTOBER 2003 AT 11H00

RESOLVED THAT:

- 1 The report of Provisional Liquidator or Liquidator, 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 heretofore taken by the Provisional Liquidator and/or Liquidator be and is 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, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be 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.
 - 6 The Liquidator be and are hereby authorised to collect 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 Companies Act No 61 of 1973, as amended, 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 Companies Act No 61 of 1973, as amended.
- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

CREDITORS