

BUNKER SUPPLIERS (PTY) LTD
REGISTRATION NUMBER: 2000/004999/07
("the Company")

SWORN STATEMENT

(In support of a Notice Beginning Business Rescue Proceedings)

I, the undersigned

ELLEN WESTRAAT
IDENTITY NUMBER: 7611020166085

do hereby make oath and say:

- 1 I am a South African Citizen and a director of Bunker Suppliers (Pty) Ltd ("the Company") with registration number 2000/004999/07 and business address at No 7 Transvaal Road, Paarden Eiland, Cape Town, 7420, Western Cape.
- 2 I am duly authorised to depose to this sworn statement and the contents of this sworn statement are true and correct and, unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.
- 3 I was duly appointed as director of the Company on 1 March 2004.
- 4 I make this sworn statement in support of the Company's notice to commence business rescue proceedings as contemplated in terms of Section 129 of the Companies Act, 71 of 2008 ("the Act").
- 5 On 20 October 2017, the board of directors of the Company unanimously resolved that the Company voluntarily commence business rescue proceedings as envisaged in terms of the Act. The resolution will be filed together with this sworn statement.
- 6 The relevant facts upon which the resolution were founded include:



- 6.1 The Company's main business is the supply of liquid fuels and fuel related products to shipping vessels at the various ports throughout South Africa, as well as to vessels at port in Namibia.
- 6.2 The Company commenced trading as from 2000, supplying only a few local vessels and over the past 17 years the Company have grown exponentially into a well-recognised and established name in the marine industry;
- 6.3 In 2008, the Company was formally registered as a fuel exporter and since then, has been supplying (exporting) fuel to international vessels across various ports in South Africa;
- 6.4 The exportation of fuel is a major revenue generator due to increased margins. In addition, when exporting fuel products, the Company is able to claim back the various levies (fuel, road accident fund and excise) which are included in the price of product when procured from local oil majors;
- 6.5 It should be noted that claiming back these levies, as indicated in 6.4, places an inherent cash flow strain on the entity given that the oil majors are paid the full purchase price of the product (inclusive of levies) and only upon confirmation of exportation of product can the Company submit a claim to South African Revenue Services ("SARS") for a refund of these levies. The Company thus relies on SARS to efficiently process its claims. Up until November 2016, the Company has passed 100% of all SARS audits, and all levy claims have been approved and paid timeously without issue;
- 6.6 When product is exported, the payment currency received is United States Dollars. In most cases, the fuel procured by the Company's suppliers are settled in South African Rand. In order to manage the exchange rate risk inherent in the pricing model, the Company used various hedging instruments provided by the local banks.
- 6.7 The Company typically hedged anticipated future exposures, resulting in various open FX hedging positions to be in place with various banks, at any given time.



- 6.8 Due to various circumstances, the Company found itself in a negative marked-to-market on all the Company's open FX hedging positions with the various banks.
- 6.9 The banks limited the Company's hedging activity to that of managing its "potential future exposure" limit (PFE Limit), in effect closing all the Company's exposures, which resulted in the Company effectively "locking in" this, exaggerated negative marked-to-market.
- 6.10 Since mid-2016, the Company has been required to pay R1,500,000 per month to Standard Bank, R1,500,000 per month to Absa Bank, as well as interest averaging between R600,000 – R721,000, and up until August this year, the Company also had to pay Nedbank an amount of R1,000,000 per month. These payments placed strain on the Company's cash flow.
- 6.11 The Company's access to trade facilities with its suppliers has diminished and as a result the ability for the entity to generate positive cash flow is dwindling and the Company runs the risk of not having any access to supply of product.
- 6.12 Furthermore, on the 20th of October 2017 the Company was requested by Credit Guarantee Insurance Corporation of Africa Ltd to commit to a repayment proposal related to an overdue account with one of the oil majors. The proposed plan however is contingent on the Company paying an amount of R20,000,000 by no later than the 04th of November 2017. The Company is not in a position to settle such a large amount in such short period of time, which highlights the Company's concern of not having access to supply of product as contemplated in 6.11.
- 6.13 According to the Company's records/management accounts prepared for the period ending on 30 September 2017 the Company is indebted to its creditors in an amount of R 254 250 438.
- 6.14 The Company is owed an amount of approximately R88 581 799 by SARS, an amount of approximately R64 195 898 by its debtors, and owns movable assets, the extent and value of which will be determined in due course.



- 6.15 The Company requires time in order to restructure its affairs, debt, and equity so that the creditors of the Company are afforded maximum benefit.
- 6.16 As mentioned in 7 below the Company is financially distressed as envisaged in terms of the Act.
- 6.17 Funding from external sources such as loans from the Company's financiers has ceased or is about to cease.
- 6.18 The Company is faced with the situation where it needs to realise its assets or to procure further funding to best effect and to negotiate with its creditors which process will be best achieved under business rescue proceedings as envisaged in terms of the Act.
- 7 The Company's Board of directors concluded that the Company is "financially distressed" as defined in section 128 of the Act as it is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing six months and/or the Company is reasonably likely to become insolvent within the immediately ensuing six months.
- 8 There appears, in my opinion, to at least be a reasonable prospect that creditors will directly benefit from the Company being afforded additional time to restructure its affairs, business, property, debt, other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis.
- 9 Business rescue may allow the Company to realise its assets, procure additional funding or to achieve a compromise or come to an arrangement acceptable to its creditors and other stakeholders.
- 10 The Business Rescue process will allow for:
- 10.1 The temporary supervision of the Company, and for the management of its affairs, business and property;
- 10.2 A temporary moratorium on the rights of claimants against the Company or in respect of property in its possession;



- 10.3 The development and implementation, if approved, of a plan to realise the Company's assets will result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.



ELLEN WESTRAAT

I certify that:

- I the deponent acknowledged to me that:
- (a) she knows and understands the contents of this declaration;
 - (b) she has no objection to taking the prescribed oath;
 - (c) she considers the prescribed oath to be binding on her conscience;
- II the deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";
- III the deponent signed this declaration in my presence at the address set out hereunder on this the 20th day of October 2017.



COMMISSIONER OF OATHS

LINDIE MEINTJES
 COMMISSIONER OF OATHS
 EX OFFICIO - PROFESSIONAL ACCOUNTANT (S.A.)
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KOMMISSIE VIR MAATSKAPPY EN INTELLEKTUELE EIENDOM	
ONDERNEMINGSREDDING	
2017 -10- 20	No: 04
BUSINESS RESCUE	
COMPANIES AND INTELLECTUAL PROPERTY COMMISSION	

