

BUSINESS RESCUE PLAN

Prepared in terms of section 150 of the Companies Act, No. 71 of 2008, as amended

in relation to

MEGATRON SA PROPRIETARY LIMITED

(Registration No. 2007/011513/07)

(in business rescue)

Prepared by:

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(business rescue practitioner)



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1. INTERPRETATION AND PRELIMINARY

The headings of the paragraphs in this Business Rescue Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Business Rescue Plan nor any paragraph hereof. Unless a contrary intention clearly appears:

- 1.1. words importing –
 - 1.1.1. any one gender includes the other gender;
 - 1.1.2. the singular includes the plural and *vice versa*; and
 - 1.1.3. persons include natural persons, created entities (incorporated and unincorporated and the State) and *vice versa*,
- 1.2. the following terms and/or expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings –
 - 1.2.1. “**Abeinsa Kaxu**” means Abeinsa EPC Kaxu (Pty) Limited, Registration No. 2011/14021/07, a company incorporated in accordance with the laws of South Africa;
 - 1.2.2. “**Abeinsa KHI**” means Abeinsa EPC KHI (Pty) Limited, Registration No. 2011/140417/07, a company incorporated in accordance with the laws of South Africa;
 - 1.2.3. “**Adoption Date**” means the date upon which the Business Rescue Plan is approved in accordance with section 152(2), read with section 152(3)(b) and section 152(3)(c)(ii)(aa), of the Companies Act;
 - 1.2.4. “**Advisors**” means the advisors to the BRP, namely Matuson & Associates and ENSAfrica, and their respective employees or representatives;
 - 1.2.5. “**Affected Person**” or “**Affected Persons**” shall bear the meaning ascribed thereto in section 128(1)(a) of the Companies Act, being shareholders, Creditors, Employees and any registered trade unions that may be representing Employees;
 - 1.2.6. “**Bladeroom**” means the data centre situated on the Immovable Property;
 - 1.2.7. “**Botjheng**” means Botjheng Water (Pty) Limited, Registration No. 2002/021196/07, a company incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Ellies Infrastructure;

- 1.2.8. “**BRP**” means the business rescue practitioner appointed in terms of section 129(3)(b) of the Companies Act, being Kaganson;
- 1.2.9. “**Business**” means the business of the Company from time to time including, *inter alia*, infrastructure, power management, electrical switchgear and mini-substation manufacture and supply and tailor-made turnkey solutions to infrastructure projects within the Company’s fields of expertise.
- 1.2.10. “**Business Day**” means any day other than a Saturday, Sunday or official public holiday in South Africa;
- 1.2.11. “**Business Rescue**” means proceedings to facilitate the rehabilitation of the Company, which is financially distressed, as more fully defined in section 128(1)(b) of the Companies Act and paragraph 6.1 herein;
- 1.2.12. “**Business Rescue Costs**” means the remuneration and expenses of the BRP and other claims arising out of the costs of the Business Rescue;
- 1.2.13. “**Business Rescue Plan**” means this document together with all of its annexures, as amended from time to time, and prepared in accordance with section 150 of the Companies Act;
- 1.2.14. “**CIPC**” means the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 1.2.15. “**Claims**” means any claim against the Company, the cause of action in respect of which arose:
- 1.2.15.1. prior to or on the Commencement Date; or
- 1.2.15.2. during Business Rescue;
- 1.2.16. “**Commencement Date**” means 12 August 2016, being the date upon which Business Rescue commenced in accordance with section 131, read with section 132(1), of the Companies Act;
- 1.2.17. “**Company**” means Megatron SA (Pty) Limited, Registration No. 2007/011513/07, a company incorporated in accordance with the laws of South Africa, with its registered address at 94 Eloff Street, Village Deep, Johannesburg and its principal place of business at 198 Element Road, Chloorkop, Kempton Park, at present under Business Rescue;
- 1.2.18. “**Companies Act**” means the Companies Act, No. 71 of 2008, as amended;

- 1.2.19. “**Concurrent Creditors**” means all unsecured Creditors;
- 1.2.20. “**Contracts**” means those contracts entered into by the Company and third parties, either prior to or after the Commencement Date;
- 1.2.21. “**Creditors**” means all persons, including legal entities and natural persons, having Claims;
- 1.2.22. “**DCS**” means Data Cloud Solutions (Pty) Limited, Registration No. 2012/022738/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.23. “**DCS Agreement**” means the turnkey construction agreement in respect of the construction and installation of the Bladeroom concluded between the Company and DCS on 2 May 2012;
- 1.2.24. “**Disputed Claims**” means any and all Claims which may have been lodged by Creditors and whose Claims have been rejected either in whole or in part by the BRP and which dispute shall be determined in favour of or against such Creditors in terms of the Dispute Mechanism contained in paragraph 36;
- 1.2.25. “**Distribution**” means distributions to be made to Creditors by the BRP;
- 1.2.26. “**Eigenbau**” means Eigenbau (Pty) Limited, Registration No. 1981/007380/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.27. “**Ellies**” means Ellies Holdings Limited, Registration No. 2007/007084/06, a public company incorporated in accordance with the laws of South Africa and the holding company of the Company;
- 1.2.28. “**Ellies Electronics**” means Ellies Electronics (Pty) Limited, Registration No. 2007/010759/07, a company incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Ellies;
- 1.2.29. “**Ellies Infrastructure**” means Ellies Infrastructure Holdings (Pty) Limited, Registration No. 2012/209682/07, a company incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Ellies;
- 1.2.30. “**Employees**” means employees of the Company as at the Commencement Date;
- 1.2.31. “**ENSAfrica**” means Edward Nathan Sonnenbergs Incorporated, attorneys practising as such at 150 West Street, Sandown, Sandton;

- 1.2.32. “**Financially Distressed**” shall bear the meaning ascribed thereto in section 128(1)(f) of the Companies Act;
- 1.2.33. “**Final Claims Date**” means the final date for the filing of Claims, being 28 October 2016;
- 1.2.34. “**Immovable Property**” means the immovable property registered in the name of the Company and situated at Erf 1863, Louwlandia Extension 22, Pretoria and on which the Bladeroom is situated;
- 1.2.35. “**Insolvency Act**” means the Insolvency Act No. 24 of 1936, as amended;
- 1.2.36. “**JSE**” means the securities exchange operated by JSE Limited;
- 1.2.37. “**Kaganson**” means Barry David Kaganson, the BRP of the Company;
- 1.2.38. “**Lease Agreement**” means the agreement concluded between the Company and Ellies Properties (Pty) Limited in terms of which the Company leases the premises from which it operates at 198 Element Road, Chloorkop, Kempton Park;
- 1.2.39. “**LRA**” means the Labour Relations Act, No. 66 of 1995, as amended;
- 1.2.40. “**Management**” means the management of the Company prior to the Commencement Date, namely: Russell Broadhead, John Brockbank, Carlos Fidalgo and Simon Wilkinson;
- 1.2.41. “**Matuson & Associates**” means Matuson & Associates (Pty) Limited, Registration No. 2009/008967/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.42. “**Megatron RDC**” means Magatron Federal RDC SARL, a corporation with limited liability under Congolese Law, registered in the Trade and Liens Register under number CAB/DIV/TRICOM/L’SHI/13/RCCM 0072 and a wholly owned subsidiary of the Company;
- 1.2.43. “**Megatron International**” means Megatron International Limited, Registration No. 127307 C1/GBL, a company incorporated in accordance with the laws of Mauritius and a wholly owned subsidiary of the Company;
- 1.2.44. “**Notice of Meeting**” means the notice of meeting to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;

- 1.2.45. “**PCF**” means post-commencement finance as contemplated in section 135 of the Companies Act;
- 1.2.46. “**PCF Employee Claims**” means Claims by Employees as contemplated in section 135(1) of the Companies Act;
- 1.2.47. “**Pre-commencement**” means prior to the Commencement Date;
- 1.2.48. “**Preferred Bidder**” means an interested party invited to submit a final binding offer in terms of the Sales Process, as more fully dealt with in paragraph 18;
- 1.2.49. “**Projects**” means the contracts concluded by the Company as main contractor or sub-contractor, as more fully dealt with in paragraph 8;
- 1.2.50. “**Proposed Transaction**” means the transaction to be concluded with the Successful Bidder as more fully dealt with in paragraph 18;
- 1.2.51. “**Publication Date**” means the date on which this Business Rescue Plan is published to Affected Persons in terms of section 150(5) of the Companies Act, being 16 September 2016;
- 1.2.52. “**Rand**” or “**R**” or “**ZAR**” means the lawful currency of South Africa;
- 1.2.53. “**Sales Process**” means the accelerated sales process more fully dealt with in paragraph 18;
- 1.2.54. “**Samson**” means Wayne Mervyn Gradus Samson;
- 1.2.55. “**SARS**” means the South African Revenue Services;
- 1.2.56. “**Secured Creditors**” means those Creditors who hold security for their Claims against the Company;
- 1.2.57. “**South Africa**” means the Republic of South Africa;
- 1.2.58. “**Standard Bank**” means The Standard Bank of South Africa Limited;
- 1.2.59. “**Substantial Implementation Date**” means the date upon which the BRP files with CIPC a notice that all of those events contemplated in paragraph 32 have occurred and whereupon Business Rescue will terminate;
- 1.2.60. “**Successful Bidder**” means the Preferred Bidder whose final binding offer is accepted by the BRP in terms of the Sales Process;

- 1.2.61. “**Transaction Documents**” means agreements and/or documents required to give effect to the Proposed Transaction;
- 1.2.62. “**VAT**” means the value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991 as amended;
- 1.2.63. “**VAT Act**” means the Value-Added Tax Act, No. 89 of 1991 as amended; and
- 1.2.64. “**Zokutrix**” means Zokutrix (Pty) Limited, Registration No. 2013/134688/07, a company incorporated in accordance with the laws of South Africa and a 50% subsidiary of Botjheng and a 50% subsidiary of the Company;
- 1.3. any reference to any statute, regulation or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time;
- 1.4. any reference in this Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 1.5. if figures are referred to in numerals and in words and if there is any conflict between the two, the words shall prevail;
- 1.6. if any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan;
- 1.7. where any term is defined in this Business Rescue Plan within a particular paragraph other than this paragraph 1, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan;
- 1.8. where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;
- 1.9. any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as the case may be; and
- 1.10. words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables) shall bear the meaning assigned to them in the Companies Act.

2. ACTION TO BE TAKEN BY AFFECTED PERSONS

- 2.1. If any Affected Person is in doubt as to what action should be taken arising from the contents of this Business Rescue Plan, such Affected Person or Affected Persons are advised to consult an independent attorney, accountant or other professional advisor in addition to any consultation with or direction received from the BRP.
- 2.2. Nothing contained in this Business Rescue Plan shall constitute tax advice to any Affected Person, nor does the BRP make any representation in respect of tax, other than expressly stated in this Business Rescue Plan.

3. STRUCTURE OF THE PLAN

For the purposes of section 150(2) of the Companies Act, this Business Rescue Plan is divided into 3 (three) parts as follows –

3.1. PART A - BACKGROUND

This part sets out the background to the Company and the factors that resulted in the Company being Financially Distressed and being placed under Business Rescue.

3.2. PART B - PROPOSAL

This part describes the proposal in terms of this Business Rescue and includes, *inter alia*, the benefits and/or effect of adopting the Business Rescue Plan as opposed to the Company being placed into liquidation.

3.3. PART C – ASSUMPTIONS AND CONDITIONS

This part sets out, *inter alia*, what conditions need to be fulfilled in order for the Business Rescue Plan to become effective, and to be implemented.

PART A – BACKGROUND

In the preparation of this Business Rescue Plan, and this Part A in particular, the BRP and the Advisors have relied on factual information provided by Management and, accordingly, shall not be held responsible for the accuracy thereof.

4. COMPANY INFORMATION

4.1. Shareholding Structure

As at the Publication Date the issued share capital of the Company comprises 10 000 000 (ten million) ordinary shares held by Ellies.

4.2. Directors

4.2.1. Prior to the Commencement Date and during 2016, the Company had the following directors:

4.2.1.1. Ryan Otto;

4.2.1.2. Russell Broadhead;

4.2.1.3. John Brockbank;

4.2.1.4. Irwin Lipworth; and

4.2.1.5. Samson.

4.2.2. As at the Commencement Date, the sole director of the Company was Samson.

4.2.3. As at the Publication Date, the sole director of the Company is Samson.

4.3. **Company Information**

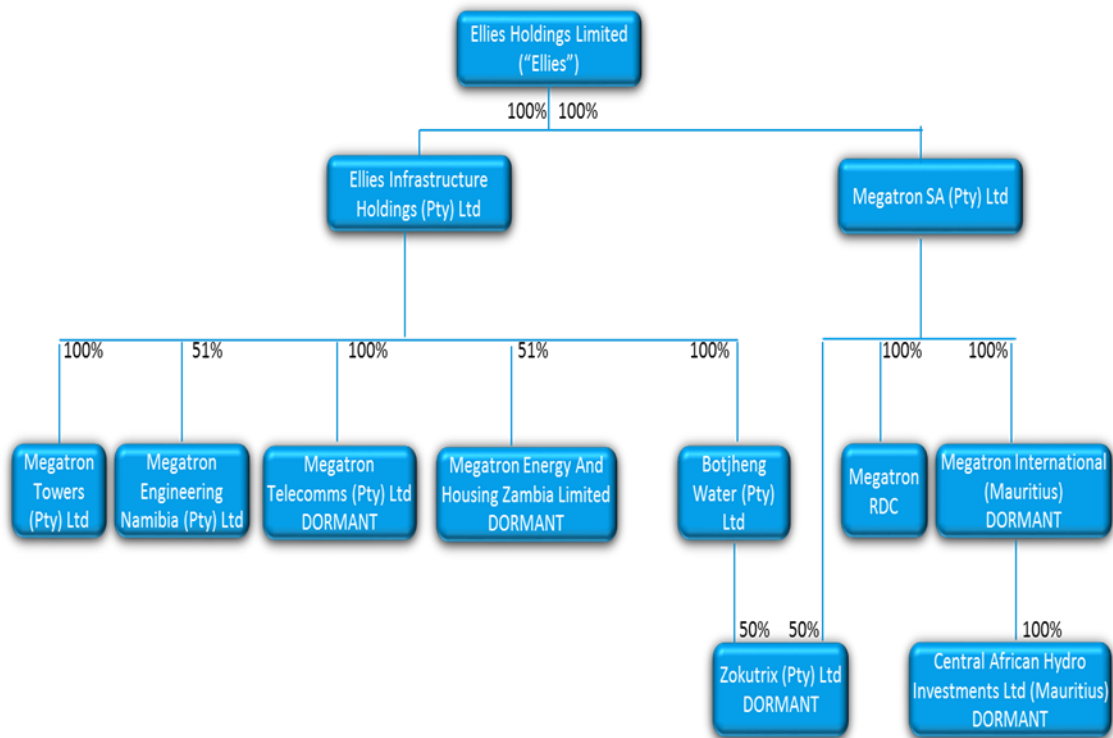
Financial Year End:	April
Registered Business Address:	94 Eloff Street Village Deep Johannesburg
Principal Place of Business:	198 Element Road Chlookop Kempton Park
Postal Address:	PO Box 57076 Springfield
Business Telephone Number:	011 976 3003
Business Fax Number:	011 976 3332
Accountants / Auditors:	Grant Thornton

5. **COMPANY BACKGROUND**

5.1. **Background to the Company**

- 5.1.1. The Company was registered in 2007, under the registered name of Ellies Electronics (Pty) Limited with registration number 2007/01153/07.
- 5.1.2. On 1 May 2007 the Company's name was changed to Ellies (Pty) Limited.
- 5.1.3. On 12 June 2015 the Company's name was changed to its current registered name.
- 5.1.4. The Company conducts the Business and operates from its principal place of business at 198 Element Road, Kempton Park, Johannesburg.
- 5.1.5. As at the Commencement Date, the Company employed 24 (twenty four) employees.
- 5.1.6. The Company is a wholly owned subsidiary of Ellies, a company listed on the JSE.
- 5.1.7. The Company, in turn, wholly owns Megatron RDC and Megatron International. The Company further holds 50% of the shares in Zokutrix. Megatron International and Zokutrix are dormant entities.

5.2. Simplified Group Organogram



5.3. Background to the Company's Financial Distress

5.3.1. The main reasons for the failure of the Company are the following:

- 5.3.1.1. The Company suffered difficult contracting conditions and delays in its design build and turnkey projects. This resulted in deferred billings and increased contract debtors, in turn causing ongoing challenges in funding and pressure on working capital.
- 5.3.1.2. The Company's revenue was hampered by the cancellation of certain projects due to political risk factors. This resulted in a diminished pipeline causing the Business to become unsustainable.
- 5.3.1.3. The aforesaid placed pressure on the Company's financial position and the Company continued to make losses of approximately R304 million (EBITDA) in the 2015 financial year and R278 million (EBITDA) in the 2016 financial year.
- 5.3.1.4. The Company's losses were previously funded by its holding company, Ellies. On 27 July 2016, Ellies released its provisional reviewed group results wherein it is stated that the Ellies group was not in a position to increase its exposure to the Company.

- 5.3.1.5. On 2 August 2016, the Company's financier, Standard Bank, declared the loan agreement concluded with the Company as immediately due and payable. On 4 August 2016, Standard Bank proceeded to attach the Company's moveable assets hypothecated in favour of Standard Bank pursuant to a court order granted on the same day.
- 5.3.1.6. The Company accordingly had no further funds available to pay Creditors and would not be able to pay its debts over the immediately ensuing six months.
- 5.3.1.7. Elies and the Company's board accordingly resolved that the Company commences Business Rescue.

6. SUMMARY OF THE BUSINESS RESCUE

6.1. Introduction

Business Rescue, as defined in section 128(1)(b) of the Companies Act, refers to proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for –

- 6.1.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property;
- 6.1.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession; and
- 6.1.3. the development and implementation, if approved, of a plan to rescue the company in question by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company in question continuing in existence on a solvent basis or, if it is not possible for the company to so continue in existence, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

- 6.2. The following summary sets out the salient dates on which certain events (excluding the Sales Process) have taken and will take place during Business Rescue –

EVENT	DATE
Resolution to Commence Business Rescue	5 August 2016
Court Order Commencing Business Rescue	12 August 2016
Interim BRP Appointed	12 August 2016

EVENT	DATE
First Employees' Meeting	22 August 2016
First Creditors' Meeting and Ratification of BRP Appointment	26 August 2016
Second Employees' Meeting	29 August 2016
Third Employees' Meeting	31 August 2016
Publication of Business Rescue Plan	16 September 2016
Meeting to Consider the Business Rescue Plan	28 September 2016

7. STEPS TAKEN SINCE THE APPOINTMENT OF THE BRP

7.1. ADMINISTRATIVE MATTERS

7.1.1. Appointment of BRP

On 12 August 2016, Kaganson was appointed as the interim BRP in terms of section 131(5) of the Companies Act. On 26 August 2016, Kaganson's appointment as BRP was ratified by the holders of the majority of the independent Creditors' voting interests at the first meeting of Creditors, as contemplated in section 147 of the Companies Act.

7.1.2. Management Control

In terms of section 140(1)(a) of the Companies Act, the BRP took over full management control of the Company, but as he was entitled to do, the BRP delegated certain functions to some of Management.

7.1.3. Reporting to CIPC

The BRP has complied with all statutory obligations under the Companies Act and will render monthly reports as contemplated in section 132(3) of the Companies Act.

7.1.4. Publication of Notice of Meeting and Business Rescue Plan

7.1.4.1. The Business Rescue Plan will be published to all Affected Persons on 16 September 2016.

7.1.4.2. Publication will take place in the following manner:

7.1.4.2.1. via email or fax to all known Creditors, to the extent that the email addresses or fax numbers of known Creditors are available;

7.1.4.2.2. publication on the website of Matuson & Associates; and

7.1.4.2.3. copies will be available at the registered office and principal place of business of the Company.

7.1.5. **Cash Resources**

7.1.5.1. The BRP obtained PCF on behalf of the Company from Standard Bank, which is dealt with further in paragraph 7.5.2 below.

7.1.5.2. The BRP performed an analysis of the Company's assets and identified certain trade debtors for collection purposes to generate further cash reserves, which the Company has done.

7.1.5.3. The BRP further identified certain projects still to be completed which would generate a short term cash resource.

7.2. **LABOUR**

7.2.1. **Employees' Meetings**

7.2.1.1. A first meeting with Employees was convened on 22 August 2016. At this meeting:

7.2.1.1.1. the Business Rescue process was explained and possible outcomes were presented to Employees;

7.2.1.1.2. assistance was also given to Employees by providing answers to their various queries; and

7.2.1.1.3. the Company and Employees informally engaged on the Company's poor financial position and the possible redundancy of Employees' positions.

7.2.1.2. A second meeting with Employees was convened on 29 August 2016. At this meeting, the Company and Employees informally engaged further on the Company's poor financial position and the possible redundancy of Employees' positions.

7.2.1.3. A third meeting with Employees was convened on 31 August 2016. At this meeting, the Company invited Employees to make any further representations pursuant to the initiation of the formal consultations to engage on the proposed termination of employment

due to operational requirements as contemplated in section 189(3) of the LRA.

7.2.2. **Section 189 of the LRA Process**

7.2.2.1. For the Business Rescue efforts to be successful, and for liquidation to be avoided, it is necessary for the Company to reduce its costs in line with its operational requirements.

7.2.2.2. The Company has formed the view that as part of the necessity to reduce its costs as aforesaid, all employment contracts be terminated.

7.2.2.3. As a result, on 30 August 2016, the Company issued notices in terms of section 189(3) of the LRA ("**section 189(3) notices**") to all Employees and initiated the formal consultations to engage on the proposed termination of employment due to operational requirements.

7.2.2.1. There appeared to be 24 positions out of a total of 24 positions that would be potentially affected as a result of the proposed restructure and that could result in retrenchments.

7.2.2.2. The consultative process was finalised on 31 August 2016. The Employees accepted the reasons for the proposed restructure and did not present any alternatives to the proposed restructure. Following the consultation process, a decision was made to declare all of the Employees' positions redundant.

7.2.2.3. The Employees received a notice of termination on 31 August 2016 advising of the termination of their employment based on operational requirements with effect from 30 September 2016.

7.3. **CREDITORS**

7.3.1. **Creditors' Meeting:**

7.3.1.1. A first meeting of Creditors, as contemplated in section 147 of the Companies Act, was convened on 26 August 2016 ("**the First Meeting**").

7.3.1.2. At the First Meeting:

- 7.3.1.2.1. the business rescue process was explained and possible outcomes were presented to the Creditors;
- 7.3.1.2.2. assistance was also given to the Creditors by providing answers to their various queries;
- 7.3.1.2.3. the appointment of the BRP was ratified; and
- 7.3.1.2.4. claims were submitted by Creditors.

7.3.2. **Creditors' Committee**

- 7.3.2.1. During the First Meeting, the Creditors determined that it was not necessary to appoint a creditors' committee, as contemplated in section 147(1)(b) of the Companies Act.

7.4. **LEGAL**

7.4.1. **Suspension of Contracts:**

- 7.4.1.1. Section 136(2) of the Companies Act authorises the BRP during Business Rescue to entirely, partially or conditionally suspend, for the duration of the Business Rescue, any obligation of the Company that arises under an agreement to which the Company was a party at the Commencement Date and would otherwise become due during the Business Rescue.
- 7.4.1.2. The BRP deemed it necessary to suspend the Company's obligations in terms of the Lease Agreement.

7.4.2. **Investigation of affairs of the Company:**

- 7.4.2.1. Section 141(2) of the Companies Act provides that if at any time during the Business Rescue the BRP concludes that there is evidence, in the dealings of the Company before the Commencement Date of:
 - 7.4.2.1.1. voidable transactions, or the failure by the Company or any Director to perform any material obligation relating to the Company, the BRP must take any necessary steps to rectify the matter and may direct Management to take appropriate steps;

7.4.2.1.2. reckless trading, fraud or other contravention of any law relating to the Company, the BRP must forward the evidence to the appropriate authority for further investigation and possible prosecution and direct Management to take any necessary steps to rectify the matter, including recovering any misappropriated assets of the Company.

7.4.2.2. The BRP is continuing to investigate the dealings of the Company prior to the Commencement Date. At this early stage of the Business Rescue, the BRP is unable to make any conclusive finding.

7.4.3. **General:**

7.4.3.1. The BRP were required to engage attorneys to advise on, *inter alia*, issues relating to:

7.4.3.1.1. employment;

7.4.3.1.2. contractual disputes;

7.4.3.1.3. PCF;

7.4.3.1.4. post-commencement agreements;

7.4.3.1.5. the Sales Process;

7.4.3.1.6. Claims against the Company; and

7.4.3.1.7. various issues arising out of the Business Rescue.

7.5. **BUSINESS RESCUE INITIATIVES**

7.5.1. **Sales Process**

The Sales Process was embarked upon, the details of which are set out in paragraph 19.

7.5.2. **Post Commencement Finance**

7.5.2.1. On 30 August 2016, Standard Bank granted PCF to the Company in the amount of R15 000 000.00 (fifteen million Rand) (“**the Standard Bank Claim**”). The Standard Bank claim is secured by a mortgage bond registered over the Immovable Property.

7.5.2.2. The PCF is to fund the working capital required by the Company during Business Rescue.

7.5.3. **Suspension of Lease Agreement**

Please refer to paragraph 7.4.1 above.

7.5.4. **Reduction of Overhead Costs**

The BRP considered whether there were any unnecessary overhead costs and proceeded to reduce the insurance premiums.

7.5.5. **Payment of Arrear Insurance Premiums**

The BRP ensured that all arrear insurance premiums were paid to avoid the insurance cover lapsing.

7.5.6. **Cancellation of Orders**

The BRP identified and proceeded to cancel certain orders which were no longer required by the Company.

7.5.7. **Labour**

Please refer to paragraph 7.2 above.

8. **TRADING FOLLOWING THE COMMENCEMENT DATE**

The Company is a contractor or sub-contractor in respect of various projects which have either been completed or are nearing completion. Details relating to these Projects are as follows:

8.1. Zuikerbosch Project:

8.1.1. The contract in respect of this project is between Rand Water Services (Pty) Limited and the Company, Botjheng and Eigenbau (as joint venture partners) for a pumping station and new filter block in Zuikerbosch, Vereeniging.

8.1.2. Following the issuance of a construction acceptance certificate, which is anticipated upon the installation of a sub-surface drainage control panel, the Company has to complete a 30 (thirty) day testing and commissioning period in order to complete its scope of work in terms of this project. It is anticipated that this testing period should commence before the end of September 2016.

8.1.3. According to information received from Management:

- 8.1.3.1. the cost to complete this project is approximately R2 181 189.00 (two million one hundred and eighty one thousand one hundred and eighty nine Rand); and
 - 8.1.3.2. the expected revenue to the Company upon completion is approximately R3 875 296.00 (three million eight hundred and seventy five thousand two hundred and ninety six Rand).
 - 8.1.4. The completion of this project will avoid a performance guarantee claim against the Company in the amount of R1 121 664.69 (one million one hundred and twenty one thousand six hundred and sixty four Rand and sixty nine cents).
 - 8.1.5. The BRP proposes that this contract be completed and that the completion costs be funded out of the PCF.
- 8.2. Abeinsa Kaxu Projects:
- 8.2.1. The contracts in respect of these projects are between the Company and Abeinsa Kaxu for the supply and installation of mini-substations as well as providing labour for electrical and control assemblies in the Pofadder region.
 - 8.2.2. The Company has completed its scope of work in terms of these projects and has concluded a settlement agreement with Abeinsa Kaxu for the payment of the balance due to the Company in terms of these projects.
 - 8.2.3. The balance owed to the Company is R625 023.37 (six hundred and twenty five thousand and twenty three Rand and thirty seven cents), which is due by 30 September 2016 in terms of the settlement agreement.
 - 8.2.4. There are currently 2 (two) retention guarantees issued in favour of Abeinsa in the cumulative amount of R4 206 947.28 (four million two hundred and six thousand nine hundred and forty seven Rand and twenty eight cents). These guarantees expire on 6 April 2017. According to information furnished by Management, and in light of the nature and completion of the Company's scope of work in terms of the these projects, there is minimal risk of claims being made in terms of these guarantees.
 - 8.2.5. The BRP will ensure that Abeinsa makes payment in terms of the settlement agreement.
- 8.3. Abeinsa KHI Projects:
- 8.3.1. The contracts in respect of these projects are between the Company and Abeinsa KHI for the construction of the solar one project in the Upington region.

- 8.3.2. The Company has completed its scope of work in terms of these projects and has concluded a settlement agreement with Abeinsa KHI for the payment of the balance due to the Company in terms of these projects.
 - 8.3.3. The balance owed to the Company is R2 797 721.18 (two million seven hundred and ninety seven thousand seven hundred and twenty one Rand and eighteen cents), which is due by 30 September 2016 in terms of the settlement agreement.
 - 8.3.4. There are currently 2 (two) retention guarantees issued in favour of Abeinsa in the cumulative amount of R4 324 531.88 (four million three hundred and twenty four thousand five hundred and thirty one Rand and eighty eight cents). These guarantees expire on 15 May 2018. According to information furnished by Management, and in light of the nature and completion of the Company's scope of work in terms of the these projects, there is minimal risk of claims being made in terms of these guarantees. In addition, the Company deposited an amount of R323 845.70 (three hundred and twenty three thousand eight hundred and forty five Rand and seventy cents) with the guarantor in respect of one of the aforesaid guarantees, which will be repaid to the Company upon expiry, provided no claims are made in terms thereof.
 - 8.3.5. The BRP will ensure that Abeinsa makes payment in terms of the settlement agreement.
- 8.4. Bladeroom Project:
- 8.4.1. The contract in respect of this project is the Bladeroom Agreement.
 - 8.4.2. The Company has complied with its obligations in terms of this project. DCS is accordingly required to pay the Company a minimum amount of R65 000 000.00 (sixty five million Rand).
 - 8.4.3. Despite demand, DCS has failed to make payment to the Company.
 - 8.4.4. The BRP has accordingly initiated the Sales Process to run parallel with the Company's attempts to obtain payment from DCS.
 - 8.4.5. Should DCS fail to comply with its obligations in terms of this project, and the Bladeroom be realised through the Sales Process instead, the BRP will take the necessary legal steps against DCS to reduce any loss that the Company may suffer.

9. **MATERIAL ASSETS OF THE COMPANY AND SECURITY AS AT THE COMMENCEMENT DATE**

A list of the categories of material assets of the Company, at book value, as well as an indication as to which assets were held as security by Creditors as at the Commencement Date is attached hereto as **Annexure A**. If any Affected Person requires a detailed schedule of assets, please contact Jenna Osborne of Matuson & Associates at megatron@matusonassociates.co.za.

10. **CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE**

10.1. A list of the Creditors of the Company, as reflected in the Company's records, as at the Commencement Date is attached hereto as **Annexure B**.

10.2. As required in terms of the Companies Act, Annexure B indicates which of the aforesaid Creditors:

10.2.1. would qualify as secured, statutorily preferent or concurrent in terms of the laws of insolvency; and

10.2.2. have proved their Claims.

11. **CREDITORS VOTING INTEREST AND VOTING BY PROXY**

11.1. In terms of the Companies Act, for the purpose of any vote by Creditors:

11.1.1. a Creditor has a voting interest equal to the value of the amount owed to that Creditor by the Company on the date of the vote on the Business Rescue Plan; and

11.1.2. a Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the BRP, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the company.

11.2. PCF Creditors, including Employees with Claims in terms of section 135(1) of the Companies Act, will have a voting interest equal to the value of the amount owed to that PCF Creditor.

11.3. A Creditor who has a Disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote in the sole discretion of the BRP.

11.4. A Creditor whose Claim amount does not reconcile with the Company's records will only be allowed to vote on the amount determined in the sole discretion of the BRP.

- 11.5. Voting by proxy will be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BRP. Creditors and Affected Persons are required to lodge their forms of proxy by no later than 10h00 on 27 September 2016.
- 11.6. All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and authorised resolution supporting the appointment of the proxy.
- 11.7. Notwithstanding what has been stated in this paragraph, the BRP has a discretion to accept any proxy submitted.

12. **PROBABLE DIVIDEND ON LIQUIDATION**

- 12.1. The probable dividend that would be received by Creditors, in their respective classes, if the Company was to be placed in liquidation as at the Publication Date is detailed in the liquidation calculation attached hereto as **Annexure C**. The figures in Annexure C take into account the costs associated with a liquidation, as calculated in terms of Section 89 of the Insolvency Act.
- 12.2. The calculation in support of the liquidation dividend as at the Publication Date is based on:
 - 12.2.1. independent valuations in respect of the Immovable Property, Bladeroom, machinery and stock of the Company;
 - 12.2.2. suppliers' valuations in respect of the removable items of plant and equipment in respect of Bladeroom; and
 - 12.2.3. Management's estimates of the recoverability of the Company's trade debtors.
- 12.3. As will be noted from Annexure C, the probable dividend which Concurrent Creditors would receive if the Company was to be liquidated as at the Publication Date would be approximately 2 (two) cents in the Rand.

13. **HOLDERS OF THE COMPANY'S ISSUED SECURITIES**

Ellies is the sole holder of the Company's issued securities. Please refer to paragraph 5.

14. **THE BRP'S REMUNERATION**

- 14.1. The BRP's remuneration is at the tariff rates set out in Regulation 128 to the Companies Act for a medium sized company based on the Company's public interest score at the Commencement Date. A company is regarded as a medium sized company if its public interest score is between 100 and 500.
- 14.2. The Company's public interest score calculated in terms of Regulation 26(2) of the Companies Act as at the Commencement Date was 302.

14.3. To date, the BRP has charged out his time at the prescribed tariff rates set out in Regulation 128 to the Companies Act.

14.4. As contemplated in section 143(2) of the Companies Act:

14.4.1. the BRP proposed an agreement with the Company providing for further remuneration upon the adoption of the Business Rescue Plan. In this regard, and in line with the inflation rate, the BRP proposed an increase of 6% (six percent) per annum in respect of the prescribed tariff rates set out in Regulation 128 to the Companies Act since its promulgation in 2011, which, if the Business Rescue Plan is adopted, will be retrospective to 12 August 2016; and

14.4.2. the BRP will call for a meeting in terms of section 143(3) of the Companies Act to approve the proposed agreement, a copy of which is attached hereto as **Annexure D**.

15. **STATEMENT ABOUT WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR**

This Business Rescue Plan does not include any proposal made informally by a Creditor or Creditors of the Company.

PART B – PROPOSAL

16. OBJECTIVE AND PURPOSE OF BUSINESS RESCUE

- 16.1. The purpose of the Business Rescue provisions contained in the Companies Act, as set out in section 7(k) of the Companies Act, is to provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders.
- 16.2. The objective of Business Rescue, as set out in section 128(1)(b)(iii) of the Companies Act, is to develop and implement a plan that rescues the Company:
- 16.2.1. by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis; or
 - 16.2.2. if the aforementioned is not possible, results in a better return for the Company's Creditors or shareholders than would result from the immediate liquidation of the Company.

17. PROPOSAL IN TERMS OF THIS BUSINESS RESCUE PLAN

- 17.1. In light of the Company not having procured any new contracts and consequently having no viable Business to continue on a solvent basis, the proposal in terms of this Business Rescue Plan is to achieve a better return for the Company's Creditors and Employees than what would result from the immediate liquidation of the Company.
- 17.2. This proposal accordingly entails the sale of all of the Company's assets, as opposed to the sale of the Business as a going concern, and the wind-down of the Company in a manner that will maximise value realisation and reduce possible claims against the Company. This is dealt with further in paragraphs 18 and 20 below.
- 17.3. As at the Publication Date, the Company is indebted to Standard Bank in the amount of R76 479 796 (seventy six million four hundred and seventy nine thousand seven hundred and ninety six Rand). This indebtedness is secured by means of, *inter alia*, a mortgage bond registered over the Immovable Property, perfected general notarial bonds over the Company's movable property and a cession agreement over all of the Company's unencumbered assets. Standard Bank is accordingly entitled to receive, after payment of the Business Rescue Costs and PCF Employee Claims, all proceeds from the realisation of

the Company's assets and the Projects ("**Proceeds**") up to the amount of the indebtedness owed to it.

- 17.4. To ensure Concurrent Creditors receive a better return than what would result from the immediate liquidation of the Company and on condition of the Business Rescue Plan being approved and implemented:
- 17.4.1. Standard Bank has agreed to the BRP allocating the first R6 250 000.00 (six million two hundred and fifty thousand Rand) of Proceeds to payment of independent Concurrent Creditors' Claims ("**Special Concurrent Distribution**");
- 17.4.2. Ellies, Ellies Properties and Ellies Electronics have agreed to waive in favour of independent Concurrent Creditors their rights to participate in dividend payments during the Business Rescue. For the sake of clarity, Ellies, Ellies Properties and Ellies Electronics (i) will retain their respective Claims against the Company, (ii) do not waive their respective Claims against the Company and (iii) the waiver will fall away upon the termination of Business Rescue; and
- 17.4.3. Creditors will receive any surplus Proceeds after payment of the Business Rescue Costs, Special Concurrent Distribution, PCF Employee Claims, Standard Bank's indebtedness and preferred unsecured Creditors ("**Surplus Proceeds**").
- 17.5. The aforesaid proposal should result in Creditors receiving at least 4 (four) cents in the Rand, which is approximately twice the amount of the probable dividend upon liquidation.
- 17.6. In addition, Creditors will retain their Claims against the Company for any balance that may still be due to them by the Company after the approval and implementation of this Business Rescue Plan. To this extent, the balance of the Claims will not be discharged as contemplated in section 154 of the Companies Act.
- 17.7. The advantages of proceeding with a Business Rescue as opposed to a liquidation are, *inter alia*, as follows:
- 17.7.1. Creditors should receive higher distributions in a shorter timeframe than in a liquidation, and have an increased degree of certainty due to the proposed Special Concurrent Distribution;
- 17.7.2. Employees may receive full severance packages in terms of the LRA; and
- 17.7.3. the costs of Business Rescue will be less than the costs of liquidation.

- 17.8. Affected Persons are referred to paragraph 28 below for more information relating to the advantages of proceeding in terms of Business Rescue as opposed to a liquidation.
- 17.9. In the circumstances, a Business Rescue will result in a better return than upon a liquidation and will balance the interests of all stakeholders.
- 17.10. The objective of this proposal is accordingly to provide Affected Persons with information so that they may:
- 17.10.1. assess the likely outcome of the dividend yield calculation under Business Rescue; and
 - 17.10.2. be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue for all Affected Persons, as compared to a liquidation.

18. **SALE OF THE COMPANY'S ASSETS**

The Company's main assets comprise:

18.1. The Immovable Property and Bladeroom:

The BRP has received expressions of interest from various parties for the purchase of the Immovable Property and Bladeroom. This is dealt with further in paragraph 19 below.

18.2. Shares and loan accounts in Megatron RDC:

18.2.1. The BRP is considering alternative options for additional capitalisation of Megatron RDC in order for it to fulfil its future obligations in terms of existing contracts concluded by it.

18.2.2. In addition, two credible parties with relevant industry experience have expressed an interest in acquiring the share capital of Megatron RDC, and discussions with these interested parties are ongoing.

18.3. Stock, plant and machinery:

18.3.1. The Company has stock, plant and machinery situated at its principal place of business.

18.3.2. The BRP obtained a net independent valuation of approximately R1 700 00.00 (one million seven hundred thousand Rand) in respect of the Company's plant and machinery.

18.3.3. The BRP will attempt to trade out the stock at its maximum realisation value and may proceed to sell same by way of auction.

18.4. Loan accounts and trade debtors:

The BRP will attempt to recover the inter-company loans and trade debtors. The loan accounts and trade debtors are detailed further in **Annexure E**.

19. **THE SALES PROCESS**

To safeguard against the possibility of the DCS Agreement failing for any reason, and in an attempt to realise the best possible value for the Immovable Property and Bladeroom, the BRP initiated a two phased accelerated Sales Process. The Sales Process followed can be summarised as follows:

19.1. Phase 1:

19.1.1. The BRP addressed a formal letter to one interested party and five experienced brokers who indicated that their clients would be interested in the Immovable Property and Bladeroom on 2 September 2016 (“**the Process Letter**”). The Process Letter, *inter alia*, invited interested parties to submit an indicative, non-binding offer in respect of the Immovable Property and Bladeroom. The Process Letter further set out the timelines, requirements and process to be followed and adhered to by interested parties.

19.1.2. Upon receipt of the non-binding, indicative offers, interested parties will be allowed to commence with a due diligence.

19.2. Phase 2:

19.2.1. The BRP will select and notify interested parties invited to proceed to the second phase of the Sales Process as Preferred Bidders.

19.2.2. The Process Letter provides that Preferred Bidders must finalise the due diligence process by 7 October 2016 and submit final binding offers by 12 October 2016.

19.2.3. Upon submission of the final binding offers, the Preferred Bidders are required to pay a refundable cash deposit of R5 000 000.00 (five million Rand) into the bank account of an escrow agent agreed upon and on terms acceptable to the BRP, or deliver to the BRP an unconditional bank guarantee in a form acceptable to the BRP in his sole discretion.

19.2.4. The BRP and his Advisors will evaluate the final binding offers received from the Preferred Bidders and announce the Successful Bidder by 14 October 2016.

19.2.5. The Transaction Documents will be prepared and concluded by 21 October 2016 and the Successful Bidder will be required to deliver an

unconditional bank guarantee in a form acceptable to the BRP in his sole discretion in regard to the balance of the purchase price payable by 28 October 2016.

19.3. For ease of reference a summary of the Sales Process timeline is set out below:

Procedure	Date
Selection of shortlisted Preferred Bidders and notification of commencement of Phase 2	3 October 2016
Due diligence finalisation	7 October 2016
Binding offer submission deadline and deposit of R5 million	12 October 2016
Notification of Successful Bidder	14 October 2016
Preparation and finalisation of Transaction Agreements	15 October 2016 - 21 October 2016
Furnishing of bank guarantee acceptable to the BRP for balance of the purchase price	28 October 2016
<i>*Note: the above timeline is subject to alteration in the BRP's sole discretion</i>	

20. THE WIND-DOWN OF THE COMPANY

In conjunction with the sale of the Company's assets, the BRP will proceed to wind-down the Company in a manner that will maximise value realisation and reduce possible Claims against the Company by, *inter alia*:

- 20.1. completing those Projects that will generate a revenue to the Company and/or avoid a claim against the Company in terms of the guarantees. Please refer to paragraph 8 for further details relating to the Projects; and
- 20.2. collecting the outstanding debts as detailed in Annexure E. The BRP is still reviewing the prospects of recovery of the debts and for the purpose of the cash flow forecast, only debtors with a reasonable prospect of recovery have been included.

21. EFFECT ON CREDITORS

21.1. Contracts

There will be no continuation of the Business and no continuation of Contracts, save for those Contracts which will be completed, as detailed in paragraph 8 above, and which may be assigned. Creditors' Claims for damages will be limited as contemplated in paragraph 21.2 below.

21.2. Damages

21.2.1. In the event that Creditors claim damages, whether contractual or delictual, against the Company, which damages Claim is accepted by the BRP or proved by way of the Dispute Mechanism or by Court or similar proceedings, such damages Claims:

21.2.1.1. shall be a concurrent Claim, unless the Creditor holds security for such claim;

21.2.1.2. will be deemed to be limited to general damages suffered over the lesser of 3 (three) months from the date on which the alleged damages Claim arose or the balance of the Contract duration. For purposes hereof, general damages are those which, on an objective basis, would be reasonably foreseeable at the time of entering into the relevant Contract as a probable consequence of, and with a sufficiently close connection to, any breach by the Company of such Contract so as to be said to flow naturally and generally and not to be too remote;

21.2.1.3. will be deemed to exclude all consequential (including loss of profit) and indirect damages; and

21.2.1.4. if disputed, will be resolved in terms of the Dispute Mechanism, detailed in paragraph 36 below.

21.3. Claims and release of the Company from the payment of debts

21.3.1. After receipt of the final Distribution and substantial implementation, Creditors shall retain their Claims against the Company for any balance that may still be due to them by the Company.

21.3.2. Therefore if the Business Rescue Plan is implemented in accordance with its terms and conditions, a Creditor will not be deemed to have acceded to the discharge of the whole or part of a debt owing to that Creditor and will not lose its rights to enforce the relevant debt or part of such debt against the Company and the provisions of section 154(1) of the Act will not apply.

21.3.3. A Creditor will also notwithstanding the fact that this Business Rescue Plan has been adopted and implemented, be entitled to enforce any debt owed to it by the Company immediately prior to Business Rescue, except for any payment that is made pursuant to this Business Rescue Plan.

21.3.4. There is no proposal to convert any debt to equity in the Company or another company.

21.4. **Section 22 of the VAT Act:**

No Claims will be compromised in terms of this Business Rescue Plan. In this regard, Creditors will retain their Claims against the Company for any balance that may still be due to them by the Company.

22. **EFFECT ON EMPLOYEES**

All Employees' contracts will terminate on 30 September 2016.

23. **EFFECT OF THE BUSINESS RESCUE PLAN ON THE HOLDERS OF EACH CLASS OF THE COMPANY'S ISSUED SHARES**

The rights of the shareholder will not be altered.

24. **ORDER OF DISTRIBUTION – PAYMENT WATERFALL IN THE BUSINESS RESCUE**

24.1. In term of the Companies Act, the following order of priority (to the extent that there are funds available to pay all categories of Creditors) is provided for:

24.1.1. the Business Rescue Costs, including but not limited to legal costs, the costs of the Advisors, operating costs and other costs associated with the Business Rescue;

24.1.2. Employees for their employment during Business Rescue (to the extent that they have not been paid for their services during Business Rescue);

24.1.3. secured PCF Creditors;

24.1.4. unsecured PCF Creditors; and

24.1.5. Concurrent Creditors.

24.2. In respect of pre-commencement Secured Creditors, their Claims will rank in respect of such secured asset in priority to all other claims, other than the BRP's remuneration and expenses, as contemplated in section 143 of the Companies Act.

24.3. Notwithstanding the contents of paragraphs 24.1 and 24.2, Affected Persons are referred to paragraph 17.4 above for further details relating to the proposed order of payment in terms of this Business Rescue Plan, in particular, the payment of the Special Concurrent Distribution to independent Concurrent Creditors will be paid out of the Proceeds prior to Distributions to Secured Creditors.

24.4. Based on the information the BRP has to date, the probable dividend which Concurrent Creditors should receive as a result of the adoption of the Business Rescue Plan is approximately 4 (four) cents in the Rand from the Special Concurrent Distribution. The Business Rescue calculation is attached hereto as **Annexure F**. Creditors will further receive the Surplus Proceeds, if any, in addition to the Special Concurrent Distribution.

25. **COMPARISON OF THE BUSINESS RESCUE TO LIQUIDATION**

The following table sets out a comparison of the outcomes that are likely to arise under the Business Rescue as compared to a liquidation (using figures as at the Publication Date):

CLASS OF CREDITOR	LIQUIDATION	BUSINESS RESCUE
Secured	29c	100c
Business Rescue / PCF Creditors	N/A	100c
Employees	R28 000 (per employee)	Full retrenchment and severance pay due
Concurrent	2c	4c (minimum)

26. **PROOF OF CLAIMS BY CREDITORS**

26.1. The exchange rate in respect of all Claims expressed in foreign currency will be determined as at the Commencement Date.

26.2. Creditors are required to lodge their Claims prior to the Final Claims Date for purposes of participating in the Distribution:

26.2.1. the BRP has a discretion as to whether to allow a Creditor to lodge any Claim after the Final Claims Date; and

26.2.2. Creditors that have lodged Claims after the Final Claims Date, and whose Claims have been accepted by the BRP in the exercise of the BRP's aforesaid discretion, forfeit their right to participate in Distributions that have been made prior to the lodgement of their Claims.

26.3. Notwithstanding any amount reflected in the Company's records and/or in Annexure B, Claims shall be proved to the satisfaction of the BRP and supported by a claim form. If any Creditor requires the claim form, please contact Jenna Osborne of Matuson & Associates at megatron@matusonassociates.co.za.

26.4. In the event that the BRP disputes a Claim or security, such disputed Claims will be dealt with in accordance with the Dispute Mechanism more fully dealt with in paragraph 36 below.

27. **MORATORIUM**

27.1. In terms of the Companies Act, the commencement of Business Rescue places a moratorium on legal proceedings against the Company.

27.2. The intention of a moratorium is to give the Company the best possible chance to implement the Business Rescue Plan.

27.3. In the current circumstances, the moratorium in relation to the Company commenced on the Commencement Date and is expected to remain in place until the BRP files a notice of substantial implementation with CIPC.

28. **BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION**

The benefits to Creditors of adopting the Business Rescue Plan compared to a liquidation are as follows:

28.1. **Quantum**

28.1.1. The dividend that would be received by Creditors on a liquidation of the Company would be lower than the dividend that is anticipated to be received by Creditors as a result of Business Rescue.

28.1.2. By way of illustration, please refer to paragraph 25 above.

28.2. **Timing**

28.2.1. The average time it takes to conclude a liquidation process can be between 18 and 24 months, or longer depending on the complexity of the company. Given the complexity of the Company, it is likely that a liquidation would last longer than 24 months with no ability to pay an interim dividend to Concurrent Creditors.

28.2.2. If the Business Rescue proceeds, Creditors will receive their distribution, in a shorter time frame than in liquidation proceedings.

28.3. **Employees**

28.3.1. Employees have continued to receive full salaries since the Commencement Date.

28.3.2. If the Business Rescue proceeds Employees will receive full retrenchment packages.

28.3.3. In a liquidation:

28.3.3.1. all jobs will be lost immediately unless the liquidator agrees to continue trading against an indemnity. In the current circumstances, it is highly unlikely that a liquidator would agree to continue trading or that a liquidator would be indemnified against trading losses;

28.3.3.2. Employees would be entitled to receive a maximum amount of R28 000.00 (twenty eight thousand Rand) per employee, to the extent that there are funds available; and

28.3.3.3. Employees will only receive payment once the final liquidation and distribution account has been approved at the end of the liquidation process.

28.4. **Fees and costs**

28.4.1. The BRP submits that the entire costs of the Business Rescue will be lower than the liquidation costs.

28.4.2. The estimated fees and costs in a liquidation in terms of the liquidation calculation prepared is approximately R8 200 000.00 (eight million two hundred thousand Rand).

28.5. **PCF**

The BRP is able to access PCF for the duration of the Business Rescue.

29. **RISKS OF THE BUSINESS RESCUE**

29.1. Notwithstanding what has been stated in this Business Rescue Plan, the Business Rescue and the amount available to Creditors in terms of the Business Rescue may be adversely affected by, *inter alia*, the following factors:

29.1.1. unforeseen claims and/or litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;

29.1.2. unforeseen damages claims and contra claims arising from, *inter alia*, the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;

- 29.1.3. any changes in legislation that impact Business Rescue;
- 29.1.4. any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto;
- 29.1.5. any unforeseen circumstances, outside of the control of the BRP of any nature whatsoever howsoever arising that impacts on Business Rescue;
- 29.1.6. material discrepancies in the information made available to the BRP by Management;
- 29.1.7. the final verification and agreement of the quantum of the Claims take longer than expected or if the records of the Company are irreconcilable to the Claims received;
- 29.1.8. the Company's assets, including loan accounts and trade debtors, not being realised for the amounts provided for in the BRP's calculations or not being realised at all;
- 29.1.9. any claims being made under the guarantees issued in terms of the Projects resulting in a Claim against the Company by the guarantor.

29.2. It should be noted that, in the unlikely event of an immediate liquidation of the Company, the risks set out in this paragraph would still apply.

30. **ASSUMPTIONS MADE WITH REGARD TO THE FORECAST OF THE BUSINESS RESCUE DIVIDEND**

30.1. **Revenue**

- 30.1.1. sale of the assets (including shares) in terms of a private treaty or public auction;
- 30.1.2. sale of the existing inventory and equipment at market related prices; and
- 30.1.3. collection of trade receivables in the ordinary course of business.

30.2. **Other income**

Certain rentals relating to the Bladeroom will be collected where possible

30.3. **Payroll**

30.3.1. All employment contracts have been terminated with effect from 30 September 2016.

30.3.2. Certain Employees have been contracted on fixed-term bases to assist with the realisation of the Company's assets and day-to-day management of the affairs of the Company, to the extent required.

30.4. **Administration costs**

Based on reviewed costs to implement the sale of the Company's assets and to provide transitional support services, limited to a four month period.

30.5. **Realisation Assumptions**

Please refer to Annexure G.

30.6. **Distribution Assumptions**

Please refer to paragraph 24 above.

PART C – ASSUMPTIONS AND CONDITIONS

31. CIRCUMSTANCES IN WHICH THE BUSINESS RESCUE WILL END AND THE TERMINATION OF BUSINESS RESCUE

The Business Rescue will end –

- 31.1. if the Business Rescue Plan is proposed and rejected and no action is taken as contemplated in section 153(1) of the Companies Act; or
- 31.2. this Business Rescue Plan is adopted and implemented and the BRP has filed a notice of substantial implementation of the Business Rescue Plan with CIPC; or
- 31.3. the BRP files a notice of termination with CIPC; or
- 31.4. a High Court orders the conversion of the Business Rescue into liquidation proceedings.

32. CONDITIONS FOR THE BUSINESS RESCUE PLAN TO COME INTO OPERATION AND BE FULLY IMPLEMENTED

- 32.1. The Business Rescue Plan will come into operation upon the final adoption of the Business Rescue Plan.
- 32.2. Substantial implementation will be deemed to have occurred upon all of the Company's assets having been realised and the final Distribution having been made to Creditors.

33. EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES

Please refer to paragraph 22 in this regard.

34. PROJECTED BALANCE SHEET AND PROJECTED STATEMENT OF INCOME AND EXPENSES PREPARED ON THE ASSUMPTION THAT THE BUSINESS RESCUE PLAN IS ADOPTED

As the Business Rescue is proceeding in terms of a better return to Creditors and Employees, as opposed to the Company continuing on a solvent basis, there is no projected balance sheet, however, the projected statement of income and expenses (prepared on a cash basis) for the anticipated duration of the Business Rescue is attached as **Annexure G**.

35. **EXISTING LITIGATION**

All parties who have instituted legal proceedings, including any enforcement action, in respect of any Claims against the Company in any forum will be subject to the provisions of paragraph 26, dealing with the proof of Claims.

36. **DISPUTE RESOLUTION**

36.1. Subject to paragraph 36.4, save as provided for in section 133 of the Companies Act, in respect of all or any disputes by the BRP on Claims submitted by Creditor(s), PCF Creditors and Employees, which disputes include, but are not limited to, disputes on the existence or otherwise of Claim(s), on quantum of Claim(s), security claimed by a Creditor, the nature of the security, the extent and value of the security and the like (“**the dispute**”) such dispute may be resolved in accordance with the dispute mechanism outlined below (“**the Dispute Mechanism**”).

36.2. The Dispute Mechanism procedure will be as follows:

36.2.1. All Creditors who have received notification from the BRP of a dispute are, within 15 days after receipt of such notification, to contact the BRP and to meet with the BRP as soon as reasonably possible in an attempt to reach agreement on the dispute.

36.2.2. If the Creditor does not avail itself of this 15 day opportunity or if after having availed itself and the dispute is not resolved, the Creditor will be entitled to nominate one of the retired judges from the list below as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor not make this nomination the BRP will do so on his/her/its behalf and this nomination will be binding on the Creditor(s). The list of these retired judges are:

36.2.2.1. E. Goldstein;

36.2.2.2. J. Kriegler;

36.2.2.3. P. Blieden;

36.2.2.4. J. Heher;

36.2.2.5. P. Streicher; and

36.2.2.6. M. Joffe.

- 36.2.3. The retired judge when nominated and who agrees to accept such appointment (hereinafter referred to as the “**expert**”) will endeavour to complete his mandate within 30 days of his appointment or within such further time period as the expert in his sole discretion may determine. To the extent that any expert as nominated by the Creditor or Employee/s refuses to act or is not available to act, the Creditor, or if he refuses or does not do so within three days of being requested by the BRP to do so, the BRP on his/her/its behalf is then obliged to choose another retired judge(s) from the above list until one such judge is available to act and is agreeable to act.
- 36.2.4. The expert will in his sole and absolute discretion determine:
- 36.2.4.1. the venue at which the dispute is to be resolved;
 - 36.2.4.2. the rules, regulations and procedures that will govern the determination of the dispute;
 - 36.2.4.3. the date(s) for the determination of the dispute;
 - 36.2.4.4. will give his award / determination within 5 days of the completion of the process as determined by him;
 - 36.2.4.5. will as part of his award / determination determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.
- 36.2.5. The Creditor/s agrees that, save for any manifest error the determination of the expert will be final and binding on the Creditor/s, the Company and the BRP and will not be subject to any subsequent review or appeal application / procedure / process.
- 36.2.6. The expert shall be entitled to make an award for costs in his discretion.
- 36.2.7. The Creditor, the Employee/s, the Company and the BRP agree to use their utmost endeavours to ensure that the entire dispute is determined by the expert within the 30 day period as set out above.
- 36.3. To the extent necessary, should the BRP be of the view that certain disputes may be settled or compromised, the BRP shall be authorised to settle and compromise such dispute.
- 36.4. The BRP may in his sole and absolute discretion decide that the dispute mechanism is not appropriate for resolving the dispute and/or that the application of the dispute mechanism may result in prejudice to other Creditors or employees or the Company. In such event, the

BRP, Creditor or Employee concerned shall be entitled in terms of 133 of the Companies Act to refer the dispute to Court and if an expert has already been nominated, such nomination shall lapse and be of no further force or effect.

37. ABILITY TO AMEND THE BUSINESS RESCUE PLAN

37.1. Provided that any amendment will not be prejudicial to any of the Affected Persons, the BRP shall have the ability, in his sole and absolute discretion, to amend, modify or vary any provision of this Business Rescue Plan, provided that at all times the BRP acts reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.

37.2. It is specifically recorded that the provisions of paragraph 37.1 shall *mutatis mutandis* apply to the extension or reduction of any timeframes by the BRP.

38. SEVERABILITY

Any provision in this Business Rescue Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this Business Rescue Plan, without invalidating the remaining provisions of this Business Rescue Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

39. CONCLUSION

For the reasons set out above, the BRP is of the view that if the Business Rescue proceeds same will result in an efficient rescue and recovery of the Company, in a manner that balances the rights and interests of all relevant stakeholders.

40. BRP'S CERTIFICATE

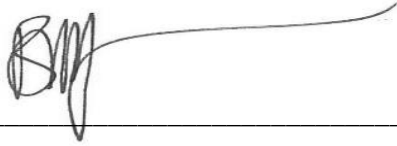
40.1. I, the undersigned, Barry David Kaganson, hereby certify to the best of my knowledge and belief that –

40.1.1. any actual information provided herein appears to be accurate, complete and up to date;

40.1.2. I have relied on financial information including opinions and reports furnished to me by Management;

40.1.3. any projections provided are estimates made in good faith on the basis of factual information and assumptions as set out herein;

40.1.4. in preparing the Business Rescue Plan, I have not undertaken an audit of the information provided to me by Management and by the Company's auditors, although where practical, I have endeavoured to satisfy myself of the accuracy of such information.

A handwritten signature in black ink, consisting of a stylized 'B' followed by a long horizontal line that tapers to the right.

Barry David Kaganson,
Appointed Business Rescue Practitioner

Date: 16 September 2016

Annexure A: List of the Material Assets of the Company*As per the July 2016 Management Accounts***FIXED ASSETS**

Category	Cost	Acc Dep	Book Value
Plant and Machinery	8,181,692	4,882,010	3,299,682
Motor Vehicles	685,178	380,693	304,485
Computers	520,050	477,513	42,538
Furniture	424,407	294,289	130,118
Office Equipment	946,141	904,812	41,329
Land	10,900,000	-	10,900,000
	21,657,468	6,939,317	14,718,151

INVENTORY

Inventory	3,913,279
	3,913,279

Note:

* *As at the commencement date all movable assets were held by Standard Bank as security in terms of the perfected general notarial bonds and cession agreement.*

** *This Annexure A excludes Trade Debtors and Intercompany Loans, which are detailed in Annexure E.*

Annexure B: List of the Creditors of the Company

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
AC/DC DYNAMICS cc	Concurrent	Concurrent	32,296		32,296	32,296	0.01%
ACORP - Div of Park Boulevard Trading 58 cc	Concurrent	Concurrent	12,973		12,973	12,973	0.00%
ADDATA NETWORKS – ZAR	Concurrent	Concurrent	29,503	29,503	-	29,503	0.01%
AICI	Concurrent	Concurrent	214,382		214,382	214,382	0.08%
AIR PRODUCTS SOUTH AFRICA (Pty) Ltd	Concurrent	Concurrent	27,037	27,037	-	27,037	0.01%
ALAN JONES – ZAR	Concurrent	Concurrent	3,363,300	3,363,300	-	3,363,300	1.27%
ALIEN SYSTEMS TECHNOLOGIES (Pty) Ltd	Concurrent	Concurrent	164,114	191,930	(27,816)	191,930	0.06%
ALLOY MAGNETIC CORES SA cc	Concurrent	Concurrent	218,577		218,577	218,577	0.08%
ALPHA SECURITY ALARMS (Pty) Ltd	Concurrent	Concurrent	1,812		1,812	1,812	0.00%
AML - MACHINE TOOLS REPAIRS cc	Concurrent	Concurrent	7,376		7,376	7,376	0.00%
ANOPLATE	Concurrent	Concurrent	30,301	30,301	-	30,301	0.01%
ANTHONY C FOURIE	Concurrent	Concurrent	84,994		84,994	84,994	0.03%
ARB ELECTRICAL WHOLESALEERS (Pty) Ltd	Concurrent	Concurrent	274,491		274,491	274,491	0.10%
ARROW BULK LOGISTICS (Pty) Ltd	Concurrent	Concurrent	5,991		5,991	5,991	0.00%
BARTEC SAFETY (Pty) Ltd	Concurrent	Concurrent	14,649		14,649	14,649	0.01%
BEKA (Pty) Ltd	Concurrent	Concurrent	235,898		235,898	235,898	0.09%
BIDVEST BANK	Concurrent	Concurrent	32,305	32,305	-	32,305	0.01%
BIG BOX CONTAINERS (Pty) Ltd	Concurrent	Concurrent	2,508		2,508	2,508	0.00%
BOWMAN GILFILLAN	Concurrent	Concurrent	300,179		300,179	300,179	0.11%
BRF AND CO	Concurrent	Concurrent	17,100		17,100	17,100	0.01%
BROADVISION TECHNOLOGIES cc	Concurrent	Concurrent	211,712	211,712	-	211,712	0.08%
CABRICAL cc	Concurrent	Concurrent	77,665	77,665	-	77,665	0.03%
CENTRALEC (Pty) Ltd	Concurrent	Concurrent	691,462	804,393	(112,931)	804,393	0.26%
CENTURY ELECTRICAL	Concurrent	Concurrent	107,116	107,116	-	107,116	0.04%
CES ELECTRICAL ENGINEERING SOLUTIONS	Concurrent	Concurrent	131,271	131,271	-	131,271	0.05%
CIS ENGINEERING (Pty) Ltd	Concurrent	Concurrent	2,292,004	2,292,004	-	2,292,004	0.87%
CITY OF TSHWANE	Concurrent	Concurrent	155,145		155,145	155,145	0.06%
COFESA	Concurrent	Concurrent	2,700		2,700	2,700	0.00%
COMPRESSOR SERVICES	Concurrent	Concurrent	11,584		11,584	11,584	0.00%
COMPUTERSHARE INVESTOR SERVICES (Pty) Ltd	Concurrent	Concurrent	7,695		7,695	7,695	0.00%

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
CONSTRUCTION COMPUTER SOFTWARE (Pty) Ltd	Concurrent	Concurrent	2,668		2,668	2,668	0.00%
CONSULTATION SUPPLIES (Pty) Ltd	Concurrent	Concurrent	22,610		22,610	22,610	0.01%
CONSULT 10 - TIENIE WILLEMSE	Concurrent	Concurrent	10,904	10,904	-	10,904	0.00%
CONTROL GEAR PRODUCTS	Concurrent	Concurrent	-	10,031	(10,031)	10,031	0.00%
CORPORATE FIRST TRAVEL	Concurrent	Concurrent	1,104,869		1,104,869	1,104,869	0.42%
CR BEZUIDENHOUT TRANSPORT cc	Concurrent	Concurrent	208,360		208,360	208,360	0.08%
CSE EQUIPMENT	Concurrent	Concurrent	12,965		12,965	12,965	0.00%
CUAL ENGINEERING (Pty) Ltd	Concurrent	Concurrent	17,955		17,955	17,955	0.01%
DA VINCI INSTITUTE FOR TECHNOLOGY MANAGEMENT	Concurrent	Concurrent	12,318		12,318	12,318	0.00%
DE JAGER HEAVY HAULAGE cc	Concurrent	Concurrent	285,611	285,611	-	285,611	0.11%
DIGICOPY cc	Concurrent	Concurrent	259,898	1,744,822	(1,484,924)	1,744,822	0.10%
DLA CLIFFE DEKKER HOFMEYR	Concurrent	Concurrent	257,899	47,146	210,753	257,899	0.10%
DOMINANTE AIR SERVICES DURBAN (Pty) Ltd	Concurrent	Concurrent	27,032		27,032	27,032	0.01%
DW MILLER ASSOCIATES	Concurrent	Concurrent	15,225		15,225	15,225	0.01%
DYNAMIC CLOUD SOLUTIONS	Concurrent	Concurrent	-	65,000,000	(65,000,000)	65,000,000	0.00%
ECHO EFFECT	Concurrent	Concurrent	297,800		297,800	297,800	0.11%
ECHO SERVICE PROVIDER	Concurrent	Concurrent	768,930	768,930	-	768,930	0.29%
ECONERGIE SPRL	Concurrent	Concurrent	12,176,430	2,913,981	9,262,449	12,176,430	4.60%
EDGE INNOVATION (Trinity IT Solutions)	Concurrent	Concurrent	7,497		7,497	7,497	0.00%
ELECTROMECHANICA (Pty) Ltd	Concurrent	Concurrent	140,434		140,434	140,434	0.05%
ELECTROSALES ELECTRICAL SUPPLIES (Pty) Ltd	Concurrent	Concurrent	58,193		58,193	58,193	0.02%
ELLIES ELECTRONICS	Concurrent	Concurrent	74,875,588	74,875,588	-	74,875,588	28.26%***
ELLIES HOLDINGS	Concurrent	Concurrent	14,264,381	14,264,381	-	14,264,381	5.38%***
ELLIES PROPERTIES (PTY) LTD	Concurrent	Concurrent	4,482,274	4,482,274	-	4,482,274	1.69%***
EMERSON INDUSTRIAL AUTOM SOUTHERN AFRICA	Concurrent	Concurrent	403,427	403,427	-	403,427	0.15%
END TO END AUTOMATION cc	Concurrent	Concurrent	3,243		3,243	3,243	0.00%
ENGINEERED MEDIA CC	Concurrent	Concurrent	855		855	855	0.00%
E-TELEGRAM	Concurrent	Concurrent	485		485	485	0.00%
ETNA TRADING 14 (PTY) LTD - IN LIQUIDATION	Concurrent	Concurrent	-	1,152,336	(1,152,336)	1,152,336	0.00%
EXECUTIVE PROTECTION AGENCY	Concurrent	Concurrent	66,846		66,846	66,846	0.03%

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
FACET ARCHITECTURE (Pty) Ltd	Concurrent	Concurrent	89,754	702,084	(612,330)	702,084	0.03%
FH BERTLING LOGISTICS (Pty) Ltd	Concurrent	Concurrent	1,208,654	1,234,023	(25,369)	1,234,023	0.46%
FIBRETEK	Concurrent	Concurrent	6,929		6,929	6,929	0.00%
FINLEC (Pty) Ltd	Concurrent	Concurrent	2,178,030		2,178,030	2,178,030	0.82%
FLIPS FORKLIFT SERVICES (Pty) Ltd	Concurrent	Concurrent	2,320		2,320	2,320	0.00%
FLUIDLINE PRODUCTS (Pty) Ltd	Concurrent	Concurrent	18,673		18,673	18,673	0.01%
FOX PLUMBING	Concurrent	Concurrent	684		684	684	0.00%
FRANCOIS VAN DEN BERG	Concurrent	Concurrent	2,871		2,871	2,871	0.00%
GAMMA ELECTRICAL - Div of Leblec Supplies cc	Concurrent	Concurrent	58,613	743,075	(684,462)	743,075	0.02%
GRAFFITI DESIGNS (Pty) Ltd	Concurrent	Concurrent	6,350		6,350	6,350	0.00%
GRANT THORNTON	Concurrent	Concurrent	79,662	79,662	-	79,662	0.03%
GROVES (Pty) Ltd	Concurrent	Concurrent	3,078		3,078	3,078	0.00%
GYS JACOBS TRANSPORT cc	Concurrent	Concurrent	87,802		87,802	87,802	0.03%
HARCO FINISHING	Concurrent	Concurrent	7,455		7,455	7,455	0.00%
HCWB POWER SOLUTIONS (Pty) Ltd	Concurrent	Concurrent	21,748	53,796	(32,048)	53,796	0.01%
HHK EARTHING LIGHTNING PROTECTION SYSTEM	Concurrent	Concurrent	49,141		49,141	49,141	0.02%
HIGH VOLTAGE TECHNOLOGY POWER SYSTEMS	Concurrent	Concurrent	183,887		183,887	183,887	0.07%
HS SWITCHGEAR (Pty) Ltd	Concurrent	Concurrent	1,000,358		1,000,358	1,000,358	0.38%
IBP CONSTRUCTION CONSULTANTS (JOHANNESBURG)	Concurrent	Concurrent	61,755	192,342	(130,587)	192,342	0.02%
IKHWEZI PROJECTS	Concurrent	Concurrent	29,043		29,043	29,043	0.01%
INTERNET SOLUTIONS	Concurrent	Concurrent	151		151	151	0.00%
ISOTEC - Insulation Advanced Technology	Concurrent	Concurrent	27,758		27,758	27,758	0.01%
ISO-TECH SYSTEMS cc	Concurrent	Concurrent	59,692	59,692	-	59,692	0.02%
JUMBO PROJECTS	Concurrent	Concurrent	124,680		124,680	124,680	0.05%
K2012022738 (SA) - Dynamic Cloud Sol	Concurrent	Concurrent	730,022		730,022	730,022	0.28%
KENMARE SERVICES LAM (Minnaar LA)	Concurrent	Concurrent	1,599		1,599	1,599	0.00%
K-POWER SERVICE	Concurrent	Concurrent	20,748	20,748	-	20,748	0.01%
LAN LOGIX (Pty) Ltd	Concurrent	Concurrent	40,556		40,556	40,556	0.02%
LASERCRAFT (Pty) Ltd	Concurrent	Concurrent	13,135		13,135	13,135	0.00%
LEVERAGE CONSULTING	Concurrent	Concurrent	1,800		1,800	1,800	0.00%
LOGICHEM CONTROL (Pty) Ltd	Concurrent	Concurrent	792,249		792,249	792,249	0.30%
LOMBARD INSURANCE	Concurrent	Concurrent	18,710,178	18,710,178	-	18,710,178	7.06%**

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
LONG LINE TECHNOLOGY Ltd	Concurrent	Concurrent	8,302,885	9,303,827	(1,000,942)	9,303,827	3.13%
MAIN INVESTMENTS LIMITED	Concurrent	Concurrent	28,514		28,514	28,514	0.01%
MAINE CONSULTING	Concurrent	Concurrent	11,400		11,400	11,400	0.00%
MARCO WELMAN	Concurrent	Concurrent	28,955		28,955	28,955	0.01%
MASS HIRE - UPINGTON	Concurrent	Concurrent	106,751		106,751	106,751	0.04%
MAWELE ENGINEERING	Concurrent	Concurrent	442,840		442,840	442,840	0.17%
MAXICONCEPTS (Pty) Ltd	Concurrent	Concurrent	438,270	438,270	-	438,270	0.17%
McWADE PRODUCTIONS (Pty) Ltd	Concurrent	Concurrent	199,521		199,521	199,521	0.08%
MEGATRON PROPERTIES (Pty) Ltd	Concurrent	Concurrent	596,754	500,000	96,754	596,754	0.23%
MIKE FAIRON	Concurrent	Concurrent	140,000	140,000	-	140,000	0.05%
MTU SOUTH AFRICA (Pty) Ltd	Concurrent	Concurrent	145,010		145,010	145,010	0.05%
MULTICHOICE	Concurrent	Concurrent	438		438	438	0.00%
MULTISPEED PROJECTS cc	Concurrent	Concurrent	6,849		6,849	6,849	0.00%
NEOTEL (Pty) Ltd	Concurrent	Concurrent	39,419		39,419	39,419	0.01%
NEW TREND ELECTRIC	Concurrent	Concurrent	674,650	674,650	-	674,650	0.25%
NOBLE MOTOR CONTROL (Pty) Ltd	Concurrent	Concurrent	208,364	263,620	(55,256)	263,620	0.08%
NSIKA ARCHITECTURE AND DESIGN (Pty) Ltd	Concurrent	Concurrent	280,710	426,005	(145,295)	426,005	0.11%
NT ELECTRICAL WHOLESALERS (Pty) Ltd	Concurrent	Concurrent	117,642		117,642	117,642	0.04%
O-LINE SUPPORT SYSTEMS (Pty) Ltd	Concurrent	Concurrent	325,295		325,295	325,295	0.12%
ORMAZABAL INTERNATIONAL BUSINESS S.A.	Concurrent	Concurrent	19,176,873	19,369,422	(192,549)	19,369,422	7.24%
PAM GOLDING PROPERTIES (Pty) Ltd	Concurrent	Concurrent	90,745		90,745	90,745	0.03%
PETER SOURIS TRANSFORMERS cc	Concurrent	Concurrent	7,326		7,326	7,326	0.00%
PEZULA ACCESS SCAFFOLDING cc	Concurrent	Concurrent	288,528	2,010,182	(1,721,654)	2,010,182	0.11%
PHOENIX CONTACT (Pty) Ltd	Concurrent	Concurrent	132,085		132,085	132,085	0.05%
POLYGRAPH INSTITUTION OF THE AFRICAN CONTINENT (PIAC)	Concurrent	Concurrent	1,980		1,980	1,980	0.00%
POWER ENGINEERING (INDIA) Pvt Ltd - (USD)	Concurrent	Concurrent	3,564		3,564	3,564	0.00%
POWERTECH SYSTEM INTEGRATORS (Pty) Ltd	Concurrent	Concurrent	38,637		38,637	38,637	0.01%
PRO AIR PAINTING CONTRACTORS CC	Concurrent	Concurrent	4,000	4,000	-	4,000	0.00%
Q-iPS SOLUTIONS P/L	Concurrent	Concurrent	21,952		21,952	21,952	0.01%

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
REPAIR METROLOGY SERVICES (Pty) Ltd	Concurrent	Concurrent	38,817		38,817	38,817	0.01%
REPRO SIGNS cc	Concurrent	Concurrent	2,234		2,234	2,234	0.00%
RH VAN HUYSSTEEN	Concurrent	Concurrent	2,866		2,866	2,866	0.00%
RM GLOBAL TRAVEL SERVICES (Pty) Ltd	Concurrent	Concurrent	221,033		221,033	221,033	0.08%
ROBOR (PTY) LTD	Concurrent	Concurrent	1,000,000	1,000,000	-	1,000,000	0.38%
ROMANO BEVILACQUA	Concurrent	Concurrent	7,831		7,831	7,831	0.00%
RYAN PHILLIPS-PAGE - (USD)	Concurrent	Concurrent	3,279,110	3,500,000	(220,890)	3,500,000	1.24%
SARS	Concurrent	Preferent	353,319		353,319	353,319	0.13%
SASFIN BANK SUNLIN RENTALS (Head Office)	Concurrent	Concurrent	1,917		1,917	1,917	0.00%
SCHNEIDER ELECTRIC SOUTH AFRICA (Pty) Ltd	Concurrent	Concurrent	2,468,449	2,474,662	(6,213)	2,474,662	0.93%
SCORPEX RECRUITMENT - Div of Scorpex 67 cc	Concurrent	Concurrent	15,000	15,000	-	15,000	0.01%
SDMO SUB-SAHARA POWER DISTRIBUTORS (Pty) Ltd	Concurrent	Concurrent	107,411	107,411	-	107,411	0.04%
SEAL N DEVICES cc	Concurrent	Concurrent	186,276	200,774	(14,498)	200,774	0.07%
SEIFSA	Concurrent	Concurrent	9,690		9,690	9,690	0.00%
SERVEST SECURITY - A Div of Servest	Concurrent	Concurrent	128,073		128,073	128,073	0.05%
SEVENTH ENGINEERING - EFFICIENCY	Concurrent	Concurrent	1,831,190		1,831,190	1,831,190	0.69%
SEVENTH ENGINEERING SPRL - (USD)	Concurrent	Concurrent	1,119,163		1,119,163	1,119,163	0.42%
SIMON WILKINSON - USD	Concurrent	Concurrent	6,168		6,168	6,168	0.00%
SITEMED OCCUPATIONAL HEALTH (Pty) Ltd	Concurrent	Concurrent	2,280	2,280	-	2,280	0.00%
STANDARD BANK	Secured	Secured	73,200,867	73,200,867	-	73,200,867	27.63%*
STANDARD BANK CARD DIVISION	Secured	Secured	119,441	272,383	(152,942)	272,383	0.05%*
STEINER HYGIENE (Pty) Ltd	Concurrent	Concurrent	33,410		33,410	33,410	0.01%
STEWARTS LLOYDS	Concurrent	Concurrent	53,829		53,829	53,829	0.02%
SUE HEYNEKE - (USD)	Concurrent	Concurrent	2,741		2,741	2,741	0.00%
TAMRYN MANOR	Concurrent	Concurrent	1,646,522	1,680,771	(34,250)	1,680,771	0.62%
TEA TIME DISTRIBUTORS cc	Concurrent	Concurrent	12,424		12,424	12,424	0.00%
TEMP-U-AIR SERVICES (Pty) Ltd	Concurrent	Concurrent	18,501		18,501	18,501	0.01%
TENT AND TARP REEF cc	Concurrent	Concurrent	55,746		55,746	55,746	0.02%
THE CABLE COMPANY	Concurrent	Concurrent	-	84,106	(84,106)	84,106	0.00%
TMAN INDUSTRIAL SOLUTIONS	Concurrent	Concurrent	893,298	425,649	467,649	893,298	0.34%
ULTIMATE OFFICE NATIONAL	Concurrent	Concurrent	1,013		1,013	1,013	0.00%

Creditor	Secured/ Concurrent in Business Rescue	Laws of Insolvency Ranking	Amount as per Company's Ledger	Amount as per Claim Received	Variance	Higher of Ledger vs Claim	Voting % Based on Company's Ledger
UPINGTON VOLKSWAGEN	Concurrent	Concurrent	5,855		5,855	5,855	0.00%
UPS SCS SOUTH AFRICA (Pty) Ltd	Concurrent	Concurrent	25,433		25,433	25,433	0.01%
VAAL CAR HIRE (Pty) Ltd	Concurrent	Concurrent	655		655	655	0.00%
VALTER NEUMANN ARCHITECTS	Concurrent	Concurrent	228,000	3,298,009	(3,070,009)	3,298,009	0.09%
VAMP SOLUTIONS (Pty) Ltd	Concurrent	Concurrent	59,948		59,948	59,948	0.02%
VERDI CONSULTING ENGINEERS cc	Concurrent	Concurrent	178,980	178,980	-	178,980	0.07%
VISUALR (Pty) Ltd	Concurrent	Concurrent	256,500	225,000	31,500	256,500	0.10%
WEBBER WENTZEL	Concurrent	Concurrent	114,226		114,226	114,226	0.04%
WELD-CUT EQUIPMENT	Concurrent	Concurrent	11,082		11,082	11,082	0.00%
WILLIAMS TRANSPORT	Concurrent	Concurrent	412,100		412,100	412,100	0.16%
WIRE SYSTEMS TECHNOLOGY	Concurrent	Concurrent	597,209		597,209	597,209	0.23%
WORKFORCE STAFFING	Concurrent	Concurrent	95,454	95,454	-	95,454	0.04%
XL NEXUS TRAVEL	Concurrent	Concurrent	48,947		48,947	48,947	0.02%
ZHEJIANG NARADA POWER SOURCE CO Ltd	Concurrent	Concurrent	49,831		49,831	49,831	0.02%

264,925,005	314,944,890	(50,019,885)	340,896,442	100%
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Refer to Annexure F

* This excludes PCF

** This amount relates to performance/retention guarantees and is therefore contingent but will be included for voting purposes

*** Not Independent

Annexure C: Liquidation Calculation

Asset	Balance Sheet Value at End July 2016	% Recoverable	Available
ASSETS			<u>R</u>
Encumbered Assets: Standard Bank Security			
Realisable Assets			
Trade Debtors (Excl. Bladeroom)	9,480,862	10%	948,086
Plant and Equipment	3,818,152	20%	763,630
Inventory	3,913,279	20%	782,656
Blade Room - Movable Assets	17,000,000		17,000,000
Realisation	30,000,000		
Less: Land Value (30%)	(13,000,000)		
Congo Land	7,656,271	0%	-
Abeinsa Debtor	3,422,744	100%	3,422,744
SEK Debtor	4,538,076	100%	4,538,076
			<u>27,455,193</u>
S 89 Costs - Schedule A			<u>(5,499,597)</u> Refer to Schedule A below
Net			<u>21,955,595</u>
Secured Claims			
Standard Bank - Pre Commencement	73,473,250		
Post Commencement Funding	3,006,546		
Total Secured Claims	<u>76,479,796</u>		<u>(21,955,595)</u>
			<u>-</u>
			<u>29c</u>
Recovery for Secured Creditors - Standard Bank			
			<u>(54,524,201)</u>
PCF Encumbered Assets			
Blade Room Land Portion	13,000,000	100%	13,000,000
S 89 Costs - Schedule B			<u>(2,755,000)</u> Refer to Schedule B below
Net			<u>10,245,000</u>
Secured Claims			
Standard Bank - PCF			<u>(3,006,546)</u>
Assets - Free Residue			<u>7,238,454</u>
Total available for Preferent and Concurrent Creditors			<u>7,238,454</u>
			<u>(51,517,655)</u>
Shorfall Secured Creditor			

Preferent Claims

Employees	644,147
SARS - PAYE outstanding	353,319
Recovery for Preferent Creditors	997,465

Available for concurrent

		6,240,989
Standard Bank Shortfall	51,517,655	997,729
Trade Creditors	89,737,452	1,737,921
Employees - Concurrent	3,665,570	70,990
Performance Guarantees	18,710,178	362,355
DCS - Blade Room	65,000,000	1,258,837
Ellies Electrical	74,875,588	1,450,095
Ellies Properties	4,482,274	86,807
Ellies Holdings	14,264,381	276,254

Total Concurrent Claims **322,253,098**

Recovery for Concurrent Creditors

0.019

Schedule A

s89 Costs - Debtors Book		R
Liquidators Fees	10%	2,745,519
Collection Costs	10%	890,891
Auctioneers Costs	10%	1,854,629
Security bonds, masters fees, legal etc	0.5%	8,559
Total		5,499,597

Schedule B

s89 Costs - Stock and Fixed Property		R
Liquidators Fees - Property	3%	390,000
Auction Costs	10%	1,300,000
Legal Fees		1,000,000
Security bonds, masters fees, legal etc	1%	65,000
Total		2,755,000

Annexure D: Agreement for the BRP's Remuneration

16 September 2016

RE: MEGATRON SA (PTY) LIMITED (IN BUSINESS RESCUE) ("THE COMPANY")

1. In terms of section 143(2) of the Companies Act, 71 of 2008 ("Companies Act"), I, in my capacity as the business rescue practitioner of the Company, hereby propose an agreement with the Company providing for further remuneration upon the adoption of the business rescue plan as follows:
 - 1.1. an increase of 6% (six percent) per annum in respect of the prescribed tariff rates set out in Regulation 128 to the Companies Act since its promulgation in 2011; and
 - 1.2. the aforesaid increase will be retrospective to 12 August 2016.
2. Please indicate your acceptance of the above proposed agreement by having this letter countersigned in the space provided for below.
3. Upon signature by the Company below, this letter will constitute the written agreement between the Company and the business rescue practitioner in terms of section 143(2) of the Companies Act.
4. This agreement will become final and binding on the Company upon approval, as contemplated in section 143(3) of the Companies Act.

Yours faithfully

Barry David Kaganson

Business Rescue Practitioner of the Company



I, the undersigned, Wayne Samson, as sole director of the Company, do hereby agree on behalf of the Company to the proposed agreement for an increase in the business rescue practitioner's remuneration as provided for in paragraph 1 of this letter.

Signed: _____

Name: Wayne Samson

Date: 16/09/2016

Annexure E: Loan Accounts and Trade Debtors*As per the July 2016 Management Accounts***RECEIVABLES**

Intercompany Loans	133,732,627	Note 1
Trade Debtors	77,507,432	Note 2
Construction Contracts	65,028,521	Note 3
Congo Land	7,656,271	Note 4
SEK Financial Asset	4,538,076	<i>Payment Plan in place</i>
Sundry Debtors	2,931,137	
Tax Receivable	1,394,038	
Other Receivables	512,293	
	293,300,395	

Note 1**Intercompany Loans**

Botjheng Water (Pty) Ltd	75,289,053
Megatron Towers (Pty) Ltd	30,471,032
Megatron Federal RDC SARL	24,255,511
Megatron Engineering Namibia (Pty) Ltd	3,467,147
Megatron International (Pty) Ltd	249,885
	133,732,627

Note 2**Trade Debtors**

Dynamic Cloud Solutions (Bladeroom)	65,000,000
Kansuki Mining	3,871,809
Maxiconcepts	3,292,738
Abeinsa EPC KHI	2,194,928
Abeinsa EPC KAXU	2,014,452
SMA Sub Sahara Production	1,630,075
Ormazabal International	1,003,399
Mutanda Mining	589,180
Ormazabal Power Projects	239,171
Ellies - Head Office	41,622
Transnet Freight	35,500
Sibanye Gold	34,651
AM to PM Electrical Services	18,240
Gamma Electrical	4,560
CES Electrical Engineering Solutions	2,398
VO Connect	1,710
	79,974,433

Provision for Impairment	-2,467,002
	77,507,432

Note 3**Construction Contracts**

Zuikerbosch	467,987
Kassai Solar Project	-1,247,962
Shilatembo Substation	65,808,496
	65,028,521

Note 4

This amounts reflects the valuation of a portion of land which is currently in the process of transfer. The BRP is in the process of confirming this valuation and recoverability thereof.

Annexure F: Business Rescue Calculation

	<u>R</u>	
Total Realisation	115,194,487	
Projects	4,840,607	
Assets	110,353,880	
Less Business Rescue Costs	(20,991,800)	
BR Fees & Legal	(6,022,609)	
Staff Costs	(9,500,500)	
Other Overhead	(5,468,691)	
Available to Secured Creditor	94,202,687	<i>Refer to Annexure G</i>
Special Concurrent Distribution per BR Plan	(6,250,000)	< A >
Available to Secured Creditor	87,952,687	
Secured Creditor Claim	(83,660,092)	
Amount Ow ing at Business Rescue Date	(73,473,250)	
Post Commencement Funding Advanced	(10,186,842)	
Surplus Proceeds: Available for Further Distribution to Concurrent Creditors	4,292,595	< B >
<u>Position of Concurrent Creditors</u>		
Total Concurrent Dividend	0.07	
Special Concurrent Distribution	0.04	
Surplus Proceeds Distribution	0.03	

Concurrent Dividend Calculation

	<u>R</u>	
Total Creditors - Higher of Ledger vs Claim	340,896,442	<i>Refer to Annexure A</i>
Excluded	(185,805,672)	
Standard Bank	(73,473,250)	
Elies Properties	(4,482,274)	
Elies Holdings	(14,264,381)	
Elies Electronics	(74,875,588)	
Lombard	(18,710,178)	
TOTAL ESTIMATED CONCURRENT CREDITORS PARTICPATING IN DIVIDEND	155,090,771	< C >
Available for Distribution	6,250,000	<i>Refer < A > above</i>
Special Concurrent Distribution	4c	<i>< A > divided < C ></i>
Surplus Available for Distribution	4,292,595	<i>Refer < B > above</i>
Surplus Proceeds Distribution	3c	<i>< B > divided < C ></i>

Annexure G: Projected Statement of Income and Expenses (Rand)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17 onwards	TOTAL	
PROJECT INFLOWS																	
- (808,351)	2,114,129	-	-	-	-	-	-	-	-	-	-	-	-	3,534,829	-	4,840,607	
Zuikerbosch																	
- (808,351)	2,114,129	-	-	-	-	-	-	-	-	-	-	-	-	388,329	-	1,694,107	
Zuikerbosch Costs	- (1,776,917)	(398,512)	-	-	-	-	-	-	-	-	-	-	-	(5,760)	-	(2,181,189)	
Zuikerbosch Revenue	-	968,566	2,512,641	-	-	-	-	-	-	-	-	-	-	394,089	-	3,875,296	
Fungurume	-	-	-	-	-	-	-	-	-	-	-	-	-	3,146,500	-	3,146,500	
ASSET REALISATIONS																	
190,000	976,635	3,816,745	190,000	190,000	101,052,500	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	2,418,000	110,353,880	
SEK Project																	
-	-	-	-	-	11,502,500	-	-	-	-	-	-	-	-	-	-	11,502,500	
Albensa Debtor	-	786,635	3,422,745	-	-	-	-	-	-	-	-	-	-	-	-	4,209,380	
Shilientbu Realisation	-	-	-	-	14,500,000	-	-	-	-	-	-	-	-	-	-	14,500,000	
Trade Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Nedbank Invoice Discounting	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	2,090,000	4,750,000	
Bojheng Loan Account Realisation	-	-	-	-	4,500,000	-	-	-	-	-	-	-	-	-	-	4,500,000	
Namibia Loan Account	-	-	-	-	3,400,000	-	-	-	-	-	-	-	-	-	-	3,400,000	
Renegen	-	-	-	-	250,000	-	-	-	-	-	-	-	-	-	-	250,000	
Blade Room	-	-	-	-	66,000,000	-	-	-	-	-	-	-	-	-	-	66,000,000	
Lombard Guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	328,000	328,000	
VAT Refund	-	-	204,000	-	-	-	-	-	-	-	-	-	-	-	-	204,000	
Stock and Movables	-	-	-	-	1,710,000	-	-	-	-	-	-	-	-	-	-	1,710,000	
COSTS																	
(3,446,546)	(7,098,578)	(1,890,094)	(1,253,108)	(833,157)	(5,610,657)	(529,657)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(180,000)	-	(20,991,800)	
Business, Legal & Consulting Costs																	
(900,000)	(1,666,506)	(1,206,035)	(736,096)	(504,657)	(504,657)	(504,657)	(504,657)	-	-	-	-	-	-	-	-	(6,022,699)	
Staff Costs	(1,700,000)	(5,000,000)	(274,000)	(274,000)	(86,000)	(1,812,500)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(180,000)	-	(9,500,500)	
General Overhead	(846,546)	(272,072)	(250,059)	(63,013)	(43,500)	(43,500)	-	-	-	-	-	-	-	-	-	(1,518,691)	
Commission on Sale of Blade Room	-	-	-	-	(3,250,000)	-	-	-	-	-	-	-	-	-	-	(3,250,000)	
Contingency	-	(160,000)	(160,000)	(180,000)	(200,000)	-	-	-	-	-	-	-	-	-	-	(700,000)	
NET CASH FLOW																	
(3,256,546)	(6,930,293)	4,040,779	(1,063,108)	(643,157)	95,441,843	(339,657)	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	3,544,829	2,418,000	94,202,687