

SWORN STATEMENT

In support of a Notice Beginning Business Rescue Proceedings

in respect of **ABLE WALLING SOLUTIONS (PTY) LTD**

(Registration Number 2006/018594/07)

I, the undersigned

SENTASHA NAGIA

do hereby make oath and say:

- 1 I am the sole director of Able Walling Solutions (Pty) Ltd ("the Company") with registration number 2006/018594/07 and registered address at 19-23 Proton Road, Electron, Johannesburg, Gauteng.
- 2 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 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").
- 4 On 6 March 2016 the board of director of the Company 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.



- 5 The relevant facts upon which the resolution were founded include:
- 5.1 The shares in the Company were sold by the previous owner/s to The Hermes Trust on the 31st of October 2013. I was the Financial Manager of the company from July 2011 and agreed to be appointed as a director of the Company in September 2014.
- 5.2 Shortly after the share sale, when the Company reopened in January 2014, it became clear that it faced significant challenges most of which still exist and are outlined below.
- 5.3 The Company is "financially distressed" as envisaged in terms of Section 128(f) of the Act due to a number of factors. The factors that have contributed to this include inter alia the following:
- 5.3.1 The Company's second largest customer opened in competition to the Company and lured some staff of the Company to leave the Company and attempted to repeatedly lure all the core management team of the Company to work for it;
- 5.3.2 Problems at key clients delayed orders that had been committed to and were expected;
- 5.3.3 The Company had done very little marketing and almost no product development over the preceding several years and has developed a bad reputation among many of its customers who refused to deal with the Company;



- 5.3.4 Within the first 2 months of 2014 the Company faced losing 30% of its projected turnover for the year as a result of these changes and circumstances;
- 5.3.5 To compound matters, the Company endured significant problems with its culture and the behaviour of key staff who were not sufficiently focused on the business and its operations and who were instead caught up in internal disputes and tension. Key staff were also unprofessional in their conduct within the Company and with regard to their interaction with external suppliers and customers;
- 5.3.6 It has appeared that financial irregularities occurred prior to the sale of the company which may be investigated by a duly appointed business rescue practitioner in due course;
- 5.3.7 the continued costs involved in operating the business and repairing and replacing vehicles, equipment and machinery that had been allowed to completely deteriorate through neglect and lack of maintenance;
- 5.3.8 the large and excessive staff complement (and associated costs) of the business;
- 5.3.9 the fact that various suppliers are threatening to refuse to supply the Company with stock due to non-payment and/or late payments; and
- 5.3.10 the fact that the Company is being threatened with significant legal proceedings by the previous shareholder/owner and director of the Company.



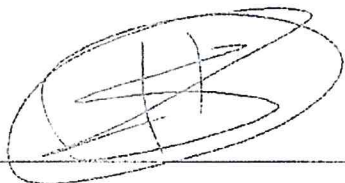
- 5.4 And the fact that our sole supplier of Aluminium informed all their customers via letter on Thursday the 4th of March 2016 that they were closing their business and the company would no longer have access to its critical raw material from a local supplier.
- 5.5 As a result of all the aforesaid factors, the Company's projected cash flow has been negatively affected with the result that the Company is unlikely to be able to meet its current liabilities as and when they fall due in the next few months. The shareholder of the Company is not in a position to provide further finance to the Company.
- 5.6 The Company is consequently faced with a situation where it is forced to restructure and reorganise its financial affairs and negotiate such restructuring with its creditors which process will be best achieved, and will stand the best prospect of success, under the umbrella of business rescue proceedings as envisaged in terms of the Act.
- 6 There appears in the opinion of the board of directors to be a reasonable prospect of rescuing the Company via business rescue proceedings. Business rescue will allow the Company to reorganise its affairs in order that the Company be able to trade out of its current situation or achieve a compromise or come to an arrangement acceptable to its creditors and other stakeholders.
- 7 There are definite prospects of rescuing the Company, more particularly:-
- 7.1 New product lines were licensed by the Company that has enabled it to begin replacing the turnover lost as mentioned above;



- 7.2 The amounts misappropriated from the Company have a prospect of being recovered;
- 7.3 A marketing and business development function was created and the marketing services have been outsourced to a skilled and competent team with relevant experience. This has resulted in new orders from new customers being secured;
- 7.4 Orders from key customers will continue over the next few years based on the new products the Company has licensed and a significant tender that it has won;
- 7.5 There is a plan in place to outsource the manufacture of key products and significantly reduce the operational costs of the company while fulfilling these tenders;
- 7.6 The current economic circumstances are not necessarily enduring in nature; and
- 7.7 There is still substantial demand for the Company's products and services which are and remain unique and competitive.
- 8 The proposed business rescue process will allow for:-
- 8.1 The temporary supervision of the Company, and for the management of its affairs, business and property;
- 8.2 A temporary moratorium on the rights of claimants and legal proceedings against the Company or in respect of property in its possession;



- 8.3 The opportunity for the business rescue practitioner to recover all amounts due to the Company; and
- 8.4 The development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debt, securities and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence, should result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company



SENTASHA NAGIA

I certify that:

- I the deponent acknowledged to me that:
- (a) he knows and understands the contents of this declaration;
 - (b) he has no objection to taking the prescribed oath;
 - (c) he 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 6th day of March 2016.

KOMMISSIE VIR MAATSKAPPE EN INTELLEKTUELE EIENDOM	
ONDERNEMINGSREDDING	
2016 -03- 08	No: 04
BUSINESS RESCUE	
COMPANIES AND INTELLECTUAL PROPERTY COMMISSION	

22 FEBRUARY 2016



COMMISSIONER OF OATHS