

**FROMANS EDEN (PTY) LTD (IN LIQUIDATION)**  
**("the Company")**

**MASTER'S REFERENCE NUMBER : G194/11**

**REPORT OF THE JOINT LIQUIDATORS LIEBENBERG DAWID RYK VAN DER MERWE, BENNIE KEEVY & MABUTHO LOUIS MHLONGO , IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS, MEMBERS & CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON WEDNESDAY, 6 JULY 2011 AT 10h00**

**ORDER OF THE COURT AND MEETINGS**

Nature of Liquidation	SOUTH GAUTENG, JOHANNESBURG
Date of liquidation	9 DECEMBER 2010
Date of provisional Order	N/A
Date of Final Order	25 JANUARY 2011
Provisional appointees	LDR VAN DER MERWE, B KEEVY & ML MHLONGO
Date of 1 <sup>st</sup> meeting of creditors	10 MAY 2011
Final appointees	LDR VAN DER MERWE, B KEEVY & ML MHLONGO

**GENERAL AND STATUTORY INFORMATION**

**Registrar of Companies**

- 1 According to the Registrar of Companies the company was incorporated under registration number 1996/003816/07.

**Registered Address**

- 2 The registered address of the company is 2<sup>nd</sup> Floor, Aloe Grove, 196 Louis Botha Avenue, Houghton Estate, Johannesburg.

**Directors**

- 3 It appears from my investigations the following persons consented to serve as directors:



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- 3.1 ML Froman  
 3.2 M Margheriti

**Share Capital**

- 4 The authorised share capital of the company is R1000 divided into 1000 ordinary shares par value shares of R1 each.
- 5 The issued share capital of the company is 100 ordinary par value shares of R1 each.
- 6 It appears from information on hand that the shareholding as at the date of liquidation was as follows:
- 6.1 33% - ML Froman
- 6.2 17% The Mark Froman Family Trust
- 6.3 50%- M Margheriti

**Business of the Company**

- 7 The main business of the company was palm grower and wholesale supplier of palms, other trees and plants.

**Auditors**

- 8 The auditors of the company are Papilsky Hurwitz who also acted as Company Secretary.

**STATEMENT OF AFFAIRS**

- 9 We have not been place in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973 as amended.

**SECTION 402(a)**

**FINANCIAL STATEMENT OF ASSETS AND LIABILITIES**

- 10 The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

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**ASSETS**

<b>IMMOVABLE PROPERTY</b>	<b>NOTES</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
None			
<b>MOVABLE ASSETS</b>			
Movable Assets-	(a)		200,000.00
Office furniture and Equipment	(b)		20,000.00
Debts (collected to date)	(c)		350,000.00
Cash on hand			10,000.00
Stock	(d)		10,000,000.00
<b>TOTAL ASSETS</b>			<b>10,580,000.00</b>
<b>LIABILITIES</b>			
<b><u>Secured- None</u></b>			
<b><u>Preferent Creditors</u></b>			
Receiver of Revenue- None			
Salaries-none			
<b><u>Concurrent Creditors</u></b>			
Trade Creditors		4,000,000.00	
Shareholders loans	(e)	52,000,000.00	
<b>TOTAL LIABILITIES</b>		56,000,000.00	
<b>DEFICIT</b>		<b>45,420.000.00</b>	

**NOTES**

The statement of assets and liabilities must be read in conjunction with the following notes:

- (a) The movable assets consist of various farm equipment;
- (b) Basic office furniture
- (c) Monies due to the company in respect of stock sold on credit;
- (d) The Stock is reflected in the books of account of the company at R48,000,000.00. The stock consist of in excess of 220,000.00 plants most of where planted in the ground. The realisable value of the stock is of grave concern and estimated to only realize about 20% of its stock value in a forced sale scenario.
- (e) The shareholders have substantial loan accounts with the company. One would expect these claims to have been subordinate din favour of other creditors, but we have been unable to secure any documentation in this regard and these claims therefor seem to be in order.

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**SECTION 402 (b)**

**CAUSES OF THE COMPANY'S FAILURE**

Following the general down turn in the world economy, the company found it impossible to secure sufficient sales to cover its on-going operating expenses. The operations have for some time been funded by the shareholders of the company until this too became too cumbersome, resulting in the liquidation of the company.

**SECTION 402(c)**

**REPORT TO THE MASTER IN TERMS OF SECTION 400(2) OF THE COMPANIES ACT**

- 11 It is not our intention at this stage to submit a report to the Master of the High Court. However, we are still investigating this aspect and if necessary, a detailed report will be submitted to the Master in due course.

**SECTION 402(d)**

**PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS**

- 12 At this stage it is not known whether the former director or officer 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**

- 13 We have no knowledge of any legal proceedings pending by or against the company.

**SECTION 402(f)**

**ENQUIRY**

- 14 The liquidators do not intend to hold an enquiry at present. Creditors will be informed if the liquidators decide to proceed with an enquiry into the affairs of the company.

**SECTION 402(g)**

**BOOKS AND RECORDS**

- 15 We have taken control of the books and records found at the offices of the auditors of the company.

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**SECTION 402 (h)**

**PROGRESS AND PROSPECTS OF WINDING UP**

- 16 The joint liquidators have sold all the movable and immovable assets of the company. Policies have been surrendered and all cash on hand has been collected.

The joint liquidators will continue to collect outstanding debts.

The only remaining issue is that of the arrested funds referred to in (e) in the notes above.

**ESTIMATED DIVIDEND**

- 17 It appears at present that only the secured and preferent creditors are to receive an award. The joint liquidators will advise concurrent creditors if the prospect of a dividend herein arises.

**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 is 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.

**LEASES**

- 19 It appears that various lease agreements were entered into. All these lease agreements have been cancelled

SIGNED at ROODEPOORT on this \_\_\_\_\_ day of JULY 2011

  
**LDR VAN DER MERWE**

\_\_\_\_\_  
**B KEEVY**

\_\_\_\_\_  
**ML MHLONGO**

**JOINT LIQUIDATORS**

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**SECTION 402 (h)**

**PROGRESS AND PROSPECTS OF WINDING UP**

- 16 The assets and stock of the company will be sold via public auction after the 2<sup>nd</sup> meeting of creditors.  
 The joint liquidators will continue to collect outstanding debts.

**ESTIMATED DIVIDEND**

- 17 As there are no known secured creditors the proceeds of the realization of all the assets will be available for distribution to the general body of creditors. Concurrent creditors are advised to lodge their claims as soon as possible.

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 LDR VAN DER MERWE

  
 B KEEVY

\_\_\_\_\_  
 ML MHLONGO

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JOINT LIQUIDATORS

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE MASTER OF THE HIGH COURT, JOHANNESBURG, ON 6 JULY 2011 at 10H00**

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**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 heretobefore 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, 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;



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- 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 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

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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.