

**FRIEDSHELF 374 (PTY) LTD (IN LIQUIDATION)**  
**("the Company")**

**MASTER'S REFERENCE NUMBER : G781/06**

**REPORT OF THE JOINT LIQUIDATORS, J F KLOPPER , TW VAN DEN HEEVER & M BARNARD, IN  
TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE  
SUBMITTED AT A SECOND MEETING OF CREDITORS, MEMBERS AND CONTRIBUTORIES TO BE  
HELD BEFORE THE MASTER OF THE HIGH COURT JOHANNESBURG ON TUESDAY 27 FEBRUARY  
2007 AT 10:00 AM**

**ORDER OF THE COURT AND MEETINGS**

Nature of Liquidation	Application by creditor to Court. Witwatersrand Local Division
Date of liquidation	10 May 2006
Date of provisional Order	N/A
Date of Final Order	16 August 2006
Provisional appointees	JF Klopper, TW van den Heever, M Barnard
Date of 1 <sup>st</sup> meeting of creditors	9 October 2006
Final appointees	JF Klopper, TW van den Heever, M Barnard

**History and information of the Company**

According to the Registrar of Companies the company was incorporated under registration number 2003/028007/07.

**Registered Address**

The registered address of the company is 13 Wellington Road Parktown.

**Directors**

It appears from my investigations the following person/s consented to serve as directors:

Gordon Andrew McCrae

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**Share Capital**

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

**Business of the Company**

The company exclusively acted as a property owning company.

**Auditors**

The auditors of the company are BDO Spencer Steward (JHB) Inc, who also acted as Company Secretary.

**STATEMENT OF AFFAIRS**

We have not 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 79(A) : FINANCIAL STATEMENT OF ASSETS AND LIABILITIES**

The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

**ASSETS**

<b>IMMOVABLE PROPERTY</b>	<b>NOTES</b>	<b>AMOUNT</b>	<b>AMOUNT</b>
Proceeds of the sale of Erf 1363 Ferndale, Randburg	<b>(a)</b>		10,840,000.00
<b>MOVABLE ASSETS</b>			
None			
<b>TOTAL ASSETS</b>			<b>10,840,000.00</b>
<b>LIABILITIES</b>			
<b><u>Secured</u></b>			
Absa Bank Ltd	<b>(b)</b>	7,132,920.79	
<b><u>Preferent Creditors</u></b>			
Receiver of Revenue		Unknown	
<b><u>Concurrent Creditors</u></b>			
Trade Creditors (approximately)	<b>(c)</b>	375,000,000.00	
<b>TOTAL LIABILITIES</b>		<b>382,132,920.79</b>	
<b>DEFICIT</b>			<b>371,292,920.79</b>

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**NOTES**

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

- (a) The property known Erf 1363 Ferndale, Randburg was sold by private treaty. The sale took place pursuant to the powers of the liquidators being extended in terms of Section 386 (2A) of the Companies Act.
- (b) Absa Bank Ltd holds security over the property by way of a mortgage bond. All rental income has also been ceded to Absa Bank Ltd.
- (c) Absa Bank Ltd: The Company had bound itself as surety and co-principle debtor for the indebtedness of MDM Ferroman (Pty) Ltd for approximately R22, 1 million.

Societes Des Mines De Loulo SA: The company had bound itself as surety and co-principle debtor for the indebtedness of MDM Ferroman (Pty) Ltd for approximately R350, 000,000.00.

MDM Ferroman: According to the audited financial statements of MDM Ferroman (Pty) Ltd the company was indebted to MDM Ferroman in the amount of R6, 292,000.00as at February 2005.

**CAUSES OF THE COMPANY'S FAILURE**

As indicate above the company had bound itself as surety and co-principle debtor two 2 creditors of an associated company, known as MDM Ferroman (Pty) Ltd. MDM Ferroman conducted its business from the premises of the company.

MDM Ferroman was provisionally liquidated on 1 February 2006. As a result of the liquidation of MDM Ferroman the company was called upon to make payment in terms of its surety obligation, which it was unable to do, ultimately leading to its liquidation.

**REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT**

It is not our intention at this stage to submit a report to the Master of the High Court. However, we are still investigating this aspect and if necessary, a detailed report will be submitted to the Master should it be necessary.

**SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS**

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. It should be noted that the estate of the sole director of the company has been sequestrated.

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**LEGAL PROCEEDINGS**

We have no knowledge of any legal proceedings pending by or against the company.

**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.

**BOOKS AND RECORDS**

We have taken control of the books and records found at the offices of the company. We have however not been supplied with the statutory records.

**PROGRESS AND PROSPECTS OF WINDING UP**

We are currently awaiting the transfer of the property and will immediately after its transfer attend to the submission of a Liquidation and Distribution account.

**LEASES**

Although the company had entered into a number of short term lease agreements in terms of which 3<sup>rd</sup> parties leased parts of its property, all of these leases have by agreement been cancelled with and the purchasers of the property are currently in occupation of the property and will continue to pay occupational rental until such time as the property is transferred.

**ESTIMATED DIVIDEND**

From the information supplied it should be obvious that the proceeds the sale of the property will be sufficient to satisfy the claim of the secured creditor, and accordingly concurrent creditors are invited to submit their claims. It appears at present that only the secured and preferent creditors are to receive an award. The joint liquidators will advise concurrent creditors if the prospect of a dividend herein arises.

**MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS**

Such directions as required of creditors are contained in the draft resolutions numbers 1 – 13 which is submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

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SIGNED at Randburg on this \_\_\_\_\_ day of \_\_\_\_\_ 2007

\_\_\_\_\_  
**J F KLOPPER**

\_\_\_\_\_  
**TW VAN DEN HEEVER**

\_\_\_\_\_  
**M BARNARD**

**JOINT LIQUIDATORS**

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MAGISTRATE JOHANNESBURG, ON THURSDAY, 6 APRIL 2000 at 09:00**

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**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 heretobefore 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;

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- 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

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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.
- 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.