



# MATUSON ASSOCIATES

## 1. Introduction

1.1 The Business Rescue Proceedings (“BRP”) of the Company have not been concluded within three months of the date of commencement thereof. This report is accordingly being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“the Act”).

1.2 Reference is made in this report to the Business Rescue Plan (“the Plan”), it is important therefore that this report be read in conjunction with the Plan.

## 2. Background

2.1 On 12 August 2016, the Company was placed under supervision and commenced BRP pursuant to an order granted by the High Court in terms of Section 131 of the Act.

2.2 On 12 August 2016 Barry Kaganson was appointed as the Business Rescue Practitioner (“Practitioner”) of the Company, and as required by the Act, communicated with all affected persons, advising of the BRP process.

2.3 In a letter addressed to the Directors of the Company the Practitioner advised as follows:

- The duties of the Practitioner during the BRP.
- The duties and responsibilities of the Directors during the BRP.
- Documentation to be furnished by the Directors to the Practitioner.

2.4 After an initial review of the affairs of the Company, and in accordance with Section 147 of the Companies Act, the Practitioner convened a meeting of creditors on 26 August 2016, at which the Practitioner presented initial findings in support of their expressed opinion, that there was a reasonable prospect of the BRP being successful, as defined. The creditors present did not deem it necessary to form a creditors’ committee.



### 3. Salient Dates

The following summary sets out the salient dates on which certain events have taken place:

EVENT	DATE
Court Order Commencing Business Rescue	12 August 2016
Interim BRP Appointed	12 August 2016
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 and adoption of the Plan	28 September 2016

### 4. The Plan

4.1 The Plan was published to all affected persons on 16 September 2016.

4.2 A meeting of creditors in terms of section 151 of the Act was held on the 28 September 2016, at which the Plan was tabled for consideration and comment. The Plan was duly adopted by 87% of the creditors present and by proxy.

4.3 The Plan is based on obtaining a better return for the Company's creditors than would result from the immediate liquidation of the Company (the potential liquidation dividend that could have been realised had the Company been liquidated as at 12 August 2016 to concurrent creditors would have been less than 2 cents in the Rand).

4.4 The Plan envisages a wind-down of the business in which costs and asset realisations are optimised with a view to maximising a potential dividend to all affected persons. This includes:

- Sale of assets.
- Collection of certain identified trade debtors.
- Completion of certain projects that would generate a positive net cash resource.
- Retrenchment of staff.



- Reduction of costs.
- Agreement with third-party service providers for the continued supply of essential services needed to implement the Plan.

4.5 It is anticipated that concurrent creditors will receive approximately 4 cents in the Rand. This is a result of Standard Bank agreeing to allocate the first R6 250 000 of proceeds from the realisation of the Company's assets and projects to the payment of independent concurrent creditors' claims.

## 5. Implementation of the Plan

### Employees:

All employee contracts were terminated with effect from 30 September 2016.

The following payments were made to employees upon termination:

- Ordinary remuneration and benefits up to 30 September 2016.
- Severance pay of 1 week's remuneration for every completed year of service.
- Outstanding leave pay.

### Creditors:

- The claims are in the process of being verified and reconciled to the Company's records. Where necessary, material differences are being investigated.
- Disputed claims will be dealt with in terms of paragraph 36 of the Plan.

### Assets/Projects:

- **Zuikerbosch (R1.7mil as per Plan)**

An assessment is being made of counterparty claims to assess the financial feasibility of completing the project.

- **Fungurume (R3.1mil as per the Plan)**

Discussions are ongoing.

- **SEK 30MVA Transformer Project (R11.5mil as per Plan)**

We have agreed a full and final settlement figure with SEK of \$500k.

Awaiting payment from SEK.



- **Abeinsa Debtor (R4.2mil as per Plan)**

Received R746k on 14 Sept 2016.

Received R625k on 5 Oct 2016.

The Company's legal advisors have been in contact with the debtor, who has acknowledged an indebtedness of R2.8mil as still owing and has committed to making payment by the end of November 2016.

- **Shilatembo Project (R14.5mil as per the Plan)**

We are at advanced stages of negotiations with an interested party. Payment is expected by the end of March 2017, subject to the successful conclusion of a due diligence and sale agreement.

- **Botjheng Loan Account (R4.5mil as per Plan)**

Realisation of the loan account seems unlikely at this stage.

- **Namibia Loan Account (R3.4mil as per Plan)**

Offer received from equity partner for shares in business. The loan account and indebtedness will realise approximately R3.4 million. The agreement has been signed and payment is expected by mid-December 2016.

- **Renegen (R250k as per the Plan)**

An agreement is in the process of being negotiated and finalised for an increased offer amount. This transaction is likely to be completed by the end of January 2017.

- **Blade Room (R65mil as per the Plan)**

The Practitioner is in advanced stages of negotiation with various parties. This transaction is likely to be concluded by December 2016.

- **Stock & Movables (R1.7mil as per the Plan)**

The Company is in the process of selling these items and, to date, received offers of R590k on various items.



## **6. Actions necessary for the substantial completion of the Plan**

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.

## **7. Conclusion**

The Practitioner remains of the view that there is a reasonable prospect of the Company being rescued by obtaining a better return for the Company's creditors than would result from the immediate liquidation of the Company.

---