

DEZZO TRADING 415 (PTY) LIMITED (IN LIQUIDATION) - "The Company"

MASTER'S REFERENCE NUMBER : C297/2008

LIQUIDATORS REPORT TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE MAGISTRATE, WELLINGTON, ON WEDNESDAY 10 DECEMBER 2008 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 placed in Provisional Liquidation by Order of the High Court of South Africa (Cape of Good Hope Provincial Division) on 13 June 2008 which Order was made final on 22 July 2008. The undersigned were appointed as Joint Provisional Liquidators by the Master of the High Court, Cape Town on 23 June 2008.

14 claims amounting to R1,055,291.24 were admitted to proof at the First Meeting of Creditors which was held before the Magistrate, Wellington, on 10 September 2008. The undersigned were nominated for the appointment as Liquidator and duly appointed by the Master of the High Court on 5 November 2008.

FORMATION OF THE COMPANY

The Company was incorporated on 13 May 2002 under Certificate of Incorporation Number 2002/010992/07.

CAPITAL STRUCTURE

The authorised share capital of the company is R1,000.00 divided into 1000 shares of One Rand each, of which 100 have been issued.

REGISTERED OFFICE

The registered office of the company is at Soetendal Farm, Wellington. 7654

DIRECTORS AND AUDITORS

The sole director of the Company as at the date of Provisional Liquidation was Mr D J van Schalkwyk.

The Auditors of the Company were KPMG Inc.

NATURE OF THE BUSINESS OF THE COMPANY

The company's principal activity was that of a transport business.

CAUSES OF THE FAILURE OF THE COMPANY

The company was provisionally wound up at the instance of Wescape Petroleum (Pty) Limited "- Wescape".

Wescape had been assessing the possibility of rescuing the company and had been communicating with the company's sole director Mr. Dirk Johannes Van Schalkwyk and examining the records of the company in order to form an opinion as to the viability thereof.

The company was indebted to Wescape in the amount of R55,687.71, which was in respect of monies lent and advanced by Wescape to the company at the latter's special instance and request in and during May 2008.

The company was one of two companies within the "Dezzo Group" the other being Dezzo Trading 418 (Pty) Limited "- Dezzo 418", which entity was also liquidated at the instance of Wescape on the 13th June 2008. The two entities are inextricably linked in that it would appear that Dezzo 418 was primarily the asset holding company whilst the company was the operating entity with the "group". Although no formal written lease agreement exists, the company leased almost its entire fleet of trucks, trailers and tippers from Dezzo 418 and conducted its business from premises situated at Soetendal Farm, Wellington.

In the auditors report which formed part of the company's audited Annual Financial Statements as at 31st May 2007, the following is stated,

"Furthermore we draw attention to the directors' report to the financial statements which indicate that the company incurred a net loss of R220,184 for the year ended 31 May 2007 and, as of that date, the company's total liabilities exceeded its total assets by R842,550. The director's report states that these conditions, along with other matters, indicate to the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern."

The company had attempted, with various interested parties, to restructure its financial affairs, however to no avail. Restructuring would have involved Dezzo 418 selling its unencumbered vehicles, the company factoring its debtors' book and third parties becoming involved in the administration of the companies affairs. It was also essential that a substantial cash injection be made into the companies either by way of the sale of certain vehicles or by means of third party funding.

As a result of its assessments Wescape ultimately concluded that the company was "hopelessly insolvent" in that its assets amounted to approximately R2,800,000.00 and its trade creditors exceeded R10,000,000.00.

A number of creditors had already instituted legal proceedings for the recovery of monies due to them and a liquidation application had already been instituted by Super Group Trading (Pty) Limited "- Super Group". Super Group were then settled after Wescape advanced monies to the company. This resulted in the withdrawal of the liquidation application. However it was clear that the company did not have the necessary funds to pay its creditors as and when amounts fell due for payment and Wescape proceeded to apply for the winding up of the company.

ASSETS AND LIABILITIES

The Statement of Affairs (Form CM 100) has not been lodged and the undersigned have not had sight of up to date accounting records of the company. From the audited annual financial statements as at 31st May 2007 as well as 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

- | | |
|--|---------------|
| - Trucks, trailers and tippers (at valuation)
(These vehicles are encumbered to Mercedes Benz South Africa (Pty) Ltd and there would not appear to be any equity contained therein for the benefit of the general body of creditors.) | R 270,000.00 |
| - Loans to related parties (approximately) <ul style="list-style-type: none">o Soetendal DP Eiendomme CCo DJ Van Schalkwyk (The undersigned have instituted legal proceedings for the winding up of Soetendal DP Eiendomme CC, which application is being opposed.) | R5,865,000.00 |
| - Trade Debtors
(This amount is based upon incomplete records and it is probable that a large component hereof | R7,000,000.00 |

has already been paid and such payments not reflected in the records of the company. The undersigned anticipate that total debtors collections will be substantially less than the R7,000,000.00 reflected herein above.

- Cash found in Current Account R 241,022.34

LIABILITIES

- Trade Creditors (estimated) R10,000,000.00
- Loans from Related parties
 - o Dezzo Trading 418 (Pty) Limited
(As per the audited annual financial statements as at 31st May 2007) R1,831,209.00
- South African Revenue Services
 - o PAYE, UIF, VAT and Income Tax Unknown
- Employees (These amounts are in the process of being calculated and staff will have claims for outstanding leave pay, salaries and wages, and severance pay.) Unknown

REPORT TO THE MASTER

The undersigned are still investigating the affairs of the company and 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

The undersigned are still investigating 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 still investigating whether there is any matter relating to the promotion, formation or failure of the Company or the conduct of its business which requires further enquiry.

LEGAL PROCEEDINGS

Other than legal proceeding instituted for the normal recovery of debt and the winding up application referred to herein above the undersigned are not aware of any other legal proceedings pending or threatened at the date of liquidation.

BOOKS AND RECORDS

The Company appears historically to have kept a record of its transactions which were sufficient to disclose most the information required. However, other than the audited annual financial statements of the company as at 31st May 2007 and certain bank and financial institution statements the undersigned have received no accounting books and records of the company.

Upon requesting copies of the latest books and records of account the undersigned were advised that these records had been removed together with the company's computers by a third party, following negotiations for the restructuring of the company, and were not available to the undersigned at the time of the company's provisional winding up.

The undersigned have attempted to extract and recreate certain records pertaining to the trade debtors of the company.

PROGRESS AND PROSPECTS OF WINDING-UP

Assets realised to date:-

- | | |
|--|-------------|
| - 3 x 2004 Afrit Tippers realised by means of public auction
(Gross proceeds on realisation of tippers,
including Value Added Tax.)
Subject to Instalment Sale Agreement with
Mercedes Benz South Africa (Pty) Limited | R273,600.00 |
| - 1 x 2002 Mercedes Benz Actros 2648LS/33
(Gross proceeds on realisation of truck,
including Value Added Tax.)
Subject to Instalment Sale Agreement with
Mercedes Benz South Africa (Pty) Limited | R136,800.00 |
| - Trade Debtors collected:- | |
| o Benietha Veevoere | R265,410.01 |
| o Profile Feeds | R 40,827.05 |
| o SA Panel parts | R 1,037.40 |

- Cash found in Estate

R241,022.34

R958,696.80

The undersigned are in the process of attending to the collection of outstanding trade debtors and loans due to the company at the time of its provisional winding up. According to the incomplete records of the company, trade debtors, outstanding, amount to approximately R7,000,000.00 of which the undersigned anticipate that a substantial portion may well prove to be irrecoverable, having already paid the outstanding amount.


LEASES

All lease agreements in existence as at the date of provisional liquidation of which the undersigned are aware have been cancelled in terms of authority granted to the undersigned pursuant to an application to the High Court of South Africa (Cape of Good Hope Provincial Division) in which the undersigned sought to have their powers extended in terms of section 386(5) of the Company's Act 61 of 1973 (as amended).

ESTIMATED DIVIDEND

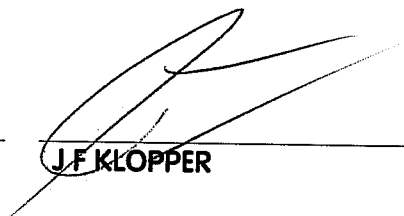
Secured creditors will receive dividends to the extent of the net proceeds from the realisation of assets subject to their security, whilst it would appear that preferent creditors may receive an award. We are however unable to comment on the likelihood of concurrent creditors receiving awards as at this stage we are not aware of the quantum of claims still to be received from the erstwhile employees of the company or the South African Revenue Services. Any prospect of preferent and/or concurrent awards emanating from this matter will be contingent upon the successful collection of trade debts and loans due to the company at the time of its provisional liquidation. There would not appear to be any danger of a contribution being levied upon creditors who submit claims for proof.

DATED AT CAPE TOWN
THIS 8th DAY OF
DECEMBER 2008



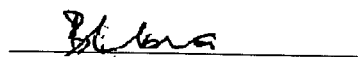
T P GLAUM

DATED AT CAPE TOWN
THIS 8th DAY OF
DECEMBER 2008



J F KLOPPER

DATED AT CAPE TOWN
THIS DAY OF
DECEMBER 2008



R B NDUNA

**DEZZO TRADING 415 (PTY) LIMITED (In Liquidation) ("the company")
Master's Reference No. CC297/2008**

**RESOLUTIONS SUBMITTED AT THE STATUTORY GENERAL MEETING OF CREDITORS AND
CONTRIBUTORIES AND AT THE GENERAL MEETING OF MEMBERS TO BE HELD BEFORE
THE MAGISTRATE, WELLINGTON, ON WEDNESDAY 10 DECEMBER 2008 AT 9H00.**

RESOLVED:

1. THAT the actions of the joint provisional liquidators and joint liquidators (hereinafter referred to collectively as "the liquidators") to date hereof, be and are hereby ratified and confirmed.
2. THAT the report, submitted by the liquidators in terms of section 402 of the Companies Act 61 of 1973, as amended ("the Companies Act") and their actions as referred to therein be and are hereby approved and adopted and that the further administration of the company be left to the discretion of the liquidators.
3. THAT the actions of the liquidators in making arrangements for banking facilities to meet the necessary administration expenses be approved and confirmed.
4. THAT the liquidators be hereby authorised and empowered to :-
 - 4.1 obtain legal advice on any question of law affecting the administration of the company and to engage the services of attorneys and counsel in connection with any matter arising out of or related to the affairs of the company;
 - 4.2 agree with such attorneys or counsel on the tariff and/or scale of fees to be charged by and paid to the attorneys or counsel for the rendering of the services to the company and conclude written agreements with attorneys or counsel in the form contemplated in section 73(2) of the Insolvency Act 24 of 1936, as amended ("the Insolvency Act"), as read with section 339 of the Companies Act; and
 - 4.3 pay to the attorneys or counsel the agreed costs and the disbursements made by the attorneys and counsel as and when the services are rendered and the disbursements are made,

and that the actions of the liquidators to date hereof in respect of the engagement of the services of attorneys and counsel be hereby approved,

ratified and confirmed;

5. THAT the actions of the liquidators to date hereof in respect of:
 - 5.1 the engagement of the services of attorneys and such counsel as may have been engaged by the said attorneys;
 - 5.2 the agreements which have been reached with the said attorneys and counsel on the fees to be charged by and paid to them for the rendering of their services to the company;
 - 5.3 the conclusion of written agreements with the said attorneys or counsel in the form contemplated in section 73(2) of the Insolvency Act, as read with section 339 of the Companies Act; and
 - 5.4 the payment to the said attorneys or counsel of the agreed costs and the disbursements made by the attorneys and counsel as and when the services are rendered and the disbursements are made,

be hereby approved, ratified and confirmed.

6. 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.
7. THAT the liquidators be and are hereby authorised to employ auditors, bookkeepers or accountants or any other person to investigate and write up the books of the company to the date of liquidation and to produce an audited balance sheet as at that date, and to complete any necessary income tax and other government returns and that all costs so incurred shall be costs in the administration of the company.
8. THAT the liquidators be and are hereby authorised to collect any outstanding debts due to the company, and for the purpose thereof to sell any of these debts for such amount and on such terms and conditions as they in their sole discretion may deem fit, or to agree to any reasonable offer of composition made to the company by a debtor and to accept payment of any part of a debt due to the company in settlement thereof or to grant an extension of time for the payment of such a debt, or to abandon any claim which they in their sole discretion may deem appropriate and that all legal costs so incurred shall be costs in the administration of the company.
9. THAT the liquidators be and are hereby authorised to dispose of the assets of the company by public auction, private treaty or public tender and that the mode of sale for any one or more of the assets shall be determined by the liquidators and that all costs incurred in relation thereto be costs in the administration of the company.

10. THAT the liquidators be and are hereby authorised to engage the services of auctioneers or agents to sell the assets of the company and to determine the conditions of sale and manner of advertising in their discretion.
11. THAT the liquidators be and are hereby authorised and empowered in their discretion to hold an enquiry into the formation and affairs of the company and/or any matter relating thereto, should they deem it to be in the best interest of creditors, and to employ attorneys and/or counsel and/or recording agents to assist in the said enquiry, and to summons any person who they should deem necessary to be present at the enquiry, all costs so incurred to be costs in the administration of the company.
12. THAT should costs be incurred for the use of a recording machine, the costs incurred therein and the costs to obtain copies of such records be allowed as costs in the administration of the company.
13. THAT the liquidators be and are hereby authorised to bring or defend in the name and on behalf of the company any action or other legal proceedings and to settle or compromise any legal proceedings on such terms and conditions as they in their sole discretion 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 as part of the costs of administration.
14. THAT the liquidators be and are hereby authorised and empowered to investigate any apparent voidable and/or undue preference and/or any disposition of property, and to take any steps which they in their discretion may deem necessary, including the instituting of legal action and the employment of attorneys and/or counsel, to have these set aside and to proceed to the final end or determination of any such legal action or to abandon same at any time as they in their sole discretion may consider appropriate and that all costs incurred in terms hereof be treated as costs in the administration of the company.
15. THAT in the event of any assets which are subject to a mortgage bond, pledge or other form of security not realising a sufficient amount to pay the claim(s) of the secured creditors plus the pro-rata share of the costs of administration in full, then the liquidators be and are hereby authorised in their discretion to abandon such assets to the creditor concerned at an agreed valuation, subject to the payment by such creditor of a pro-rata share of the costs of administration in terms of Section 89 of the Insolvency Act, as read with section 339 of the Companies Act.
16. THAT the liquidators be and are hereby authorised and empowered, in their discretion, to compromise or admit any claim against the company, whether liquidated or unliquidated provided that proof thereof had been tendered at a meeting of creditors.
17. THAT the actions of the liquidators in utilising the services of former officials

of the company and/or representatives for the purpose of tracing assets, compiling an inventory of stock and taking possession of the assets, be and are hereby confirmed and that their remuneration plus travelling expenses, be paid as costs in the administration of the company.

18. THAT the liquidators have the right to cancel any or all lease agreements entered into, and that any action taken by the liquidators in the cancellation of any or all leases before the holding of a meeting of creditors is hereby ratified and confirmed.
19. THAT the costs incurred by the liquidators in furnishing the Master of the High Court with the required fidelity guarantee and/or any renewal thereof at the rate prescribed by the Master of the High Court or at a rate in excess thereof be and are hereby agreed and ratified by the creditors.
20. THAT the actions of the liquidators in conducting the business of the company and utilising the assets of the company subsequent to liquidation, be hereby ratified and confirmed and that any losses so incurred be approved as costs in the administration of the company.
21. THAT the liquidators are hereby authorised to submit for determination and/or arbitration any dispute concerning the company or any claim or demand by or upon the company and that any costs so incurred be costs in the administration of the company.
22. THAT costs incurred by the liquidators in maintaining, conserving and realising any assets of the company, be and are hereby ratified and confirmed and that such costs be costs in the administration of the company and/or costs in terms of Section 89(1) of the Insolvency Act as read with section 339 of the Companies Act, if applicable, and payable by the company or the creditors, as the case may be.
23. THAT the liquidators be authorised to borrow monies with or without providing security therefor and that the interest on such loans be paid as costs of the administration of the company.
24. THAT the liquidators are hereby authorised to perform any act or exercise any power for which they are not expressly required by the Companies Act to obtain the leave of the Court.

ADOPTED **ON** **BEHALF**
OF
CREDITORS/MEMBERS _____
PRESIDING OFFICER _____
DATE _____

