

M-SYSTEMS GROUP PROPRIETARY LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER G.215/2017

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 MAGISTRATE, MAGISTRATE'S COURT, KRUGERSDORP, ON 15 DECEMBER 2017 AT 09H30.

ORDER OF THE COURT AND MEETINGS

Nature of Liquidation	Application in the High Court of South Africa, Gauteng Local Division, Johannesburg
Date of Liquidation	23 January 2017
Date of Final Order	20 February 2017
Provisional Appointee	Liebenberg Dawid Ryk van der Merwe & Soria Marais
Date of First Meeting	15 September 2017
Final Appointees	Liebenberg Dawid Ryk van der Merwe & Soria Marais

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

The Company was duly registered with the Registrar of Companies under their Registration Number 1972/002522/07.

Registered Address

The registered address of the Company was at 37 Industrial Road, Boltonia, Krugersdorp, Gauteng, 1739.

Auditors

The auditors of the Company were B & M Tax (Tax Consultants).

Director/s

It appears from our investigations the following person was a director:-

- Meintjies, Timotheus Cornelius - Identity Number 8010295078084

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Share Capital

I have not been able to obtain the statutory documentation of the Company and cannot comment under this heading.

Business of the Company

The business' main object was manufacturing of steel fencing.

STATEMENT OF AFFAIRS

We were 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, by the Directors.

SECTION 402(a)

Financial Statement of Assets and Liabilities

According to the Statement of Affairs and information that we have to hand, the financial position of the Company would appear to be as follows:-

ASSETS		
<u>Encumbered Assets</u>		
Tools & Equipment – Per Valuation		36 700.00
<u>Unencumbered Assets</u>		
None		0.00
LIABILITIES		
<u>Secured Creditors</u>		
Landlord – Approximately	200 000.00	
<u>Preferent Creditors</u>		
Salaries – Claim received SARS	112 388.17 Unknown	
<u>Trade Creditors</u>		
Per CM100	7 047 783.49	
Deficit		7 323 471.60
TOTAL	7 360 171.66	7 360 171.66

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NOTES

1. The above figures are subject to adjustment and verification.
2. The assets were abandoned to the Landlord as it was not commercially viable for the Liquidators to remove and dispose of same.
3. The trade creditors are according to the CM100 and are subject to change upon receipt and proof of claims of creditors.
4. We have not received a claim from the Receiver of Revenue at the time when this report was compiled.

SECTION 402(b)

Causes of the Company's Failure

The company was unable to generate sufficient income from its operations, and was ultimately unable to meet its obligations to its creditors.

SECTION 402(c)

Report under Section 400(2)

The director has failed to provide us with:-

- The Company's statutory records; and
- The Company's books and records.

Should any further contraventions come to our attention an additional 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/s or officer/s 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

As far as we are aware there was a Notice of Set Down of Appeal/Application on the 22nd of November 2017, in the Office of the Chief Justice, Republic of South Africa, Bloemfontein, being *Cochrane Steel Products (Pty) Ltd v M-Systems Group (Pty) Ltd*, the Court's decision of which will be abided by, by the Liquidators.

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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

No books and records were received.

SECTION 402(h)

Progress and Prospects of Liquidation

Upon the conclusion of the Second Meeting of Creditors, the First and Final Liquidation Account will be lodged.

ESTIMATED DIVIDEND

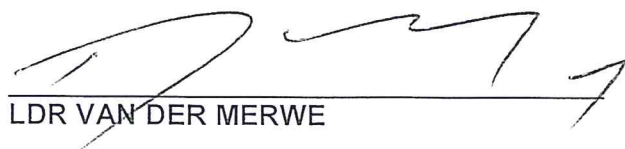
There appears to be a danger of contribution to the levied onto creditors who submit a claim for proof.

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.

DATED AT ROODEPOORT ON THIS 6th DAY OF DECEMBER 2017.


LDR VAN DER MERWE

S MARAIS

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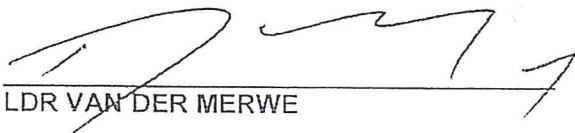
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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS
HELD BEFORE THE MAGISTRATE, KRUGERSDORP ON 15 DECEMBER 2017 AT 09H30.

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 hereto before 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.

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- 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.
- 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.

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- 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

PRESIDING OFFICER

DATE