

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

**REPORT OF 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 TO BE HELD
 BEFORE THE MAGISTRATE OF JOHANNESBURG ON THURSDAY 12 APRIL 2001 AT 09:00**

ORDER OF THE COURT AND MEETINGS

- 1 Upon an application by a creditor, National Exhibition Centre Limited ("NEC") was placed in provisional liquidation by Order of the High Court of South Africa, Witwatersrand Local Division on 25 August 2000. The Master of the High Court appointed Johannes Frederick Klopper, Laurence Francisco Pereira, Khashane Solly Manemela and Loriam Bhaba Ngcobo as joint provisional liquidators on 31 August 2000. The provisional order was after several postponements made final on 11 December 20001.
- 2 The first meeting of creditors and contributories was held before the Magistrate of Johannesburg on 22 February 2001. The claims of several creditors were submitted and proved at the meeting.
- 3 No voting took place at the first meeting of creditors and the joint provisional liquidators were appointed as joint liquidators by the Master of the High Court.

History and information of the Company

- 4 The company was incorporated under registration number 87/01858/07.

Registered Address

- 5 The registered address of the company is Administration Building, Main Entrance Gate No 2. Cnr Randskou and Nasrec Roads, Nasrec Johannesburg.

Directors

- 6 The directors of the company were:

- 6.1 Stewart Austin Patterson
- 6.2 Richard Keith Hagerman
- 6.3 Patricia-Ann Lion Cachet
- 6.4 K S Erasmus
- 6.5 N O Davies
- 6.6 A R Evans
- 6.7 K S Kunene

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

6.8 J R Zank

Share Capital

- 7 The authorised share capital of the company is 4000 ordinary shares of R 1.00 each and 30 000 000 preferent shares of 0.01 cents each.
- 8 The issued share capital of the company is 7 ordinary shares of R1 each and 180 000 preferent shares of 0.01 cents each issued at a premium of R 17 998 200.00.
- 9 It appears from information on hand that the shareholding as at the date of liquidation was as follows:
- 9.1 All ordinary and preferent shares were held by the Witwatersrand Agricultural Society.

Business of the Company

- 10 The main business of the company was to act as managing agent of the National Exhibition Centre, commonly refer to as the National Showgrounds or The Expo Centre.

Auditors

- 11 The official auditors of the company are Harris Dowden & Fontaine.

STATEMENT OF AFFAIRS

- 12 We have not been place 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

- 13 From the documentation at hand and the information presently available 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.

MOVABLE ASSETS	NOTES	AMOUNT	AMOUNT
Movable Assets	(a)		Nil
Motor vehicles	(b)		250,000.00
Income generated from Shows	(c)		2,500,000.00
Debt (claim against W A S.)	(d)		50,621,016.00
TOTAL ASSETS			53,371,016.00
LIABILITIES			
Secured			

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

Wesbank (approximately)	(b)	450,000.00	
Preferent Creditors			
Receiver of Revenue	(e)	53,371,016.00	
Concurrent Creditors			
Approximately		34,000,000.00	
TOTAL LIABILITIES		87,821,016.00	
DEFICIT			34,450,000.00

NOTES

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

- (a) The liquidators have to date not been supplied with, nor have they been able to find the company in liquidation's asset register. A number of movable assets have been found on the premises, but the ownership of these assets are yet to be determined.
- (b) Wesbank financed a number of vehicles on behalf of NEC, all but for one vehicle all of these vehicles were financed by way of lease agreements. The only vehicle financed by way of Instalment Sale Agreement is a Mercedes Benz ML 230 valued at R 230,000.00, for which the liquidators have received an offer of R 250,000.00. The proceeds of the sale of this vehicle are secured in favour of Wesbank, in terms of Section 83 of the Insolvency Act.
- (c) The Joint provisional liquidators attended to the running of the Electa Mining show during September 2000. The gross proceeds of this show was R 3 559 328.36. After attending to payment of all expenses the nett profit to the estate is approximately R 2 500 000.00.
- (d) The audited financial statements, of both NEC and the Witwatersrand Agricultural Society, reflect an amount of R 50,621,016.00 as owing to NEC by the Witwatersrand Agricultural Society.
- (e) The liquidators have been informed by The South African Revenue Service that, following their investigations into the affairs of NEC, they have revised their assessment as follows:

1996 R 11,534,979.00

1997 R 17,319,651.00

1998 R 13,319,651.00

1999 R10,019,651.00

2000 R 2,319,651.00

2001 R 2,319,651.00

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

These assessments have not been substantiated by the issue of official assessments, nor has the SARS submitted a claim in this regard.

CAUSES OF THE COMPANY'S FAILURE

- 14 Various causes for the failure of NEC have been muted. As the liquidators have not had the opportunity to consult with the former directors we have not had their views on the companies demise. The most probable cause was the company's inability to manage its operations, coupled with its interwoven relationship with its holding entity, the Witwatersrand Agricultural Society.
- 15 The liquidators have not been supplied with the statutory statement of affairs and as such the reasons for the company's demise as stated above is based on information presently at hand and the investigations done to date.

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

- 16 It is not the intention of the liquidators at this stage to submit a report to the Master of the High Court. The liquidators will conduct an enquiry into the affairs of the company and if necessary, a detailed report will be submitted to the Master in due course.

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

- 17 At this stage it is not known whether the former directors or officers of the company can be held personally liable for the debts of the company. As mentioned above the liquidators will conduct an enquiry into the affairs of the company and a report will be submitted, should it become necessary.

LEGAL PROCEEDINGS

- 18 The only pending litigation, as at the day of liquidation was a review of an Arbitration award against NEC. The liquidators have no knowledge of any other legal proceedings pending by or against the company.

ENQUIRY

- 19 The liquidators intend conducting an enquiry in to the affairs of the company. There are various aspects of the business and affairs of the company that need to be enquired into.

BOOKS AND RECORDS

- 20 We have taken control of the books and records found at the offices of the company.

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

PROGRESS AND PROSPECTS OF WINDING UP

- 21 The joint liquidators have in terms of an agreement with Specialised Exhibitions held the Electa Mining Show.
- 22 The liquidators are still investigating the ownership of various movable assets situated at the Expo Centre.

ESTIMATED DIVIDEND

- 23 The likelihood of a dividend accruing to concurrent creditors is dependant on the extent of any proved claims by the SARS (refer par.13 note (e) above). Should the SARS submit and prove a claim as per their notification, it is extremely doubtful that concurrent creditors will receive a dividend.
- 24 If however the claim of the SARS is found to be substantially less than their initial assessments there will no doubt be a concurrent award.
- 25 As there is no danger of a contribution being levied against concurrent creditors, creditors who have as yet not submitted their claims are urged to do so.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

- 26 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 13 which will be 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.

SIGNED at SANDTON on this _____ day of MARCH 2001.

J F KLOPPER

L F PEREIRA

K S MANEMELA

L B NGCOBO

JOINT LIQUIDATORS

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

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

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;

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

- 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

NATIONAL EXHIBITION CENTRE LIMITED (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T4679/00

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.
- 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