

NEWSLETTER SEPTEMBER 2010

Dear Members,

Following on from the annual general meeting, and the questions raised at the meeting regarding the various contracts entered into between the Company and various service providers, your Board wishes to report as follows,

WHITE SALES CONTRACT

Based on further investigations into the contract and also the goods supplied, it now transpires that despite the assurances given by previous Directors regarding the quality and type of product to be used in the reupholstering of the furniture, your Board has made contact with the person who actually attended on the re-upholstering of the furniture, and it transpires that the material used was not the imported leather that your Board was led to believe, but in fact is a leather derivative which is adhered to a fabric backing, and is commonly known in the industry as "Acapella leather".

We have also determined that the product was sourced locally and not overseas as the previous Directors alleged and also that the price was very different to that presented. So based on these findings it appears that both the quality and price was grossly overstated, as well as the reasons advanced for the urgency of the order.

This latter statement re urgency thus also contradicts the statement made by previous Directors relating to urgency and due process. To date our Executive Director has not found a Board resolution sanctioning the orders for R1 651 119.00 and despite a request to the Director who signed the authorisations no information in this regard has been forthcoming, so we refer you to the discussions at the AGM in this regard.

Unfortunately it appears that as a result of the inferior product used the reupholstered furniture is showing the first signs of wear and the material is splitting. Your Board is now concerned that over a short period of time the entire reupholstering exercise will have to be repeated. As the supplier of the service has been sequestrated, and as a result our chances of recovery of damages in this regard are questionable.

Your Board is still attempting to obtain sufficient information as to whether we should prove the claim of R 517,000:00, for the prepaid amount (in respect of which no product or service was delivered), against the insolvent state or whether there will be a danger of a contribution. Unfortunately the attorney acting for Beth Smith of White Sales has not been cooperative at all and we are attempting to source information elsewhere.

Your Board has various voice recordings of the Board Meeting minutes on hand and we are reviewing same as well as the minutes of the meetings regarding the assurances given by the former Directors in regard to the product type and quality thereof as well as the sourcing of the product for future reference.

As discussed at the AGM these matters are being referred to our legal advisors for advice on further action relating to the misleading information relating to product price quality and authorisation, and the possible recovery of damages in this regard.

STING CLEANING SERVICES

Following on from the discussions at the annual general meeting, your Board investigated the agreement and its terms in detail and referred the matter to an attorney and an advocate both specialising in contracts and labour matters for their input and comments.

As per the definitions in the contract, Sting Cleaning Services confirm that they act as Labour Brokers and as a result thereof contracted to provide a certain number of cleaners for an agreed and specified number of hours per week. On investigation your current Board found that neither the number of staff nor the specified number of hours as per the contract were supplied and this had resulted in an overcharge based on these calculations of R1,790,786.61.

Your Board then in consultation with its Attorney directed a communication to Sting placing them in breach of the contract and also calling on rectification of the breach by way of

repayment of the over payment aforementioned. Sting chose not to respond to the notice of breach to remedy same and eventually a letter accepting repudiation of the agreement was sent to Sting which resulted in the ceasing of their services on 27th August.

It has been reported to the Board that Sting has advised their staff that they would not be paid for the month of August, as they allegedly did not have the funds to do so, and laid the blame at the door of the Company. Pursuant to negotiations with the union and the staff the Company is looking to employ the staff directly and take control of its own cleaning requirements. From the



information obtained regarding the salaries paid to the cleaning staff and making provision to pay them in terms of the Sectorial Determination for the Hospitality Industry, some of the staff will earn up to R400:00 more per month.

Your Board has reviewed the minutes of the Board Meetings when the contract was negotiated, and once again this Board is faced with the situation that disclosure of information was not made and the reasons advanced for the signing of the contract and the assurances that were given regarding supposed cost savings etc. have certainly not materialised, and seemingly were not based on any factual information.

Your Board was consistently assured by the previous Directors that a Mrs Botha was the responsible party / owner of the Sting enterprise but we have subsequently been informed by Mr Du Plessis that this was not the position as alleged by the previous Director but that Sting's principle member of the Closed Corporation is in fact Mr Louis du Plessis (brother of the Director in question) and that his wife Isabelle Du Plessis (nee Botha) attended on the administration of the Closed Corporation.

Sting has indicated that they intend taking action against the Company regarding the termination of the agreement and likewise the Company has advised them that it will counterclaim for the breach of the agreement with costs.

RENTAL POOL

As discussed at the annual general meeting the Company has a rental pool which operates in terms of the provisions of the use agreement, and in this regard the commission which was being paid to the previous Director has been terminated, and the rental pool now operates under the auspices and control of the Company.

However we must again reiterate that members are free to use other rental agencies and the only proviso that we can add is; please ensure that the rental agency you use is a duly accredited estate agent and in addition is registered with VOASA, and that levies for your week are paid prior to the timeshare module being placed in the rental pool, as rental income cannot be offset against past due levies.

Your Board has also ascertained that the rental Company operated by a previous Director is operating as Mount Amanzi Rentals, and a letter of objection has been sent to the entity concerned requesting them to desist from using the words "MountAmanzi" in their trading endeavours, as this linkage/passing off is creating confusion amongst the MountAmanzi shareholders.

SHARE TRANSFERS

Shareholders are reminded that the companies Share Transfer Secretary and the administration staff attends to all share transfers, and once again your Board has investigated the previous arrangement whereby a previous Director received a certain percentage of the share transfer fees for keeping a watching brief on same.

As the Company has the responsibility to ensure that all transfer documentation is correct and levy clearance certificates are issued, there is no need to pay anybody a fee to oversee the transactions and this practice has been terminated.

In the event that you wish to transfer your shares to a third party please ensure that you use the correct Company documentation, and please bear in mind that in the event that a transfer is to be made to a corporate entity, that SARS transfer fees are payable on the transaction. Our Administration Department is fully aware of the provisions relating to transfers and will be able to assist you in this regard.

STAFF RESTRUCTURE

Following on from a strategic meeting and discussion held by the Directors and the HOD's it was agreed to restructure the staff so as to streamline the operation and also allow the Heads of Department to accept full authority and responsibility for their positions. The result of the restructuring has been extremely positive and the staff members have reported that they are very positive about the new structure and their participation in management process.

Due to the intended inclusion of the cleaning services into the operational structure, your Board also expects that we will have increased and timeous productivity in this regard.

CONFERENCING

During the strategic planning session, conferencing and the position of the trading Company was reviewed and certain checks and balances have now been put into place to ensure that the conference department is self-funding and does not draw on funds from the levy contributions of members.

The department has been restructured and a concerted effort is now being made to source conferences at competitive prices. Due attention has been given to the provision and sourcing of accommodation for conferences and the way in which the payment thereof is dealt with. From a strategic point of view the Conference Department should be a profit centre as should the other commercial entities, and whilst there is a certain value to these entities in respect of their contribution to the overall holiday experience of our members, this must always be closely controlled and monitored.

Based on the recent trading figures the conference and commercial entities have moved from the loss situation which they were in for the past six months of trading, to a breakeven situation. The Board's intention is to pursue the commercial activities but to also ensure that there is a positive contribution to the Company in respect thereof, bearing in mind the fact that any usage of accommodation is one of the cost aspects of the commercial entities.

GENERAL COMMENTS

After the strategic discussions, members of your Board recently spent a day at the resort to review the resort accommodation, utilities, facilities and the general operation. As a result thereof certain strategic plans and also future capital expenditure projects have been planned and will be discussed and once approved will be implemented over a period of time. One of the main focal points was the attention to health and safety aspects as well as risk management, and in this regard your Board embraces the principles of the King III recommendations for companies and is committed to ensure that we remain aligned with the best practices within the industry.

2010/11 BUDGET

Your Board also recently held its initial planning meeting regarding the 2010/11 budget, and in keeping with the budget discussions also reviewed all future plans regarding the resort and its general condition.

Obviously some items which could be classed as being on the wish list are very desirable, but at this point in time cannot be afforded, on the other hand there are some very important issues which need ongoing attention, and with this in mind your Board has created an operating budget, commercial budget and a future refurbishment provision. And based on these three pillars of the budget, we believe that will be able to control and monitor the funds of the Company in a positive and cost-effective manner.

The budget exercise has resulted in us having to review the thinking of the previous Board as far as levy increases are concerned. As you are aware in the past few years, levies were either kept at the previous years' value or diminished. However as was seen in the financial statements this impacted on accruals and the deficit was funded at the expense of the reserve fund.

Based on the fact that the Company has now suffered additional losses due to the poor contracts negotiated as set out above, it is imperative that we replenish the reserves and also make adequate provision for expenditure into the future without the need of having to call on members for additional contributions by way of special levies.

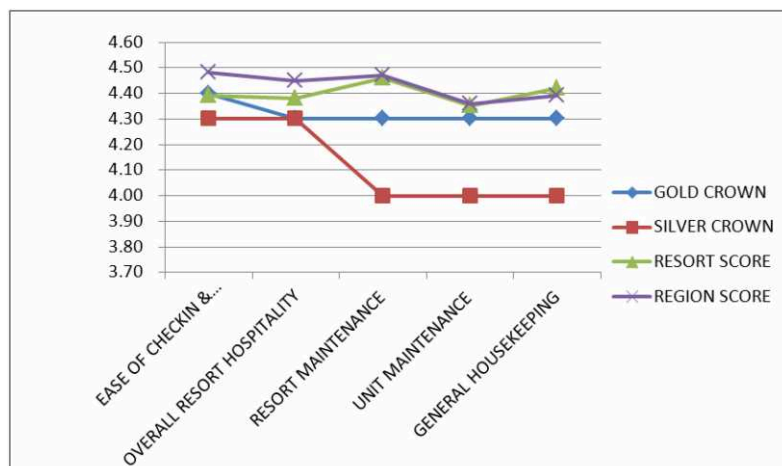
As a result thereof the Board resolved that the levies for the ensuing year will increase by an amount of 8%, so as to meet the projected operating expenses, the replenishment of the reserve fund, the funding of the losses due to the contracts referred to above and more importantly to provide a sound base for future capital projects.

INTERESTING STATISTICS.

As a point of reference, the Board has compiled certain statistics, and will continue to monitor them on an ongoing basis, so as to keep track of trends and deviations to these trends as time progresses.

In particular we refer to the quality standards as per the RCI resort recognition program, the internal its comment cards / evaluations, the occupancy statistics, the usage by members, RCI exchangees and Clubs, as well as performance of the conference department in terms of contracts concluded in respect of conferencing.

RCI RESORT RECONITION PROGRAM FOR PERIOD 01 SEPTEMBER 2009 to 31 AUGUST 2010



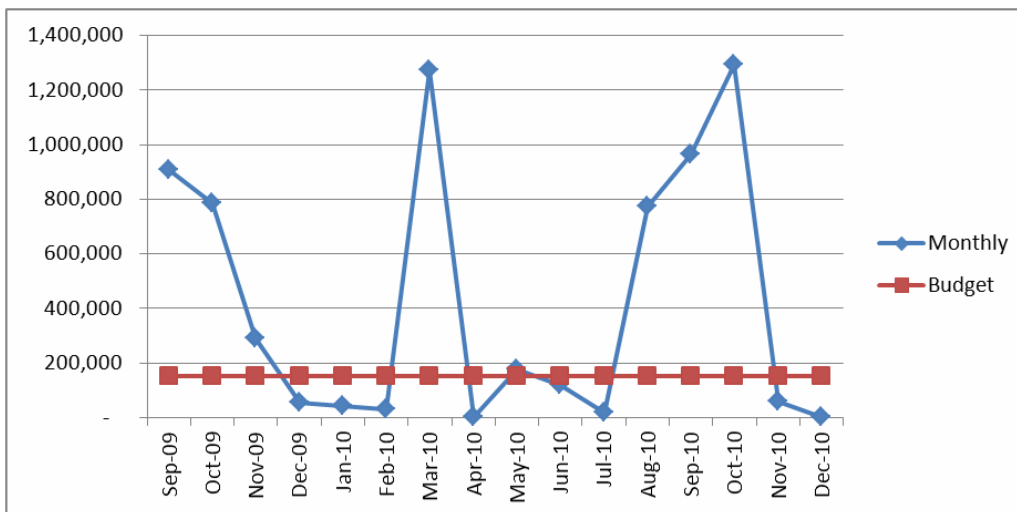
GRAPH SHOWING INTERNAL COMMNTN CARD EVALUATION YTD:

Category	Gold Crown 	Silver Crown 	RCI Resort Score	Resort Score	Region Score
Ease of Check in & Check out	4.30	4.20	4.35	4.36	4.40
Overall Resort Hospitality	4.20	4.20	4.28	4.70	4.40
Resort Maintenance	4.20	3.90	4.28	4.76	4.41
Unit Maintenance	4.20	3.90	4.36	4.75	4.31
General Housekeeping	4.20	3.90	4.36	4.82	4.34
Average Resort Score	4.22	4.02	4.33	4.68	4.37
Total Number of Cards			34.83	5,249	
Average Number of Cards/Month			8.71	437	

OCCUPANCY STATISTICS FOR YTD, BY MEMBER CLUB AND RCI:

	YTD	
	5	6
Other	83%	85%
FC	72%	100
HC	86%	95%
QVC	76	100%
CRI	81%	
CLC		
DAE	100%	
RCI	61%	58%

GRAPH SHOWING CONFERENCE CONTRACTS CONCLUDED AND CONFIRMED YTD



OUR INVITATION

The Board's policy in respect of communication is an open door policy and members are invited to provide us with feedback in respect of their positive experiences at the resort, as well as the sharing of any suggestions that could improve or enhance your holiday experience. Even if you did not have a truly remarkable experience at the resort, please use the opportunity to pass on the information and your suggestions in this regard. Our Executive Director, will attend on such correspondence and or take the necessary steps to implement proposals that are compatible with our overall operational plans.

In the event that you wish to add a comment or recognise a staff member who performed admirably well, please advise us so that we can recognise the staff in a suitable manner and also convey your positive sentiments to the staff in general.

The minutes of the AGM will be posted on the website within the next few weeks and you are referred to same for further feedback on the AGM.

Levies 2011

A levy **increase of 8 %** was approved for the 2011 year! We remind new members that the usage year starts on 07 January 2011. Due to the new Credit Act we have had to abandon the debit order system. Fortunately not many shareholders made use of that anyway! However, the new levies and payment method is reflected below.

Table of levies for 2011 (VAT included):

Unit	Levy per week	
	Flexi	Peak
5-Bed	R 2,107	R 3,010
6-Bed	R 2,793	R 3,556
Bergsig	R 3,514	R 4,515

Payment of 2011 levies

Levies are raised on the 1st September of each year for occupation commencing the beginning of January the following year. Levies are payable by the 30th September of each year in terms of one of the following options:

1. Payment in full on or before 30th September 2010.

Payment can be made per Cheque, Direct payment in our bank account or per Credit Card with written authority from the cardholder.

Interest will be raised as from 31st January 2011 on all outstanding balances.

Please ensure prompt payment of your levies, as this is a cornerstone of the Resort's financial success!

2. Extended payments by way of post dated cheques.

Members can effect payment of their levies over a twelve-month period, however interest at 15% p.a. will be charged on a monthly basis and an administration charge of R 8.50 per month will apply.

Post-dated cheques must be dated from the 30th September 2010 with the last payment payable on the 31st August 2011. (12). Calculate your twelve monthly payments as follows:

Multiply the total amount due on your statement with 0,09026, add R 8.50 and this is the amount payable per month.

E.g.: Assume that the amount payable on your levy statement is R1000, 00. The monthly instalment due is then $(R1000, 00 \times 0,09026) = R90.26 + R 8.50 = R 98.76$ p.m.

- Any dishonoured payment will result in your account being charged with an administration fee of **R100.00**.

Please note that we received a number of payments into our bank account without any details or debtor number. As we cannot allocate these amounts to your account, it causes unnecessary delays and complications. **Please advise the levy department as soon as you deposit an amount in our bank account and provide full details!** A fax of the deposit slip is the best proof of payment. We will accept e-mail notification of payments at our e-mail address: levies@mountamanzi.co.za

Bank account details: Absa Bank, Kremetart Centre Brits, Acc no.: 4058788797, Branch code: 508146 and quote your Mount Amanzi account number as reference.

Levy Defaulters

The Board of Directors is obliged to act against levy defaulters in terms of the provisions of the Use Agreement and Articles of the Company. The following steps will unfortunately be taken against members who do not effect payment of their levies or make suitable arrangements.

- As from the 01st January 2011 members will not be able to utilise or space bank their timeshare, unless they have effected payment of their outstanding account or have made suitable arrangements by way of post dated cheques.
- On 31 January 2011, an administration fee will be levied in terms of the Use Agreement of 25% of the outstanding balance, should suitable arrangements not have been made by way of post dated cheques as well as interest at the rate of 15%.
- Inability to pay or alleged non receipt of accounts or wrong contact details will not be regarded as an acceptable excuse for non payment of levies! Please note that members of Clubs ultimately remain responsible for the payment of their levies themselves! A strong appeal is therefore made to all shareholders to please pay your levies promptly!

No arrangements other than the above will be accepted.

We therefore earnestly request that each member contribute to the levy fund in terms of their liability, so that we can retain the standards at the resort and ensure a meaningful holiday for each member.

We also urge you to ensure that you have an e-mail address and that we have your correct contact details!

General

Flexi-Time bookings:

Our Company is mainly a flexi-time resort and for the benefit of new and existing members we explain the concept again. A total of 52 weeks are available for occupation per chalet per year. Of these 40 are flexi weeks which can be booked at any time outside the 12 fixed weeks which falls in the Gauteng school holidays. The first available flexi week starts on 14 January 2011 and if that week is not fully booked it then means that there are 39 weeks left for more than 39 members per chalet. The problem can further compound itself through the year with the result that some members will not be able to make a booking.

A flexi booking affords members the opportunity to vary their visits to the resort over different seasons but it unfortunately does not mean that a booking can be made on short notice. The use agreement suggests a 60-day booking period but this does not mean that a booking can be guaranteed in the latter part of the year. The reality is that RCI members request their space banking bookings for the latter half of the year in order to receive better points which then creates a bottle neck during these periods as the demand cannot be met due to other members trying to book at a late stage.

This problem is not unique to our resort and we cannot give a member an extra week in the following year (self explanatory) and a member is not entitled to a refund of levies.

We appeal again to members to make their bookings in advance. Bookings according to the 2011 calendar can be made from 1 September 2010 after payment of the levies. Bookings for the 2012 calendar year can be made from 15 January 2011 with an additional payment of the current levy plus 10%.

We thank all members in anticipation for their cooperation.

- **Change of address:** As stipulated in the Use Agreement we can only accept a change of address if such a notice is done in writing and the resort has acknowledged the receipt of this information in writing. E-mail notification will be accepted, but will only be effective once our confirmation e-mail has been sent to the sender.
- **Telephonic enquiries:** Always provide us with your account number please.
As we and you have suffered periodical inconvenience due to the interruption of our fixed line telephone service, we therefore provide you with the following number(s) to be used if you don't manage to get through to us: 0719759175
As e-mail seems to be the most reliable and effective form of communication we urge you to ensure that you obtain an e-mail address and to inform us of it ASAP!
- **Letting Pool:** We would like to encourage you to make use of the Letting pool! If you don't utilise your unit yourself, consider putting it in the Letting pool! Bear in mind that, although we have a very high occupation rate, we can't guarantee the letting of your unit(s) for the full period, but we'll try our best! The fact that our levies are so low and the rental of units has been increased by 10% for 2011 should make it a worthwhile proposition!
Please note that we have to receive a written request from members annually and the request has to be submitted to reservations@mountamanzi.co.za

- **Space banking:** Space banking for the 2012 calendar year can be made from 15 January 2011 with payment of the 2011 levy plus 10%. Your current account must be fully paid.
- **Sleeping Accommodation:** **Without exception, no entry will be allowed to persons in excess of the maximum prescribed per unit type!**
- **Day Visitors:** Please adhere to the rules, in respect of day visitors, as your Board has received an earnest request from members that the number of day visitors allowed to the resort per day, must be regulated and controlled.
- **Electronic Communication:** Our Web page is www.mountamanzi.co.za and has recently been revamped. We hope you like it, but we would nevertheless welcome suggestions on improvements of the site. Important notices will be posted on the website, so please visit it regularly to avail yourself of the latest developments at Mount Amanzi!
- **NB: ALL SHAREHOLDERS:** Please ensure that we have your latest e-mail address and mobile phone number! It makes communication so much easier, more effective and far less costly!

Regards and Blessings,



THE BOARD OF DIRECTORS

Calendar 2011

WEEK	PERIOD	
1	07/01-14/01/2011	PEAK 12
2	14/01-21/01/2011	FLEXI
3	21/01-28/01/2011	FLEXI
4	28/01-04/02/2011	FLEXI
5	04/02-11/02/2011	FLEXI
6	11/02-18/02/2011	FLEXI
7	18/02-25/02/2011	FLEXI
8	25/02-04/03/2011	FLEXI
9	04/03-11/03/2011	FLEXI
10	11/03-18/03/2011	FLEXI
11	18/03-25/03/2011	FLEXI
12	25/03-01/04/2011	PEAK 02
13	01/04-08/04/2011	PEAK 01
14	08/04-15/04/2011	FLEXI
15	15/04-22/04/2011	FLEXI
16	22/04-29/04/2011	FLEXI
17	29/04-06/05/2011	FLEXI
18	06/05-13/05/2011	FLEXI
19	13/05-20/05/2011	FLEXI
20	20/05-27/05/2011	FLEXI
21	27/05-03/06/2011	FLEXI
22	03/06-10/06/2011	FLEXI
23	10/06-17/06/2011	FLEXI
24	17/06-24/06/2011	FLEXI
25	24/06-01/07/2011	PEAK 03
26	01/07-08/07/2011	PEAK 04
27	08/07-15/07/2011	PEAK 05
28	15/07-22/07/2011	FLEXI
29	22/07-29/07/2011	FLEXI
30	29/07-05/08/2011	FLEXI
31	05/08-12/08/2011	FLEXI
32	12/08-19/08/2011	FLEXI
33	19/08-26/08/2011	FLEXI
34	26/08-02/09/2011	FLEXI
35	02/09-09/09/2011	FLEXI
36	09/09-16/09/2011	FLEXI
37	16/09-23/09/2011	FLEXI
38	23/09-30/09/2011	FLEXI
39	30/09-07/10/2011	PEAK 06

WEEK	PERIOD	
40	07/10-14/10/2011	PEAK 07
41	14/10-21/10/2011	FLEXI
42	21/10-28/10/2011	FLEXI
43	28/10-04/11/2011	FLEXI
44	04/11-11/11/2011	FLEXI
45	11/11-18/11/2011	FLEXI
46	18/11-25/11/2011	FLEXI
47	25/11-02/12/2011	FLEXI
48	02/12-09/12/2011	FLEXI
49	09/12-16/12/2011	PEAK 08
50	16/12-23/12/2011	PEAK 09
51	23/12-30/12/2011	PEAK 10
52	30/12-06/01/2012	PEAK 11

SCHOOL CALENDAR 2011

Inland Provinces: Gauteng; Mpumalanga; North-West; Northern Province

TERM	PERIOD
1	13 JAN 2011 - 25 MAR 2011
2	11 APR 2011 - 24 JUN 2011
3	18 JUL 2011 - 30 SEPT 2011
4	10 OCT 2011 - 09 DEC 2011

- * The period of use for shareholder is from 07/01/2011 to 06/01/2012
- * Bookings or spacebankings will only be permitted once all levies have been paid or acceptable arrangements for payment has been made.

BOOKINGS

- * Your peak/fixed weeks are booked annually in advance by the resort. Your peak/fixed week and chalet is fixed and cannot be changed.
- * Flexi-week owners must book during any period not indicated as 'peak'. Flexi weeks are allocated on a first come first served basis, subject to availability

SPACE BANKINGS

- * Space bankings should be done through the resort. This must be in writing and contain full particulars.

ALL REQUESTS REGARDING RESERVATIONS CAN BE DIRECTED TO:

reservations@mountamanzi.co.za

**AUTHORISATION
PAYMENT OF LEVIES BY CREDIT CARD**

I, _____ (name of shareholder) _____ (debtor number),
hereby authorise Mount Amanzi Share Block Ltd to collect the amount due with regards to levies and interest as at 01
September 2010, against my credit card. This payment must include interest to the date of payment.

Surname and Initials of credit card holder : _____

Credit card number : _____

The last 3 digits of the number at the back of the card : _____

Credit card expiry date : _____

Type of credit card : _____

STRAIGHT

BUDGET

NUMBER OF MONTHS

SIGNATURE OF CARD HOLDER

DATE

Brits Printers /L6934 • Tel: (012) 252 1370

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PAYMENT OF LEVIES BY CREDIT CARD**

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