



MATUSON
ASSOCIATES

Megatron SA (Pty) Limited (“the Company”)

Registration number 2007/011513/07

May 2017

**Report to the Companies and Intellectual Property Commission
and to all Affected Persons**

In Terms of Section 132 (3) (a) of the Companies Act 71 of 2008

Prepared by:

Barry Kaganson – Business Rescue Practitioner



1. Introduction

1.1 The Business Rescue Proceedings (“BRP”) of the Company have not been concluded within three months of the date of commencement thereof. This report is accordingly being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“the Act”).

1.2 Reference is made in this report to the Business Rescue Plan (“the Plan”), it is important therefore that this report be read in conjunction with the Plan and the previous update reports.

2. Implementation of the Plan

Employees:

- All employee contracts were terminated with effect from 30 September 2016.
- The following payments were made to employees upon termination:
 - Ordinary remuneration and benefits up to 30 September 2016.
 - Severance pay of 1 week’s remuneration for every completed year of service.
 - Outstanding leave pay.

Creditors:

- The claims are in the process of being verified and reconciled to the Company’s records.
- Material differences are being investigated.
- Disputed claims will be dealt with in terms of paragraph 36 of the Plan.

Updates on Assets/Projects:

- **Zuikerbosch (R1.7mil as per Plan)**

The assessment is still ongoing in respect of the counterparty claims to assess the financial feasibility of completing the project.

- **Fungurume (R3.1mil as per Plan)**

It is unlikely that the company will recover this amount.



- **Abeinsa Debtors (R4.2mil as per Plan)**

The company received R746 000 on 14 September 2016, and a further R625 000 on 5 October 2016.

With regards to the balance of R2.8 million, a credit note of R1.5 million was deducted. The Practitioner is investigating who the ultimate beneficiary of these funds should be.

- **Shilatembo Project (R14.5mil as per Plan) & SEK 30MVA Transformer Project (R11.5mil as per Plan)**

The counterparty to the Shilatembo project is engaged in refinancing and will present us with an offer for the purchase of the projects after a due diligence process of approximately 4-6 weeks. We anticipate meeting with them in the next to weeks to discuss the way forward.

- **Botjheng Loan Account (R4.5mil as per Plan)**

The arbitration is ongoing. The realisation of the loan account is uncertain at this time.

- **Namibia Loan Account (R3.4mil as per Plan)**

An amount of R2.8 million was recovered.

- **Renergen (R250 000 as per Plan)**

The Practitioner is awaiting further information in order to finalise the negotiations relating to this transaction.

- **Blade Room (R65mil as per Plan)**

The turnkey agreement with Dynamic Cloud Solutions has been cancelled. The sale of the Blade Room has been concluded. We have received the payment guarantees. Once the transfer of the Blade Room is complete and the funds from the sale of the Blade Room have been received, we will pay the dividend to concurrent creditors based on their accepted claims.

- **Stock & Movables (R1.7mil as per Plan)**

The company is in the process of finalising the sale of all the stock and movables. To date, the company has received R1.5 million.



3. Actions necessary for the substantial completion of the Plan

Substantial implementation will be deemed to have occurred upon all of the Company's assets having been realised and the final distribution having been made to creditors.

4. Conclusion

The Practitioner remains of the view that there is a reasonable prospect of the Company being rescued by obtaining a better return for the Company's creditors than would result from the immediate liquidation of the Company.
