

LIPTON GRIFFIN INTERNATIONAL CC (IN LIQUIDATION)
("the Close Corporation")
MASTER'S REFERENCE NUMBER: G730/05

REPORT OF THE LIQUIDATOR, IN TERMS OF SECTION 79 OF THE CLOSE CORPORATION'S ACT NO 69 OF 1984 ("THE ACT") TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, PRETORIA ON 19 DECEMBER 2006 AT 10:00

Pursuant to an Ex-Parte Application a Final Order of Liquidation was granted against the above Corporation by the High Court of South Africa (Witwatersrand Local Division) on the 21 June 2005.

Pieter Bernardus van Rooyen, Mathole Serofo Motshekga and Johannes Frederik Klopper were appointed the Joint Liquidators by the Master of the High Court under his Certificate of Appointment dated the 14 July 2005.

GENERAL AND STATUTORY INFORMATION

Registrar of Close Corporations

The Close Corporation was duly registered with the Registrar of Close Corporation under their reference number 97/53870/23.

Registered Address

121 Boschhoff Street, New Muckleneuk, Pretoria

Nature of Business

The Close Corporation carried on business of a distributor of cellular telephones and accessories.

Business Address

Cnr Katherine & Grayston Drive, 114 Katherine Drive, Grayston, Ridge Office Park.

Member and Interest

The Members and their interest in the Corporation are as follows:

David Ian Lipton – 50% AND Michael John Griffin – 50%

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We now report in terms of Section 79 of the Close Corporation's Act:

SECTION 79(a)

ASSETS AND LIABILITIES

According to the Notice of Motion and information received from the Members, the following would appear to represent the financial state of affairs of the Corporation as at the date of liquidation:

	Notes	Liabilities	Assets
<u>Immovable Property</u>			None
<u>Movable Assets</u>			
Encumbered Assets			None
Unencumbered Assets			
Movable Assets			62 000-00
Debtors			180 000-00
<u>Secured Creditors</u>		None	
<u>Preferent Creditors</u>			
SARS		Unknown	
<u>Concurrent Creditors</u>			
Various		16 000 000-00	
TOTAL		16 000 000-00	242 000-00
DEFICIT			15 758 000-00

NOTES

1. The above figures are subject to adjustment and verification;

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SECTION 79(b)

CAUSES OF THE CORPORATION'S FAILURE

According to the Member of the Corporation the principle causes of the Corporation's failure are attributable to the following:

During 2004 the Corporation experienced cash-flow difficulties which resulted in the major supplier withdrawing credit facilities. Hence, the Corporation was unable to purchase sufficient stock to trade efficiently.

SECTION 79(c)

**REPORT UNDER SECTION 400(2) OF THE COMPANIES' ACT READ WITH
SECTION 66 OF THE CLOSE CORPORATION'S ACT**

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 Member appears 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 Close Corporation and the Member may have failed to maintain same. |
| Section 242 | in that I have not been furnished with the Minute Book of the Close Corporation and the Member may have failed to maintain same. |
| Section 363 | In that I have not been furnished with a Statement of Affairs form. |

SECTION 79(d)

LIABILITY OF MEMBER

We do not wish to report under this section at this stage. However, should it be found necessary a report under this section will be made to the Master of the High Court at a later stage.

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SECTION 79(e)

LEGAL PROCEEDINGS

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

SECTION 79(f)

FURTHER ENQUIRY

We are not of the opinion that a further enquiry should be held into the formation, promotion or failure of the Close Corporation.

SECTION 79(g)

BOOKS AND RECORDS

Certain books and records relating to the affairs of the Corporation have been handed to us. It would appear that the Corporation did keep accounting records as required in terms of Section 56 of the Close Corporation's Act.

SECTION 79(h)

PROGRESS AND PROSPECTS OF WINDING-UP

Upon our appointment as Provisional Liquidators we immediately took possession of the assets of the company. With the consent of the Master of the High Court these assets were sold prior to the Second Meeting of Creditors.

A letter of demand has been sent to all debtors of the Company, and an accounting will be made in our Liquidation Account to be submitted to the Master of the High Court in due course.

SECTION 79(i)

MATTERS REQUIRING FURTHER DIRECTIONS OF CREDITORS AND CONTRIBUTORIES

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

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GENERAL

Although there does not appear to be any danger of a contribution being levied on Creditors, a minimal dividend may accrue to Creditors. Should Creditors not wish to prove a claim, it would be appreciated if Creditors could advise us of the amount outstanding to them in order to assist us in ascertaining the liabilities of the Close Corporation.

DATED at JOHANNESBURG this _____ day of _____ 2006

JF KLOPPER

JOINT LIQUIDATOR

DATED at _____ this _____ day of _____ 2006

PB VAN ROOYEN

JOINT LIQUIDATOR

DATED at _____ this _____ day of _____ 2006

MS MOTSHEKGA

JOINT LIQUIDATOR

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE FIRST MEETING OF CREDITORS
HELD BEFORE THE MASTER OF THE HIGH COURT, PRETORIA ON, 10 FEBRUARY 2006 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 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;
 - 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.

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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 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.

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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 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:
 - 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,

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16. The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

q.q. CREDITORS