

I N D E P E N D E N T

C O R P O R A T E R E C O V E R Y A D V I S O R S

Independent Trustees (Pty) Limited (Reg No 2002/025164/07)
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TO ALL KNOWN CREDITORS

Your Ref:
Our Ref: **J F KLOPPER / ELAINE**
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Date: **11 JANUARY 2010**

Dear Sir / Madam

G AND M CITY BOARDS CC T/A CITY BOARDS OTTERY (IN PROVISIONAL LIQUIDATION)
REGISTRATION NUMBER: 1999/066920/23
MASTER'S REFERENCE NUMBER: C805/2009

We refer to the above matter and enclose a copy of the Joint Liquidators' Report, together with Resolutions, to be adopted at the First Meeting of Creditors to be held before the Master of the High Court, Cape Town on Friday, 29 January 2010 at 09h00.

As is evident from the aforementioned report, there is a danger of contribution being levied on creditors in this estate and creditors are therefore urged not to submit claim documents for proof at this meeting.

We assure you of our best attention at all times.

Yours faithfully
INDEPENDENT TRUSTEES (PTY) LIMITED



J.F. KLOPPER
For JOINT LIQUIDATOR

Independent Trustees (Pty) Ltd is a member of hww insolvency cooperation partners

Austria (Vienna) Brazil (Sao Paulo) Cayman Islands (Grand Cayman) Czech Republic (Prague) France (Paris) Germany (Hamburg) Great Britain (London)
Hungary (Budapest) India (New Delhi) Italy (Rome) Mexico (Mexico City) Netherlands (Amsterdam) Poland (Warsaw) Republic of China (Hong Kong)
Romania (Bucharest) Russia (Moscow) South Africa (Johannesburg) Spain (Barcelona) Sweden (Stockholm) USA (New York)

Directors:

JF Klopper B Com B Proc R Pieters* B Econ LDR Van der Merwe* B Com LLB
MJ Maseko B Juris LLB HA Plaatjies* B Juris LLB

* Member of the Association of Insolvency Practitioners of Southern Africa ("AIPSA")

G AND M CITY BOARDS CC T/A CITY BOARDS OTTERY (IN PROVISIONAL LIQUIDATION)
REGISTRATION NUMBER : 1999/066920/23
(IN VOLUNTARY LIQUIDATION)
("the Close Corporation")

MASTER'S REFERENCE NUMBER : C 805/2009

REPORT OF THE JOINT LIQUIDATORS, JOHANNES FREDERICK KLOPPER AND M M SIDIIYO, IN TERMS OF SECTION 79 OF THE CLOSE CORPORATION'S ACT NO 69 OF 1984 ("THE ACT") TO BE SUBMITTED AT A FIRST MEETING OF CREDITORS TO BE HELD BEFORE THE MASTER OF THE HIGH COURT ON FRIDAY, 29 JANUARY 2010 AT 09h00

ORDER OF THE COURT AND MEETINGS

Nature of Application	Application in the High Court of South Africa (Western Cape High Court, Cape Town) under Case Number 15901/2009
Date of Provisional Order	13 August 2009
Date of Final Order	22 September 2009
Final Liquidators	J F Klopper and M M Sidiyiyo
Appointment Date of Joint Liquidators	26 August 2009

HISTORY AND INFORMATION OF THE CLOSE CORPORATION

According to the Registrar of Companies the Close Corporation was incorporated under registration number CK1999/066920/23 with its registered address situated at 1st Floor, Fisher Hoffman House, 17 New Church Street, CAPE TOWN and its principal place of business at Unit 1C, Independence Square, Cnr Ottery & Strandfontein Roads, Ottery.

According to the records in our possession, the members of the Close Corporation, as at the date of voluntary liquidation, was:

1. Gerry Benny
2. Vishanthi Benny

The principal business activity of the Close Corporation was the supply of wood board and merchant with a number of branches in the Western Cape and Gauteng. They also did installation of kitchen cupboards.

AUDITORS

- 1 The former auditor of the company is reflected as being Fisher Hoffman & Sithole of Cape Town.

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REPORT IN TERMS OF SECTION 79 OF THE ACT

SECTION 79(a): ASSETS AND LIABILITIES

The following represents the assets and liabilities of the Close Corporation at date of liquidation based on information provided by the member to the liquidators.

	AMOUNT	AMOUNT
ASSETS		
Estimated at approximately		R NIL
SUBTOTAL		R NIL
LIABILITIES		
Secured Creditor : Iliad Trading (Pty) Ltd t/a Citiwood Cape Notarial special covering bond	R 714 720,14	
Preferent Creditor :	UNKNOWN	
Concurrent Creditors	R 2 066 246,88	
SHORTFALL		R
TOTAL	R 2 780 967,02	R 2 780 967,02

Notes:

The liabilities reflected above are subject to change and verification.

COMMENT ON THE ASSETS

We confirm that there are no assets as mentioned above.

COMMENT ON THE LIABILITIES

There are no secured creditors in the estate.

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The extent of monies owing (if any) to the South African Revenue Services is unknown at this stage.

The balance of liabilities relates to monies owing to various trade creditors in respect of services rendered and goods supplied and delivered (concurrent creditors).

SECTION 79(b): CAUSES OF THE CORPORATIONS FAILURE

According to the member of the Close Corporation and investigations conducted, the main reason for the liquidation was as a result of the following:

The Company experienced cash flow problems and the close corporation could not pay it's creditors and hence one of the creditors applied for the Company's liquidation.

SECTION 79(c): REPORT UNDER SECTION 400(2) OF THE COMPANIES ACT READ WITH SECTION 66 OF THE ACT

The members of the Close Corporation sold certain machinery prior to liquidation to City Boards, Montague Gardens. The brother of the member, Mr Benny is the owner of City Boards, Montague Gardens. The purchase and sale agreement was entered into on 27 May 2009 whilst the Close Corporation was placed in provisional liquidation on 13 August 2009.

The liquidators are investigating the purchase and sale agreement in terms of which the assets were disposed. The liquidators are of the opinion that the sale may be set aside in terms of Section 30 or 31 of the Insolvency Act.

SECTION 79(d): LIABILITIES OF MEMBERS

At this stage it appears that the members might be personally liable:

1. To the Close Corporation on the grounds of breach of trust or negligence;
2. To make repayments to the Close Corporation in terms of Section 70(2) or (3) or Section 71(1) or (2) of the Act;
3. To either a creditor of the Close Corporation or to the Close Corporation itself.

Should information come to light at a later stage that would change this situation, a report will be submitted.

SECTION 79(e): LEGAL PROCEEDINGS

We have no knowledge of any legal proceedings pending or threatened by or against the Close Corporation as at date of liquidation save for actions relating to the recovery of debt caused by the liquidation of the Close Corporation.

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SECTION 79(f): ENQUIRY INTO FORMATION AND FAILURE

Based upon information available to us at this stage, it appears that an enquiry will be necessary with regard to the formation and failure of the Close Corporation.

SECTION 79(g): BOOKS AND RECORDS

The Close Corporation's books and records have not been handed to us. The books and records are still in the possession of the accountants who have been requested to deliver same to us.

SECTION 79(h): DIVIDEND PROSPECTS AND FURTHER WINDING UP

As is evident from the assets and liabilities reflected in the report, there is a danger of a contribution in this estate.

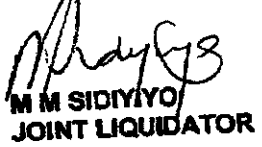
SECTION 79(i): MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

Such directions as required of creditors are contained in the draft resolutions, which are submitted for consideration and adoption by the creditors at this meeting in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the affairs of the Close Corporation to be finalised.

DATED AT STELLENBOSCH ON THIS 12TH DAY OF JANUARY 2010.


J F KLOPPER
JOINT LIQUIDATOR

DATED AT GUGULETU ON THIS 12TH DAY OF JANUARY 2010.


M M SIDIYO
JOINT LIQUIDATOR

C/O INDEPENDENT TRUSTEES (PTY) LIMITED
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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE FIRST MEETING OF CREDITORS
HELD BEFORE THE MASTER OF THE HIGH COURT ON FRIDAY 29 JANUARY 2010 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 Close Corporation;
 - 4.2 Institute or defend on behalf of the Close Corporation any action or other legal proceedings of a civil nature for the recovery of monies due to the Close Corporation 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 Close Corporation 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 Close Corporation 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 Close Corporation, establishing the claims of creditors, or any other purpose.

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- 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 insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidators may be of assistance in the winding-up of the Close Corporation 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 Close Corporation 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 Close Corporation, 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 Close Corporation 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.

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- 11 The Liquidators be and are hereby authorised to submit to the determination of arbitrators any dispute concerning the Close Corporation or any claim or demand by or upon the Close Corporation.
- 12 The Liquidators be and are hereby authorised to carry on or discontinue any part of the business of the Close Corporation 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 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 Joint Liquidators in the administration of the estate, and
- 15.3 particular difficulties experienced by the Joint 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 Close Corporation be left entirely in the hands and at the discretion of the Joint Liquidators.

q.q. CREDITOR / MEMBER

MASTER OF THE HIGH COURT