

PROTECTAPEEL (PTY) LIMITED (IN LIQUIDATION)
(REGISTRATION NUMBER: 2006/022439/07
("the company")

MASTER'S REFERENCE NUMBER: C1191/2010

REPORT OF 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 & CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE, STRAND ON, 29 JUNE 2011 AT 10H00.

ORDER OF THE COURT AND MEETINGS

Nature of Liquidation	Application to the High Court of South Africa (Western Cape High Court, Cape Town) – case number: 19753/10
Date of Liquidation	28 September 2010
Date of Provisional Order	28 September 2010
Date of Final Order	16 November 2010
Provisional Liquidators	J F Klopper & M R Rajah
Final Liquidators	J F Klopper & M R Rajah
Date of 1 st meeting of creditors	19 January 2011 – No claims were proved

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

The company was duly registered with the Registrar of Companies on 19 July 2006 under the reference number 2006/022439/07.

Registered Address

The registered address of the company is reflected as being 1106 First Floor, Courtyard Building, Gants Centre, Gerber Boulevard, Strand.

Directors

It appears from our investigations that the following person served as the director of the company as at the date of Liquidation:

- Paul Joseph Hough (Identity Number: 6902245 160081)

Business of the Company

The company's principal business activity is described as follows: Protective coating.

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Auditors

The auditor of the company, BBR Van Der Grijp and Associates is situated in Somerset West.

STATEMENT OF AFFAIRS

We have been provided with a Statement of Affairs as required in terms of Section 363 of the Companies Act No. 61 of 1973 as amended.

SECTION 402(a): FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

The following represents the assets and liabilities of the company that we are aware of as at date of liquidation. The assets and liabilities listed are subject to verification and adjustment and may change depending on the claims submitted for proof.

ASSETS	AMOUNT {R}	AMOUNT{R}
2 X Wagner airless spray machines with hose – Per valuation		R 3600.00
TOTAL		R 3600.00
LIABILITIES		
<u>Secured Creditors:</u>	R 0.00	
<u>Preferent Creditors:</u> Unknown at this stage	Unknown	
<u>Concurrent Creditors:</u> Estimated at	R 1 938 416.34	
SHORTFALL		R 1 934 816.34
TOTAL	R 1 938 416.34	R 1 938 416.34

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COMMENT ON THE ASSETS

The movable assets belonging to the company will be sold by way of public auction or private treaty, after our resolutions have been adopted at this meeting.

COMMENTS ON THE LIABILITIES

The extent of monies owing to the South African Revenue Services is unknown at this stage as we have not as yet received details of their claim.

The liabilities relates to monies owing in respect of a Judgement in favour of Red Top Products CC and in respect of trade creditors and services rendered.

SECTION 402(b) : CAUSES OF THE COMPANY'S FAILURE

According to the director, documentation lodged and investigations conducted, the main reasons for the liquidation of the company would appear to be the following:

Protectapeel was started in 2006 by myself on a limited budget which allowed me to to purchase the initial stock that allowed us to operate. We spent a lot of money on marketing and launching the products into the market over the period. We expanded and grew over the next few years. We were fortunate to get AGI Industries on board as a national distributor that helped us expand through a dealer network. However due to the downturn in the international market that lead to the banking crises the local building industry collapsed which reduced our sales dramatically and led us into cash flow problems. Further to this our national distributor AGI Industries also went into liquidation. Added to this we supplied one of our clients Red Top Products with product to use on a stadium in Johannesburg. They modified the product by adding a pigment to change the colour. This pigment was not absorbed properly and leached out on the surface on removal. This lead to a dispute that lead to court action. Due to the cost of this action and the fact we needed to bring specialist witnesses from the UK we did not have sufficient funds to defend this action and a default judgement was taken. This lead to the applicant Red Top Products applying for a liquidation order against Protectapeel. This came as a surprise as we did not expect this at all. While we did have cash problems we were working with our existing creditors and reducing accounts over time. For this reason I am surprised to discover that Red Top Products had applied for the liquidation of Protectapeel. Between defending this action and paying creditors unfortunately Protectapeel ran into trouble and while working with our creditors was not offered the chance to trade ourselves out due to the action brought by Red Top Products.

SECTION 402(c) : REPORT TO THE MASTER IN TERMS OF SECTION 400 (2) OF THE COMPANIES ACT

Based upon the information available to us at this stage, it is not our intention to submit a report to the Master. A report will be submitted at a later stage should it become necessary.

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SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

At this stage we are unable to comment as to whether the director of the company could be held personally liable for the debts of the company. Should information come to light at a later stage to the effect that the director could be held personally liable for the debts of the company, a report will be submitted in this regard. Investigations into the conduct of the company's affairs will however continue.

SECTION 402(e) : LEGAL PROCEEDINGS

We have no knowledge of any legal proceedings pending or threatened by or against the company as at date of liquidation other than actions relating to the recovery of debt.

SECTION 402(f) : FURTHER ENQUIRY INTO THE AFFAIRS OF THE COMPANY

Investigations are on-going with regard to the failure of the Company and the conduct of its business. Should the liquidators decide to convene a meeting for an enquiry in terms of section 415 of the Act creditors will be advised accordingly.

SECTION 402(g) : BOOKS AND RECORDS

The undersigned are not yet in possession of the books and records of the Company and are therefore, at this stage, unable to state with any certainty whether the provisions of Section 284 of the Act have been complied with.

SECTION 402(h) : ESTIMATED DIVIDEND

Based on financial information available to us there, would at this stage appear to be a danger of contribution being levied upon creditors who submitted their claims for proof. Creditors will be advised should this position change.

SECTION 402(i) : MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

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

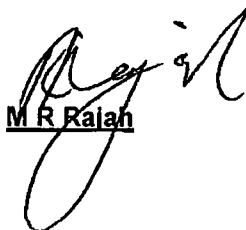
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Dated at Stellenbosch this 3rd of June 2011.


JF KLÖPPER

Dated at Cape Town this 9th of June 2011.


M R Raiah

C/O INDEPENDENT TRUSTEES (PTY) LIMITED
P O BOX 820
STELLENBOSCH
7599

TEL: 021 – 880 5400
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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS TO BE HELD BEFORE THE MAGISTRATE, STRAND ON, 29 JUNE 2011 AT 10H00.

RESOLVED THAT:

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidators"), as submitted be received and adopted and all their actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature hereto before taken by the Liquidators be and are hereby confirmed, ratified and approved.
- 3 The Liquidators 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 their sole and absolute discretion.
- 4 The Liquidators be and are hereby authorised in their 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 Liquidators be and are hereby authorised in their 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 company 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 Liquidators be and are hereby authorised to collect 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

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upon such terms and conditions as they in their 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 they in their sole discretion may deem to be irrecoverable.

- 7 The Liquidators be and are hereby authorised to dispose of any movable and immovable property of the company, whether in their possession or under their control now or to come into their possession or under their control in the future by public auction, private treaty or public tender upon such terms and conditions as they in their sole and absolute discretion shall determine and to abandon any such assets for which they 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 Liquidators 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 Liquidators be and are hereby authorised and empowered in their 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 Liquidators, provided that proof thereof has been tendered at a meeting of creditors.
- 9 The Liquidators be and are 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 Liquidators be and are hereby authorised to perform any act or exercise any power for which they are not expressly required by the Companies Act No. 61 of 1973, as amended, to obtain the leave of the Court.
- 11 The Liquidators be and are 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 Liquidators be and are 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 Liquidators be and are 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 Liquidators' 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 Liquidators in terms of the actual time spent by their staff in the discharge of their duties in the winding-up as is reflected on

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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 Liquidators in the administration of the estate, and
 - 15.3 particular difficulties experienced by the Liquidators because of the nature of the assets or some other similar feature connected with the winding-up.
- 16 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Joint Liquidators.

q.q. CREDITORS

THE PRESIDING OFFICER