# AFRICA CELLULAR TOWERS (PTY) LTD (IN LIQUIDATION)
# ("the Company")

## MASTER'S REFERENCE NUMBER : G485/2011

**REPORT SUBMITTED BY THE JOINT LIQUIDATORS IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON THURSDAY, 14 March 2013 AT 10H00**

| | |
|---|---|
| Nature of Liquidation | Applied for application |
| Date of liquidation | 1 June 2012 |
| Date of provisional Order | 1 June 2012 |
| Date of Final Order | 24 July 2012 |
| Provisional appointees | LDR van der Merwe, A Barnard & YAB Ismail |
| Date of 1st meeting of creditors | 1 October 2010 |
| Final appointees | LDR van der Merwe, A Barnard & YAB Ismail |

### GENERAL AND STATUTORY INFORMATION

Registrar of Companies

The Company was duly registered with the Registrar of Companies under their reference number 2000/027374/06.

Registered Address

The registered address of the company is 14 Tennyson Drive, Tulisa Park, Gauteng.

Directors

It appears from my investigations the following persons were directors:

Mr J de Villiers.
Mr V Nkonyeni.
Mr MM Patel.
Mr SM Radebe.
Mr PSN Swart.
Mr NWJ Van Der Mescht.
Mr DM Van Staden.

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Share Capital

Authorised share capital of R50,000 consisting of 500,000,000 ordinary shares par value shares of 0.01 cents each and;

Issued share capital of R37,029 consisting of 370,287,283 ordinary shares par value shares of 0.01 cents each.

The company was listed on the Alternative exchange of the Johannesburg Stock Exchange and the above mentioned shares were held publicly as more particularly detailed in the company share register.

Business of the Company

The company operated two divisions operating as:

- design, manufacturing and installation of Cellular Towers base towers; and
- high tension electricity line installation.

**SECTION 402(a)**

Financial Statement Of Assets And Liabilities

According to information available to us the following would appear to represent the financial position of the Company as at the date of liquidation:

| ASSETS | | Description | Liabilities | Assets |
|---|---|---|---|---|
| **Encumbered Assets** | | | | |
| Africa Cellular Towers (Alberton) CC | 1 | Landlords' Hypotech | | |
| ABSA Bank Limited | 2 | Installment Sale | | 752 400.00 |
| ABSA Bank Limited | 3 | Installment sale | | 296 400.00 |
| Industrial Development Corporation | 4 | Covering Notarial Bond | | 4 554 300.00 |
| Industrial Development Corporation | 5 | Suspensive Sale - ISA | | 1 241 216.71 |
| Macsteel | 6 | Cession of Debtors | | 5 969 065.77 |
| Nedbank Limited | 7 | Installment sale no: | | 119 700.00 |

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| | | | | |
|---|---|---|---|---|
| Nedbank Limited | 8 | Installment sale no: | | 220 020.00 |
| Nedbank Limited | 9 | Installment sale no: | | 1 003 200.00 |
| Nedbank Limited | 10 | Installment sale no: | | 156 750.00 |
| Nedbank Limited | 11 | Installment sale no: | | 456 000.00 |
| Nedbank Limited | 12 | Installment sale no: | | 3 766 560.00 |
| Nedbank Limited | 13 | Installment sale no: | | 136 800.00 |
| Nedbank Limited | 14 | Installment sale no: | | 58 140.00 |
| Nedbank Limited | 15 | Installment sale no: | | 102 600.00 |
| Nedbank Limited | 16 | Installment sale no: | | 45 600.00 |
| Nedbank Limited | 17 | Mortgage Bond | | 1 500 000.00 |
| Nedbank Limited | 18 | Mortgage Bond | | 2 000 000.00 |
| Nedbank Limited | 19 | Mortgage Bond | | 2 000 000.00 |
| Nedbank Limited | 20 | Installment sale no: | | 370 500.00 |
| Lombard Trade Finance (Pty) Ltd | 21 | Cession | | 2 584 638.38 |
| **Unencumbered** | | | | |
| Office Furniture, Equipment & Vehicles | | | | 14 787 111.00 |
| Eskom Retention | | | | 4 200 000.00 |
| ZTE work in progress | | | | 6 217 114.94 |
| **LIABILITES** | | | | |
| **Secured Creditors** | | | | |
| Africa Cellular Towers (Alberton) CC | 1 | Plant & Equipment | 714 615.73 | |
| ABSA Bank Limited | 2 | Machinery & Equipment | 1 136 221.77 | |
| ABSA Bank Limited | 3 | Machinery & Equipment | 211 962.61 | |
| Industrial Development Corporation | 4 | Debtors | 33 795 939.55 | |
| Industrial Development Corporation | 5 | Machinery & Trucks | 8 396 242.99 | |
| Macsteel | 6 | Debtors | 8 670 783.05 | |
| Nedbank Limited | 7 | Geka Machine & equipment | 1 525 225.83 | |
| Nedbank Limited | 8 | Vehicle | 202 699.99 | |
| Nedbank Limited | 9 | Machinery & Equipment | 674 270.91 | |

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| | | | | |
|---|---|---|---|---|
| Nedbank Limited | 10 | Forklift | 141 027.79 | |
| Nedbank Limited | 11 | Machinery & Equipment | 2 312 808.44 | |
| Nedbank Limited | 12 | Machinery & Equipment | 3 490 744.26 | |
| Nedbank Limited | 13 | Forklift | 141 027.79 | |
| Nedbank Limited | 14 | Forklift | 54 907.01 | |
| Nedbank Limited | 15 | Forklift | 78 223.71 | |
| Nedbank Limited | 16 | Forklift | 73 334.26 | |
| Nedbank Limited | 17 | Immovable property | 2 164 377.67 | |
| Nedbank Limited | 18 | Immovable property | 2 263 201.28 | |
| Nedbank Limited | 19 | Immovable property | 2 208 117.45 | |
| Nedbank Limited | 20 | Geka Machine & equipment | 2 780 294.84 | |
| Lombard Trade Finance (Pty) Ltd | 21 | Cellphone Towers | 2 026 221.83 | |
| **Preferent Creditors** | | | | |
| Employees | | | 1 389 370.31 | |
| SARS | | | 5 834 990.58 | |
| **Concurrent Creditors – estimated at** | | | 29 000 000.00 | |
| Sub Total | | | 109 286 609.65 | 52 538 116.80 |
| Deficit | | | | 56 748 492.85 |
| **TOTAL** | | | **109 286 609.65** | **109 286 609.65** |

**NOTES**

1. The above figures are subject to adjustment and verification.
2. The statement of assets and liabilities must be read in conjunction with the following notes:

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**Movable assets**

(a) The movable assets were all sold by public auction pursuant to an extension of the powers of the joint provisional liquidation in terms of Section 386 (2A) of the Companies Act.

**Immovable Properties**

The immovable properties will be sold after the second meeting of creditors. Nedbank Ltd holds a mortgage bond over the immovable property.

**SECTION 402(b)**

Causes Of The Company's Failure

The directors simply ascribe the demise of the company to the fact that was for some period of time undercapitalised. It was unable to generate sufficient income from its operations and was ultimately unable to meet its obligations to its creditors.

The company had diversified their operations from cellular tower installation to an additional focus on the installation install and commissioning of high tension electricity lines for Eskom. The unexpected delay in the roll out of various tenders contributed to the already distressed financial position of the company. The company had invested heavily in equipment and highly skilled staff in order to be able to render the service required by Eskom.

**SECTION 402(c)**

Report Under Section 400(2)

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.

**SECTION 402(d)**

Personal Liabilities Of Directors Or Officers

At this stage we are unable to comment on 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.

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**SECTION 402(e)**

Legal Proceedings

As far as we are aware there are no legal proceedings pending by or against the Company, except for normal debt collection.

**SECTION 402(f)**

Further Enquiry

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

All books and records relating to the affairs of the Company have been handed to us.

**SECTION 402(h)**

Progress And Prospects Of Liquidation

Upon our appointment as Provisional Liquidators we immediately investigated the affairs of the company and took possession of the assets. The movable assets were all sold by public auction pursuant to an extension of the powers of the joint provisional liquidation in terms of Section 386 (2A) of the Companies Act.

The liquidators will continue to collect outstanding debts, and an accounting will be made in our Liquidation Account to be submitted to the Master of the High Court in due course.

**SECTION 402(i)**

Matters Requiring Further Directions Of Creditors And Contributories

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

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**GENERAL**

As there appears to be likelihood of a dividend accruing to Creditors in this matter, Creditors are requested to attend to the formulation of their claims as soon as possible in order that the liabilities may be verified.

**DATED** at Roodepoort this 12th day of March **2013.**

**LDR VAN DER MERWE**

**DATED** at Roodepoort this 12th day of March **2013.**

**A BARNARD**

**DATED** at ............................ this .......... day of ............................ **2013.**

**YAB ISMAIL**

## AFRICA CELLULAR TOWERS (PTY) LTD (IN LIQUIDATION)
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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON 14 MARCH 2013 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;

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

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**q.q. CREDITORS**