

**NKUNZI SCAFFOLDING AND EQUIPMENT HIRE
(CAPE TOWN) (PTY) LIMITED
(IN LIQUIDATION) - *"The Company"***

MASTER'S REFERENCE NUMBER : C577/2011

LIQUIDATORS REPORT TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE MAGISTRATE, KNYSNA, ON WEDNESDAY, 28TH SEPTEMBER 2011 AT 9H00 IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973, AS AMENDED.

ORDERS OF COURT AND MEETINGS

The Company was, at the instance of the liquidators of Knysna Equipment Hire and Sales (Pty) Limited, placed in Provisional Liquidation by Order of the Western Cape High Court, Cape Town, on 1 June 2011 which Order was made final on 28 June 2011. The undersigned were appointed as Joint Provisional Liquidators by the Master of the Western Cape High Court, Cape Town, on 30 June 2011.

3 Claims amounting to R6,454,469.55 were admitted to proof at the First Meeting of Creditors which was held before the Magistrate, Knysna, on 8 August 2011. The undersigned were nominated for the appointment as Liquidators and duly appointed by the Master of the Western Cape High Court, Cape Town, on 19 August 2011.

FORMATION OF THE COMPANY

The Company was incorporated on 15 September 2006 as Pacific Breeze Trading 499 (Pty) Ltd, under Certificate of Incorporation Number 2006/029010/07. On 8 May 2009, it changed its name to Nkunzi Scaffolding and Equipment Hire (Cape Town) (Pty) Ltd.

CAPITAL STRUCTURE

The authorised share capital of the Company is R1,000, divided into 1,000 ordinary shares of one Rand each, of which 100 have been issued. The issued shares are held by Knysna Equipment Hire and Sales (Pty) Ltd, which Company is in final liquidation.

REGISTERED OFFICE

The registered office of the Company is at 20 Main Road, Erndor Building, Knysna.

DIRECTORS, AUDITORS AND SECRETARY

The Directors of the Company as at the date of Provisional Liquidation were Herman Carl Ranger Malcomess and Jane Elizabeth Wiltshire. The auditors of the Company were Voight & Grobler Incorporated.

NATURE OF THE BUSINESS OF THE COMPANY

The Company carried on business of hiring scaffolding and building equipment from its principal place of business at 11 Dawn Road, Montague Gardens, Cape Town.

CAUSES OF THE FAILURE OF THE COMPANY

According to the application for the winding up, the following led to the failure of the Company:

1. The Company is a wholly owned subsidiary of Knysna Equipment Hire and Sales to whom it is indebted in the sum of R6,425,369.31 in respect of monies lent and advanced.
2. Pursuant to the winding up of Knysna Equipment Hire & Sales (Pty) Ltd, the Company was unable to continue trading and closed its doors.

ASSETS AND LIABILITIES

The Statement of Affairs (Form CM 100) has not been lodged, but from information made available to the undersigned, it would appear as though the Company's financial position as at the date of its provisional liquidation was approximately as follows:-

ASSETS

1.	Property, plant & equipment	R 1,085,000.00
2.	Receivables as at March 2011	R <u>527,259.00</u>
	TOTAL	R <u>1,612,259.00</u>

LIABILITIES

Preferent Creditors

3.	Amounts owing to SARS for VAT, UIF, Employees' Tax and amounts owing to other statutory preferent government agencies	Not yet determined.
4.	Amounts owing to employees for salaries, wages, bonuses and holiday/leave pay (estimated)	Not yet determined.

Concurrent Creditors

5.	Shareholders' loans	R 6,425,369.00
6.	Trade and other payables (Estimated)	R <u>3,500,000.00</u>
	TOTAL	R <u>9,925,369.00</u>

NOTES: (To Assets & Liabilities)

Commentary

- On 12 July 2011, the provisional liquidators successfully applied to Court in terms of Section 386 of the Companies Act of 1973 for an Order extending certain of their powers, including the power to sell any movable property by public auction, public tender or private contract.
- On 8 August 2011, the assets of the Company were disposed of at an onsite auction.

NOTES - Assets

1. The Company's property, plant and equipment realised R1,777,750.00 (excluding VAT) on auction. Link-Jay (Pty) Ltd, has informed the undersigned that certain of the equipment sold is subject to a reservation of ownership in its favour. The security claimed by this creditor will be investigated.
2. The undersigned are pursuing the recoverability of the debtor's book. The recoverability of the debtor's book is unknown.

NOTES - Liabilities

- 3/4/5. At this stage, the payment of a dividend to preferent and concurrent creditors is dependent upon whether Link-Jay (Pty) Ltd hold valid security for their debt.
6. This relates to the loan made by Knysna Equipment Hire & Sales (Pty) Ltd to the Company.

REPORT TO THE MASTER

The undersigned will, in due course, be filing a report to the Master of the High Court in terms of Section 400(2) of the Companies Act.

LIABILITY OF DIRECTORS AND OFFICERS

Investigations are on-going as to whether any director or officer of the Company could be held liable for damages or compensation to the Company or for any debts or liabilities of the Company as provided for in the Companies Act.

PROMOTION, FORMATION AND FAILURE OF THE COMPANY

At this stage the undersigned are not aware of any matter relating to the promotion, formation or failure of the Company or the conduct of its business which requires further enquiry.

LEGAL PROCEEDINGS

The undersigned is not aware of any legal proceedings pending or threatened at the date of liquidation.

BOOKS AND RECORDS

No books and records have been made available to the undersigned.

PROGRESS AND PROSPECTS OF WINDING-UP

The undersigned will continue pursuing the recoverability of the debtor's book and will investigate all securities claimed.

LEASES

1. The Company (as lessee) concluded a written lease agreement with Goodprop in respect of the premises occupied by the Company at 10 Marconi Road, Montague Gardens.
2. With the authority granted by the High Court, this lease agreement was terminated.

ESTIMATED DIVIDEND

We request all unsecured creditors to submit their claims. All claims will however, only be submitted to proof should it be established that the proceeds from the sale of the assets are not subject to any encumbrances.

DATED AT CAPE TOWN
THIS DAY OF
SEPTEMBER 2011

DATED AT
THIS DAY OF
SEPTEMBER 2011

DATED AT
THIS DAY OF
SEPTEMBER 2011

N GORE
JOINT LIQUIDATOR

P CAROLUS
JOINT LIQUIDATOR

X DAKU
JOINT LIQUIDATOR

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(CAPE TOWN) (PTY) LIMITED
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MASTER'S REFERENCE NO : C577/2011

**RESOLUTIONS TO BE SUBMITTED AT THE SECOND MEETING
OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE
THE MAGISTRATE, KNYSNA, ON WEDNESDAY, 28
SEPTEMBER 2011 AT 9H00**

IT IS HEREBY RESOLVED :

1. That the report of the liquidator(s) and his/their actions as referred to therein be and are hereby approved, ratified and confirmed.
2. That the actions of the provisional liquidator(s) and liquidator(s) in engaging the services of attorneys and/or counsel on such matters as he/they found necessary in the administration of the company in liquidation to date, are hereby approved, ratified and confirmed. That the costs thereof be paid out of the funds of the company in liquidation as part of the costs of administration. That the liquidator(s) be authorised to conclude written agreements with their attorneys in terms of the provisions of Section 73 of the Insolvency Act No. 24 of 1936 (as amended) as read with the provisions of the Companies Act No. 61 of 1973 (as amended), dispensing with the need for preparation of bills and the taxation thereof, and that the actions of the provisional liquidator(s) and liquidator(s) in concluding such written agreements to date, are hereby approved, ratified and confirmed.
3. That the liquidator(s) be and is/are hereby authorised to engage whatever further legal assistance he/they may require in the interests of the company in liquidation and that the costs thereof be paid out of the funds of the company in liquidation as part of the costs of administration.
4. That the liquidator(s) be and is/are hereby authorised to institute or defend legal actions in order to collect debts owing to the company or in respect of any other matter affecting the company in liquidation including the holding of enquiries or examinations in terms of the Companies Act, 1973, as amended, or as read with

the Insolvency Act, 1936, as amended, as he/they may deem fit, and for such purposes to employ the services of attorneys and/or counsel of his/their choice and to pay the costs out of the funds of the company in liquidation as part of the costs of administration.

5. That the liquidator(s) be and is/are hereby authorised to settle or compromise any legal proceedings whether instituted or to be instituted by or against the company, on such terms and conditions and for such amount as he/they in his/their discretion may deem fit.
6. That the liquidator(s) be and is/are hereby authorised to sell any movable or immovable property of the company in liquidation of whatsoever description and including outstanding debts by public auction, public tender or private treaty in such manner, upon such terms and conditions and for such amounts as he/they may deem fit.
7. That the liquidator(s) be and is/are hereby authorised to consent to the cancellation of any bond passed in favour of the company.
8. That the liquidator(s) be and is/are hereby authorised to agree to any reasonable offer of composition made to the company by any debtor, to accept payment of any part of any debt due to the company in settlement thereof, to grant an extension of time for the payment of any debt and to abandon such amounts due to the company as he/they has/have been unable to recover or dispose of as he/they may deem fit.
9. That the liquidator(s) be and is/are hereby authorised to engage the services of auctioneers or agents to sell the assets of the company in liquidation and to determine the conditions of sale and manner of advertising in his/their discretion.
10. That the liquidator(s) be and is/are hereby authorised and empowered in his/their discretion to compromise or admit any claim against the company, whether liquidated or unliquidated, arising from any guarantee or any other cause whatsoever, as a liquidated claim in terms of Section 78(3) of the Insolvency Act, as amended, at such amount as may be agreed upon between the creditor(s) concerned and the liquidator(s) provided that proof thereof has been tendered at a meeting of creditors.
11. That the liquidator(s) be and is/are hereby authorised to transfer to the purchaser thereof any immovable property sold by the company prior to its liquidation or to agree to the cancellation of any such sale and to re-sell such property or to agree to the substitution of a new purchaser under any existing Deed of Sale.
12. That the liquidator(s) be and is/are hereby authorised to abandon any asset or assets of the company where no purchaser for the asset(s) can be found.

13. That the liquidator(s) be and is/are hereby authorised to terminate leases in respect of premises or of any other object entered into by the company in liquidation.
14. That the liquidator(s) be and is/are hereby authorised to, if necessary, borrow moneys with or without providing security therefor and that the interest payable on such loans shall be paid as costs of administration of the company in liquidation.
15. That the liquidator(s) be and is/are hereby authorised to engage the services of Investigative Accounting Group (Pty) Ltd as well as any other bookkeepers, accountants, auditors or any other person for any purpose in and about the affairs of the company which he/they may require and the costs so incurred to be paid as costs of administration of the company in liquidation.
16. That the future administration of the company be left in the hands of and to the discretion of the liquidator(s).

qq CREDITORS

PRESIDING OFFICER

qq MEMBERS