

Number of pages : 7 (including cover page)

Dear CREDITOR

SOUTHERN CROSS MANUFACTURING TRADING COMPANY (PTY) LTD

The above matter refers.

We hereby inform you that the abovementioned company was placed under business rescue on 19 May 2011.

We attach hereto copies of the following documents:

- 1) Resolution taken by the directors of the company, to put the company under business rescue.
- 2) CoR 123.1 form which was filed at the Commission on 19 May 2011 in order for the business rescue to commence.
- 3) A Sworn affidavit by WJ Britz setting out the grounds upon which the decision the commence business rescue was based.

SENDER

Mr. WJ Britz
Southern Cross Manufacturing Company (PTY) LTD

Nuffield Street
Hamilton Industrial Siles
Bloemfontein
9301

Tel : 051 434 3861

Date of transmission : 26 May 2011

In the event that this transmission is incomplete or otherwise unsuccessful please contact Mr. WJ Britz on 051-434 3861.

RESOLUTION PASSED AT A MEETING OF THE DIRECTORS OF
SOUTHERN CROSS MANUFACTURING COMPANY (PROPRIETARY)
LIMITED REGISTRATION NUMBER: 1948/029364/07
HELD AT BLOEMFONTEIN, 13 MAY 2011

PRESENT:

JEFFREY GRIFFITHS

RESOLVED:

THAT the COMPANY apply for voluntary
Business Rescue in terms of Chapter 6 of
the Companies Act 71 of 2008.

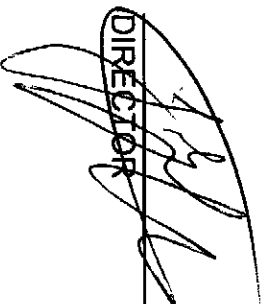
RESOLVED FURTHER:

THAT the COMPANY is currently
experiencing financial distress.

RESOLVED FURTHER:

THAT the COMPANY is of the opinion that
there is a reasonable prospect of rescuing
the COMPANY.

CERTIFIED A TRUE EXTRACT



DIRECTOR

13/5/2011
DATE

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

Notice of Beginning of Business Rescue Proceedings

About this Form

- This form is issued in terms of section 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- A company resolution to committee business rescue proceedings has no force or effect until it has been filed with this notice.
- This notice must be published to every affected person within 5 business days after:
 - (a) It has been filed, in the case of a resolution; or
 - (b) The date of the court order, in such a case.
- If this Notice is issued following a board resolution:
 - (a) The company must appoint a business rescue practitioner within 5 business days after filing this notice, and
 - (b) Any affected person may apply to a court in terms of section 130 for an order setting aside the resolution.
- The fee for filing this notice is R0.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address
PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Date: _____

Customer Code: _____

Concerning

(Name and Registration Number of Company)

Name: SOUTHERN CROSS MANUFACTURING COMPANY (PTY) LTD

Registration No: 1948/029364/07

The above named company advises that business rescue proceedings have commenced in terms of Chapter 6 of the Companies Act, as a result of:

The Board of the company having adopted the attached resolution in terms section 129, on 13 May 2011.

A Court having made the attached order in terms of section 131, on _____.

In terms of section 132 (1)(a), the company's business rescue proceedings commenced on 19 May 2011, being the date on which:

This notice was filed with the Commission.

The court issued the attached order.

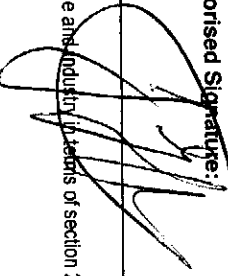
(Only in the case of a company resolution)

In support of this Notice, the company has attached a sworn statement of the relevant facts upon which the resolution was founded by a director representing the Board.

Name and Title of person signing on behalf of the Company:

Jeffrey Griffiths - DIRECTOR

Authorised Signature:



SWORN STATEMENT

I, the undersigned

WILLEM JACOBUS BRITZ

IDENTITY NUMBER 6412295127089

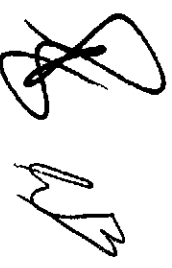
do hereby declare as follows:

INTRODUCTION

1. I am an adult male residing at 31 Stratford Street, Bloemfontein.
2. The facts contained in this affidavit falls within my personal knowledge and I confirm the contents of hereof to be true and correct.
3. I am duly authorised to dispose of this affidavit on behalf of Southern Cross Manufacturing Company (Proprietary) Limited with registration number 1948/029364/07 with registered office at Nuffield Street, Hamilton Industrial Sites, Bloemfontein 9301 (hereinafter referred to as the Company).
4. I make this affidavit in terms of Section 129 of the Companies Act, 71 of 2008 as amended from time to time (hereinafter referred to as the Act).
5. I am the financial controller of the Company.

RESOLUTION TO COMMENCE WITH BUSINESS RESCUE

6. On the 13th May 2011, the board of the Company passed a resolution in terms of Section 129 (1) of the Act to commence with business rescue proceedings.



7. This affidavit deals with the relevant facts upon which the resolution of the board is founded.

FINANCIAL DISTRESS

8. The Company is financially distressed due to the fact that it is reasonably unlikely that it will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months. I will deal with this in more detail below.
9. The Company is not insolvent insofar as its assets exceed its liabilities.
10. The Company has debt of approximately R 12 200 000.00 (twelve million two hundred thousand rand).
11. This comprises of a Standard Bank overdraft of R 10 600 000.00 (ten million six hundred thousand rand) and other trade creditors.
12. Of the rest, only one of the Company's trade creditors is older than 60 days, which amounts to R400 000.00. (four hundred thousand rand).
13. The value of the Company's assets according to me are approximately R 22 600 000.00 (twenty two million six hundred thousand rand) comprising of immovable assets, debtors, stock and machinery and equipment.
14. The Company employs approximately 100 (one hundred) people, some of them highly skilled to operate complicated machinery.
15. The managing director of the Company sadly passed away on 26th April 2011.
16. Shortly after his death the main creditor of the Company being Standard Bank on the 29th April 2010 indicated that they want their overdraft account settled by no later than 16th May 2011.
17. The Company made a representation to Standard Bank as to how it planned to settle the overdraft but not by the 16th May 2011.



18. Standard Bank's debt is secured by means of a notarial bond, the cession of the debtors book and a further bond over immovable property.
19. The plan that the Company presented to Standard Bank was not accepted by Standard Bank and Standard Bank insisted that the Company settles the overdraft by 16th May 2011.
20. Standard Bank furthermore froze the bank account of the Company rendering the Company in a state where the Company has no further cash flow.

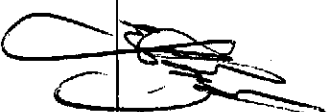
REASONABLE PROSPECT OF BUSINESS RESCUE

21. The Company will definitely be able to settle the amount owing to Standard Bank if it is afforded the time and opportunity to realise some of its assets and stock.
22. The Company is not insolvent and is still trading.
23. The Company's current monthly turn-over is approximately R 1 500 000.00 (one million five hundred thousand rand).
24. The Company manufactures lawn mowers and windmills.
25. The lawn mower business unit represents approximately 70% of turn over of the Company.
26. Traditionally May, June and July of the year (the winter months) the demand for lawn mowers decreases and as from August it increases again.
27. Apart from Standard Bank, all other creditors are currently satisfied that they will be paid as and when the debt becomes due and payable.
28. The management of the Company has already started working on plans to cut down on expenses and production of non-profitable lines.
29. If management, in conjunction with an appointed Business Rescue Practitioner be afforded a fair opportunity to restructure its affairs,



business, property, debt and other liabilities implement such plans, I am of the opinion that the Company has a reasonable prospect of success.

THUS DONE AND MADE ON THE 18TH May 2011



WJ BRITZ

SWORN to and signed before met at **BLOEMFONTEIN** this 18th day of **May 2011** by the above mentioned Deponent, who acknowledged that he knows and understands the contents of this Affidavit and that he has no objection to taking the prescribed oath which reads as follows: "I swear that the contents of this Affidavit is true, so help me God", and further that he acknowledges that he regards the said prescribed oath as binding on his conscience, which oath was duly administered by me as required by Law.


COMMISSIONER OF OATHS

DEON PIETER ROSSOUW
HONEY CHAMBERS BLOEMFONTEIN
EELUIEES ROAD/VEG
COMMISSIONER OF OATHS
KOMMISSARIS VAN EDE
PRACTISING ATTORNEY F.S.A.
PRAKTOERENDE PROKUREUR F.S.A.