

CERES MEAT PACKERS (PTY) LIMITED (IN VOLUNTARY LIQUIDATION)
(REGISTRATION NUMBER : 2000/015523/07)
("the company")

MASTER'S REFERENCE NUMBER : C15/2009

REPORT OF THE JOINT LIQUIDATORS, JOHANNES FREDERICK KLOPPER *and* PETER CAROLUS, 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 MASTER OF THE HIGH COURT, CAPE TOWN, ON FRIDAY, 19 JUNE 2009, AT 09H00

ORDER OF THE COURT AND MEETINGS

Nature of Application	Special Resolution registered with the Registrar of Companies for voluntary liquidation
Date of Registration	08 January 2009
Provisional Liquidators	Johannes Frederick Kloppe & Z C Twala
Provisional Appointment Date	16 March 2009
Final Liquidators	Johannes Frederick Kloppe & P Carolus
Final Appointment Date	29 April 2009
Date of 1 st meeting of creditors	17 April 2009
Claims proved at 1 st meeting	23 claims were submitted for proof at this meeting

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

According to the Registrar of Companies, the company was incorporated under registration number on 2000/015523/07 and commenced business operations on 12 July 2000.

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Registered Address

The registered address of the company is reflected as being 6th Floor, 119 Hertzog Boulevard, Foreshore, Cape Town and its principal place of business at 72 Vos Street, Ceres.

Directors

It appears from our investigations that the following four persons consented to serve as the directors of the company:

- Pieter Malan Cillie;
- Reaaz Ahmed;
- Keith Charles Wilkinson;
- Cornelius Frederick Ferreira.

Business of the Company

It appears from our investigations that the company's main business was the cutting and packing of meat and related products which were then distributed to the companies' clients.

Auditors

The auditor of the company were Fourie, Oberg and De Bruin in Ceres.

STATEMENT OF AFFAIRS

We have been placed in possession of 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.

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ASSETS	AMOUNT {R}	AMOUNT{R}
Erf 2603, Ceres extent 6691 square metres (subject to a Mortgage Bond in favour of Absa Bank)		R 4 600 000.00
Office furniture and Equipment (Subject to a Perfected Notarial Bond in favour of Absa Bank)		R 800 000.00
Debts due to the estate		R 5 001 731.00
Loan to associated companies		R 844 359.00
TOTAL		R11 146 090.00
LIABILITIES	AMOUNT {R}	AMOUNT {R}
<u>Secured Creditors :</u> Absa Bank – (bond secured over property, perfected notarial bond over movable assets and cession of debtors)	R 4 539 342.50	
<u>Preferent Creditors:</u> SARS - Unknown at this stage Workers – Salaries	Unknown R 527 538.04	
<u>Concurrent Creditors</u> Trade creditors and other unsecured creditors- estimated	R16 413 803.00	
SHORTFALL		R12 211 306.04
TOTAL	R23 357 396.04	R23 357 396.04

COMMENT ON THE ASSETS

We received an offer from G F Malherbe Family Trust in the amount of R4 600 000.00 for the immovable property and R800 000.00 for the movable assets. We have applied to the Master of

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the High Court, Cape Town for extension of our powers in terms of Section 384 to accept this offer.

COMMENTS ON THE LIABILITIES

The liabilities relate in the main to monies owing to ABSA Bank in respect of their loans to the company secured by Mortgage Bonds registered over the immovable property as well as a perfected notarial bond over the movable assets (secured creditors).

The extent of monies owing (if any) to the South African Revenue Services are unknown at this stage as we have not as yet received notification of any claims.

The balance of the liabilities relates to monies owing in respect of services rendered, goods purchased and delivered (concurrent creditors).

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

Initial investigations reveal that during 2000 the company commenced business after assets were acquired from a sale of assets in a liquidated entity. During 2001 the company purchased the present building and premises in Ceres from where it traded for approximately R 1 400 000 and converted what used to be a Mercedes Benz garage to its present facility after having spent a further R 1800 000.00

In 2006, after initially having Woolworths as its main client, the company lost the client when Woolworths decided to enter into an agreement with another party in respect of its packaging and production. This caused a financial setback.

During 2005 the company also started with retail packaging in Fruit & Veg City stores which entailed having to spent approximately R 250 000 ,00 per store as the company was required to install refrigeration at its own cost. This caused major cash-flow problems as 11 stores had to be equipped as such. It furthermore had to equip 5 stores in Johannesburg which was done in conjunction with a third party.

The Johannesburg operation proved to be a failure and the Cape Tow operation appeared to be a success. It then materialized that the various operations had huge wastage and theft.

When Pick & Pay made an offer for Fruit & Veg its owners offered to buy the company's assets in each store and as consequence the company was forced to accept R 120 000,00 per store for its equipment which caused a further huge loss. The Pick & Pay transaction was subsequently blocked by the Competition commission but the company had already lost its initial investment.

Throughout the shareholders and directors of the company was brought under the impression by its former bookkeeper that the company was making profits. During late 2008, it emerged a few

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months ago that the company was in truth loosing more than R100 000,00 per month at which time the company had already suffered irreparable harm.

In the light of the above, the company was unable to settle the claims of its creditors in the ordinary course of business. A Special Resolution for the voluntary liquidation of the company was consequently applied for and was granted on 08 January 2009.

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.

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

At this stage we are unable to comment as to whether the former directors of the company could be held personally liable for the debts of the company. Should information come to light at a later to the effect that the directors could be held personally liable for the debts of the company, a report will be submitted should it become necessary.

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) : ENQUIRY

Based upon the information available to us at this stage, it appears that an enquiry may be necessary with regard to the formation and failure of the company in terms of the provisions of the Act. A report will be submitted should it become necessary. Certain creditors have already indicated that this meeting would be adjourned for an enquiry to be held on 08 July 2009.

SECTION 402(g) : BOOKS AND RECORDS

The books and records that the company was required to keep in terms of the Act have been handed to us.

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SECTION 402(h) : ESTIMATED DIVIDEND

Based on asset realisations and known claims, there would appear to be a prospect of a dividend award due to secured and preferent creditors. As the company's assets are all encumbered and there is no free residue, we believe that there might be a danger of a contribution being levied upon concurrent creditors who submit claim documents for proof.

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

Such directions as are required of creditors are contained in the draft resolutions numbers 1 – 16 which are submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to be continued with and finalised.

JOHANNES FREDERICK KLOPPER
JOINT LIQUIDATOR

and

PETER CAROLUS
JOINT LIQUIDATOR

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

TEL: 021 – 880 5400
FAX: 021 – 880 5430

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS TO
BE HELD BEFORE THE MASTER OF THE HIGH COURT, CAPE TOWN, ON FRIDAY, 19 JUNE
2009 AT 09H00**

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.

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- 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 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:**

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- 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 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

MASTER, CAPE TOWN