

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

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, 2 FEBRUARY 2012 AT 10H00

Nature of Liquidation	Special Resolution
Date of liquidation	5 May 2011
Date of provisional Order	N/A
Date of Final Order	N/A
Provisional appointees	LDR van der Merwe and CKV Tanna
Date of 1 st meeting of creditors	6 September 2011
Final appointees	LDR van der Merwe and MG CKV Tanna

GENERAL AND STATUTORY INFORMATION

1. The Company is duly registered with the Registrar of Companies under their reference number 2004/022828/07.
2. The registered address of the company is 11B Bedfordview Office Park, Riley Road, Bedfordview, 2007
3. It appears from my investigations the following person/s were directors:
 - a. .Mr David Collins.

.Share Capital

4. The authorised share capital of the company is R1000 divided into 1000 ordinary shares par value shares of R1 each.
5. The issued share capital of the company is 100 ordinary par value shares of R1 each.

Business of the Company

6. the business of the company is described as having been the supply of scaffolding, insulation and paint corrosion correction on major industrial sites.

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

STATEMENT OF AFFAIRS

7. 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

8. 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	Notes		
Encumbered Assets			
Vehicles – (as per valuation)	A		1,200,000.00
Debtors – (as per the records of the company)	C		17,000,000.00
Unencumbered Assets			
Vehicles (as per valuation)	B		200,000.00
Stock and equipment	D		500,000.00
Cash in Bank Account			12,800.00
LIABILITIES			
Secured Creditors			
Nedbank - Instalment Sale Agreements of vehicles		830,000.00	
Nedbank – Cession of Debtors		4,250,000.00	
Preferent Creditors			
Employees		4,000,000.00	
SARS		Nil	
Concurrent Creditors –			
Employees		3,300,000.00	
Trade and other creditors (estimated)		20,000,000.00	
		32,380,000.00	18,912,800.00
Deficit			13,467,200.00

NOTES

The figures above are subject to change and verification.

The figures have for convenience been rounded off.

The statement of assets and liabilities must be read in conjunction with the following notes:

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

Motor Vehicles

- (a) The majority of the motor vehicles of the company were financed with Nedbank by way of various Instalment sale agreements. These vehicles 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.
- (b) The unencumbered vehicles were valued at R200,000.00 and also sold by public auction.

Debts to be collected

- (c) The liquidators have verified the amount owing to the company by 3rd parties to be in excess of R17 million. Major disputes exists with these parties regarding the quantification of these claims and the entitlement of debtors to apply set off, of amounts owing to and by the company. The liquidators intend as more fully reported on below to convene a formal enquiry to fully investigate these issues.

The statement of affairs reflects an amount of only R5million. The discrepancy is as a result of the fact that most of the stock (referred to below) should be reflected as debtors and this note should be read in conjunction with the note regarding stock.

Stock & Equipment

- (d) The records of the company, as well as the abovementioned statement of affairs reflect the stock and equipment value in excess of R12,5 million. This reflects the value of these items at cost price. In particular the stock is reflected at a value in excess of R10,000,00.00. In reality the stock that remained as at the date of liquidation had little or no commercial value.

Prior to liquidation the bulk of the stock had been processed and converted to debtors (see note above) and what remained was largely old and redundant stock.

The remaining stock is custom made stock and can only be utilised on the Sasol site in Secunda. The liquidators have received and offer for the remaining stock and some small amount of equipment of R500,00.00. Which they intend to accept following this meeting as it will absolve the estate from having to dispose of the stock at great expense.

SECTION 402(b)

Causes Of The Company's Failure

- 9. The company was heavily reliant on its service agreement with Sasol and 95% of its business was conducted at Sasol's Secunda site.

In February 2011 the company was advised that it had been unsuccessful in securing a renewal of its long standing agreement. The termination of this agreement brought to an end the very stratum for the existence of the company, resulting in its director placing the company in voluntary liquidation.

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

SECTION 402(c)

Report Under Section 400(2)

10. 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

11. 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.

SECTION 402(e)

Legal Proceedings

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

SECTION 402(f)

Further Enquiry

13. As indicated above the liquidators intend to hold an enquiry in order to fully investigate the affairs of the company with specific reference to its relationship with its debtors. As the company was liquidated pursuant to the registration of special resolution the liquidators will have to, approach Court for an order in terms of Section 417 of the companies Act in order to conduct the required enquiry.

SECTION 402(g)

Books And Records

14. The liquidators had the full co-operation of management and are in control of all the books and records of the company.

SECTION 402(h)

Progress and Prospects of Liquidation

15. The liquidators have sold all the motor vehicle of the company as indicated.
16. The liquidators have obtained what they believe to be a very good offer for the remaining stock and equipment.
17. The liquidators will continue to collect outstanding debts.
18. Shortly after the liquidation of the company an application was launched, by an employee of the company, to have the liquidation of the company set aside. The joint provisional liquidators, as we were then, filed a comprehensive affidavit in the matter addressing seemingly inaccuracies and inconsistencies in the application.

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

The matter has since the filing of this affidavit not progressed at all and we will furnish creditors with an additional report in this regard should it become necessary.

SECTION 402(i)

Matters Requiring Further Directions of Creditors And Contributories

19. 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.

GENERAL

20. As there appears to no danger of a contribution being levied on Creditors, we recommend that creditors submit claims for proof and do so.

DATED at  this 27th day of **JANUARY 2012.**

LDR VAN DER MERWE

DATED at Johannesburg this 27th day of **JANUARY 2012.**


CKV TANNA

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS
HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG ON THURSDAY, 2
FEBRUARY 2012 AT 10H00**

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, with particular reference to the actions of the provisional liquidators in opposing the application launched by a former employee of the company to set aside the liquidation of the company under South Gauteng High Court case number 2011/20831.
- 2 All actions of whatsoever nature hereto before taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved. With particular reference to the actions of the joint provisional liquidators in employing attorneys and taking advice in their opposition of the application to set aside the liquidation of the company, referred to in 1 above.
- 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;

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

- 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.
- 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.

ELECTRO-HEAT TURNKEY (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : G752/11

- 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.

q.q. CREDITORS