BUSINESS RESCUE PLAN

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

in relation to

TYRE CORPORATION SUPPORT SERVICES (PTY) LTD

(Registration No. 2004/017417/07)

(in business rescue)

Prepared by:

JOHN DYMOKE LIGHTFOOT

(business rescue practitioner)

MATUSON ASSOCIATES

PUBLICATION DATE: 28 March 2017
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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 in 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 (incorporated and the State) and *vice versa*,

1.2.1. “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;

1.2.2. “Advisors” means the advisors to the BRP, namely Matuson & Associates and ENSAfrica, and their respective employees or representatives;

1.2.3. “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;

1.2.4. “Asset Classes” means collectively, in respect of each Seller, its debtors, movable assets and stock and references to an “Asset Class” shall be to any of the foregoing individually as the context may require;

1.2.5. “Badenhorst” means Servaans Daniel Badenhorst;

1.2.6. “BRP” means the business rescue practitioner appointed in terms of section 129(3)(b) of the Companies Act, being Lightfoot;
1.2.7. "Business" means the business of the Company from time to time including, *inter alia*, the sale of associated rubber products in the mining and transport industries throughout Southern Africa;

1.2.8. "Business Day" means any day other than a Saturday, Sunday or official public holiday in South Africa;

1.2.9. "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;

1.2.10. "Business Rescue Costs" means the remuneration and expenses of the BRP and other claims arising out of the costs of the Business Rescue;

1.2.11. "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;

1.2.12. "CIPC" means the Companies and Intellectual Property Commission, established in terms of the section 185 of the Companies Act;

1.2.13. "Claims" means any claims against the Company, the cause of action in respect of which arose:

1.2.13.1. Prior to the Commencement Date; or

1.2.13.2. During Business Rescue;

1.2.14. "Commencement Date" means 27 February 2017, being the date upon which Business Rescue commenced in accordance with section 129(1), read with section 132(1)(a)(i), of the Companies Act;

1.2.15. "Company" means Tyre Corporation Support Services (Pty) Ltd, Registration Number 2004/017417/07, a company incorporated in accordance with the laws of South Africa, with its registered address at 542 Boxer Street, Glen Austen X3, Midrand, Gauteng, 1685.

1.2.16. "Companies Act" means the Companies Act, 71 of 2008, as amended;

1.2.17. "Concurrent Creditors" means all Creditors who are not Secured Creditors or statutorily preferred creditors;
1.2.18. “Contracts” means those contracts entered into by the Company and third parties, either prior to or after the Commencement Date;

1.2.19. “Creditors” means all persons, including legal entities and natural persons, having Claims;

1.2.20. “Debtors” means third party debtors of each of the Sellers;

1.2.21. “Director” means the director of the Company as at the Commencement Date, namely Colin Edmund Brown.

1.2.22. “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 rejection is disputed by the respective Creditor and shall be determined in favour of or against such Creditors in terms of the Dispute Mechanism contained in paragraph 35 below;

1.2.23. “Distribution” means distributions to be made to Creditors by the BRP;

1.2.24. “Employees” means employees of the Company as at the Commencement Date;

1.2.25. “ENSAfrica” means Edward Nathan Sonnenbergs Incorporated, attorneys practising as such at 150 West Street, Sandown, Sandton;

1.2.26. “Financially Distressed” shall bear the meaning ascribed thereto in section 128(1)(f) of the Companies Act;

1.2.27. “Final Claims Date” means the final date for the filing of Claims, being 30 April 2017;

1.2.28. “Future Costs Provision” means R31 990 000.00 (thirty one million nine hundred and ninety thousand Rand).

1.2.29. “Group” shall have the meaning ascribed thereto in paragraph 5.2;

1.2.30. “Insolvency Act” means the Insolvency Act, 24 of 1936, as amended;

1.2.31. “Kaltire” means Kaltire Mining South Africa Proprietary Limited, Registration Number 2009/007971/07, a company incorporated in accordance with the laws of South Africa, or its nominee;

1.2.32. “Lightfoot” means John Dymoke Lightfoot, the BRP of the Company;
1.2.33. “LRA” means the Labour Relations Act, 66 of 1995, as amended;

1.2.34. “Management” means the management of the Company prior to the Commencement Date, being the Director;

1.2.35. “Matuson & Associates” means Matuson & Associates (Pty) Limited, Registration Number 2009/008967/07, a company incorporated in accordance with the laws of South Africa;

1.2.36. “Mercantile” means Mercantile Bank Limited, Registration Number 1965/006706/06, a company incorporated in accordance with the laws of South Africa;

1.2.37. “Notice of Meeting” means the notice of meeting to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;

1.2.38. “PCF” means post-commencement finance as contemplated in section 135 of the Companies Act;

1.2.39. “PCF Employee Claims” means Claims by Employees as contemplated in section 135(1) of the Companies Act;

1.2.40. “Pre-commencement Claims” means those Claims, the cause of action which arose prior to the Commencement Date;

1.2.41. “Proposed Transaction” means the transaction to be concluded with Kaltire as more fully dealt with in paragraph 17;

1.2.42. “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 28 March 2017;

1.2.43. “Purchase Consideration” means the purchase price payable in terms of the Proposed Transaction;

1.2.44. “Rand” or “R” or “ZAR” means the lawful currency of South Africa;

1.2.45. “SARS” means the South African Revenue Services;

1.2.46. “Secured Creditors” means those Creditors who hold security for their Claims against the Company;
1.2.47. “Sellers” means the companies within the Group forming part of the Proposed Transaction;

1.2.48. “Sellers’ Revenue” means the gross revenue generated by customers of the Sellers during the 12 (twelve) month period ending on 31 January 2017;

1.2.49. “Standstill Agreement” means the agreement concluded between certain major creditors of the Group;

1.2.50. “South Africa” means the Republic of South Africa;

1.2.51. “Substantial Implementation Date” means the date upon which the BRP files with the CIPC a notice that all of those events contemplated in paragraph 31.2 have occurred and whereupon Business Rescue will terminate;

1.2.52. “TC Midrand Office” means Tyre Corporation Midrand Office Proprietary Limited, Registration Number 2004/025341/07, a company incorporated in accordance with the laws of South Africa;

1.2.53. “Transaction Documents” means agreements and/or documents required to give effect to the Proposed Transaction;

1.2.54. “Trust” means the trustees for the time being of the Colin Brown Family Trust, Trust Number IT 2006/90;

1.2.55. “VAT” means the value-added tax levied in terms of the South African Value-Added Tax Act, 89 of 1991, as amended; and

1.2.56. “VAT Act” means the South African Value-Added Tax Act, 89 of 1991, as amended;

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 the 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 terms are 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. ACTIONS 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.
3. STRUCTURE OF THE PLAN

For the purpose 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 terms of the Proposed Transaction 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 information provided by Management and, accordingly, shall not be held responsible for the accuracy thereof.

4. COMPANY INFORMATION

4.1. Shareholding Structure

The issued share capital of the Company comprises 100 ordinary shares held by TC Midrand Office.

4.2. Director

As at the Commencement Date, the Company had one Director, namely, Colin Edmund Brown

4.3. Company Information

Financial Year End:    28 February
Registered & Principal Address:  542 Boxer Street, Glen Austen X3, Midrand, Gauteng, 1685
Business Telephone Number:   (011) 310 2202
Business Fax Number:    (011) 310 4212
Accountant / Auditors: J S Lambrechts Inc.

5. COMPANY BACKGROUND

5.1. Background to the Company

5.1.1. The Company was registered in 2004, under the registered name of Tyre Corporation Support Services Proprietary Limited, with registration number 2004/017417/07.

5.1.2. The Company conducts the Business and operates from its registered address at 542 Boxer Street, Glen Austen X3, Midrand, Gauteng, 1685.
5.1.3. The Company’s sole shareholder is TC Midrand Office.

5.1.4. The Company forms part of a larger group of companies commonly referred to as the Tyre Corporation group.

5.2. **Group Organogram (South African entities)**

For the purpose of this Business Rescue Plan, the relevant companies within the Tyre Corporation group, which will form part of the Proposed Transaction, are as follows ("the Group"): 

![Group Organogram](image-url)
5.3. **Background to the Company’s Financial Distress**

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

5.3.1. The Company was previously funded by certain companies within the Group, particularly TC Midrand Office. This funding ceased due to, *inter alia*:

5.3.1.1. adverse financial circumstances over the preceding 24 (twenty four) month period in the Group, including, *inter alia*, bad debts, customer fraud and the acquisition of a loss making entity; and

5.3.1.2. credit facility limits being reached.

5.3.2. The aforesaid placed pressure on TC Midrand Office and the Group, and consequently the Company, due to the intergroup funding arrangement.

5.3.3. In the circumstances, as the Company is unable to obtain funding, it will not be able to pay its Creditors, and accordingly will not be able to pay its debts over the immediately ensuing six months, resulting in the Company being financially distressed.

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 a business rescue practitioner, 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 have taken and will take place during Business Rescue –

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<td>Appointment of BRP</td>
<td>02 March 2017</td>
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<td>First Creditors’ Meeting</td>
<td>10 March 2017</td>
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<td>First Employees’ Meeting</td>
<td>13 March 2017</td>
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<tr>
<td>Publication of Business Rescue Plan</td>
<td>28 March 2017</td>
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<td>Meeting to Consider the Business Rescue Plan</td>
<td>05 April 2017</td>
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7. STEPS TAKEN SINCE THE APPOINTMENT OF THE BRP

7.1. ADMINISTRATIVE MATTERS

7.1.1. Appointment of BRP

On 2 March 2017, Lightfoot was appointed as the BRP.

7.1.2. 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.

7.1.3. Publication of the Business Rescue Plan and Notice of Meeting

7.1.3.1. The Business Rescue Plan will be published to all Affected Persons on the Publication Date.

7.1.3.2. The Business Rescue Plan will be published in the following manner:
7.1.3.2.1. via email or fax to all known Creditors, to the extent that the email addresses or fax numbers of known Creditors are available;

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

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

7.2. EMPLOYEES

7.2.1. Employees’ Meetings

7.2.1.1. A first meeting with Employees was convened on 13 March 2017, at this meeting:

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

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

7.2.2. Continuation of Employment

7.2.2.1. The Company has formed the view that while employees continue to be employed by the Company they will receive full salaries and benefits from the Commencement Date to the Substantial Implementation Date.

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 10 March 2017 (“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; and

7.3.1.2.3. Creditors were requested to submit their Claims as soon as possible.

7.3.2. Creditors’ Committee

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. Investigation of the affairs of the Company:

7.4.1.1. 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:

7.4.1.1.1. 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; or

7.4.1.1.2. 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.

7.4.1.2. The BRP will perform his obligations in terms of section 141(2) of the Companies Act.
7.4.2. General:

7.4.2.1. The BRP was required to engage attorneys to advise on, inter alia, issues relating to:

7.4.2.1.1. the Proposed Transaction;
7.4.2.1.2. Claims against the Company; and
7.4.2.1.3. various issues arising out of the Business Rescue.

7.5. BUSINESS RESCUE INITIATIVES

The Proposed Transaction was embarked upon, the details of which are set out in paragraph 17.

8. 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 Matuson & Associates at tyrecorpsupport@matusonassociates.co.za.

9. CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE

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

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

9.2.1. would qualify as secured, statutorily preferent or concurrent in terms of the laws of insolvency; and
9.2.2. have proved their Claims.

10. CREDITORS' VOTING INTEREST AND VOTING BY PROXY

10.1. In terms of section 145 of the Companies Act, for the purpose of any vote by Creditors:
10.1.1. 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

10.1.2. 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.

10.2. 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.

10.3. 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.

10.4. 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.

10.5. 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 17h00 on Friday, 31 March 2017.

10.6. 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.

10.7. Notwithstanding what has been stated in this paragraph, the BRP has a discretion to accept any proxy submitted.

11. PROBABLE DIVIDEND ON LIQUIDATION

11.1. 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 Commencement 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.

11.2. The calculation in support of the liquidation dividend as at the Commencement Date is based on the book value of the assets and Management’s estimates of the recoverability of the Company’s assets, as well as input from an independent professional valuer on certain of the assets.
11.3. 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 Commencement Date would be 1 (one) cent in the Rand.

12. **HOLDERS OF THE COMPANY’S ISSUED SECURITIES**

TC Midrand Office is the sole holder of the Company’s issued securities. Please refer to paragraph 4 above.

13. **THE BRP’S REMUNERATION**

13.1. The BRP's remuneration is at the tariff rates set out in Regulation 128 to the Companies Act based on the Company's public interest score. A company is regarded as a medium sized company if its public interest score is more than 100 but less than 500.

13.2. The Company's public interest score calculated in terms of Regulation 26(2) of the Companies Act as at the Commencement Date was 269 (excluding contingent Creditors).

13.3. Since the Commencement Date, Mercantile exercised its rights in terms of the suretyship executed by the Company in favour of Mercantile for the debts of TC Midrand Office. The Company’s public interest score as at the Publication Date is accordingly 380.

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

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

13.5.1. the BRP proposed an agreement with the Company providing for further remuneration upon the adoption of the Business Rescue Plan. In this regard, the BRP proposed an increase additional to the prescribed tariff, resulting in an increase in the charge out rate of the BRP to R3 000 per hour (excluding VAT), retrospectively, with effect from the date of his appointment. This fee is payable on the Adoption Date and is based on an approximation of the BRP’s standard hourly rates and the tariff rates; and

13.5.2. 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 F.
14. **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.
15. **OBJECTIVE AND PURPOSE OF BUSINESS RESCUE**

15.1. 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.

15.2. 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:

15.2.1. 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 ("Part A"); or

15.2.2. 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 ("Part B").

15.3. The objective of this proposal is accordingly to provide Affected Persons with information so that they may:

15.3.1. assess the likely outcome of the dividend yield calculation under Business Rescue; and

15.3.2. be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue, as compared to a liquidation.

16. **PROPOSAL IN TERMS OF THIS BUSINESS RESCUE PLAN**

16.1. It is considered unlikely that the Company is capable of being rescued in accordance with Part A, contemplated in paragraph 15.2, for the following reasons, *inter alia*:

16.1.1. lack of available security for additional debt funding;

16.1.2. lack of audited financial statements which causes difficulty in presenting to potential investors and funders;
16.1.3. reliance on the Group for funding, procurement, human resources, marketing, finance and administration; and

16.1.4. historic earnings do not support sufficient enterprise value for equity capital raising.

16.2. In light of the aforesaid, the proposal in terms of this Business Rescue Plan is in accordance with Part B, being a better return for Creditors than what would result from the immediate liquidation of the Company.

16.3. The proposal to rescue the Company entails the:

16.3.1. sale of the Company’s Business as a going concern in terms of the Proposed Transaction, detailed in paragraph 17; and

16.3.2. allocation and distribution of the proceeds from the Proposed Transaction in a manner that will result in a better return to Creditors than in a liquidation, detailed in paragraphs 18 and 19.

16.4. By selling the businesses of the Group as contemplated in the Proposed Transaction, Creditors benefit from the following advantages, *inter alia*:

16.4.1. The Business is being sold as a going concern and accordingly the realisation received is inevitably higher than what would typically be received in a liquidation; and

16.4.2. Concurrent Creditors will be paid a dividend out of a free residue from all of the companies within the Group. This will result in a more practical and commercial solution, resulting in a higher return to Creditors than a liquidation of the Company.

16.5. Affected Persons are referred to paragraph 27 for more information relating to the advantages of proceeding in terms of Business Rescue as opposed to a liquidation.

16.6. Based on a Distribution in terms of the waterfall set out in paragraph 19, the aforesaid proposal, based on latest asset values, should result in Concurrent Creditors receiving an anticipated dividend of 15 (fifteen) cents in the Rand, compared to a probable dividend of approximately 1 (one) cent in the Rand upon liquidation, subject to the risks and assumptions set out in this Business Rescue Plan.
16.7. In the circumstances, a Business Rescue in accordance with the aforesaid proposal will result in a better return than upon a liquidation and will balance the interests of all stakeholders.

17. **THE PROPOSED TRANSACTION**

17.1. The businesses and affairs of the companies within the Group are inter-twined and largely depend on each other for, *inter alia*, funding, procurement, human resources, marketing, finance and administration.

17.2. Due to the aforesaid, as well as the commonality of the creditors within the Group, a group transaction in terms of which:

17.2.1. the businesses of the companies comprising the Group are sold to a single purchaser; and

17.2.2. the respective classes of creditors within the Group are dealt with simultaneously,

will result in a better return for the Creditors, particularly Concurrent Creditors.

17.3. During February 2017, Kaltire made an offer to purchase the businesses of companies forming part of the Group, including the Business of the Company ("Proposed Transaction").

17.4. Kaltire forms part of a Canadian family-owned business that has over 60 (sixty) years’ experience in the tyre industry and has established businesses in 17 countries over 5 continents. It currently conducts business with over 40 global mining companies and has service contracts with more than 130 mine sites. During February 2017, Kaltire furnished a letter from the Bank of Montreal confirming that Kaltire has funds available to invest of R250 million.

17.5. The salient details relating to the Proposed Transaction, on a Group level, are as follows:

<table>
<thead>
<tr>
<th>Purchase Consideration</th>
<th>The Purchase Consideration will be determined in accordance with the principles detailed in Annexure D.</th>
</tr>
</thead>
</table>
| Closing Date           | The Closing Date will be the later of:  
  (a) 30 April 2017; or  
  (b) If the Suspensive Conditions are fulfilled – |
(i) on or before the 15th of a calendar month, the last day of the calendar month in question; or
(ii) after the 15th of a calendar month, the last day of the immediately following calendar month; or
(iii) such other date as may be agreed.

### Payment of Purchase Consideration

An upfront estimate of the Purchase Consideration will be paid to an escrow agent prior to the Closing Date. Once the Purchase Consideration has been calculated and adjusted in accordance with the Valuation Methodology on the Closing Date will paid.

### Suspensive Conditions

The implementation of the Proposed Transaction is still subject to the fulfilment of the following suspensive conditions:

(a) No material adverse change in the financial position of the businesses for the period between 30 November 2016 and the Closing Date which might have a detrimental effect on the value of the sale assets of more than 20%.
(b) Board / Shareholder resolutions approving the Proposed Transaction.
(c) Publication of notices in terms of section 34 of the Insolvency Act.
(d) Competition Commission approval.
(e) Payment of an upfront estimated Purchase Consideration to an escrow agent.
(f) The release of Patrick Edmund Brown and Badenhorst from any claims by virtue of any suretyships, guarantees or other security arrangements relating to the Group.
(g) The assets being transferred in terms of the Proposed Transaction being unencumbered or released.
(h) Conclusion of appropriate restraint/non-compete and/or non-solicitation agreements with Colin Brown, the Trust and relevant key employees identified by Kaltire.
(i) Conclusion of the transaction documents required to give effect to the Proposed Transaction on or before 31 May 2017.

17.6. The proposal in terms of this Business Rescue Plan accordingly entails Creditors agreeing to the implementation of the Proposed Transaction and the distribution of the
Purchase Consideration on a group level in accordance with the allocation and distribution waterfall detailed in paragraphs 18 and 19 below.

17.7. The Proposed Transaction will result in a better Distribution to Creditors.

18. **ALLOCATION OF THE PURCHASE CONSIDERATION**

For the purpose of the distribution to the various creditors, particularly secured creditors, the Purchase Consideration will be allocated across the Asset Classes of each Seller as provided for in Annexure E.

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

19.1. In terms 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:

19.1.1. 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;

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

19.1.3. secured PCF Creditors;

19.1.4. unsecured PCF Creditors; and

19.1.5. Concurrent Creditors.

19.2. 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.

19.3. The Purchase Consideration received pursuant to the implementation of the Proposed Transaction, will be allocated as provided for in Annexure E and distributed to the creditors of the Group, including Creditors of the Company, as follows (“Distribution Waterfall”):

19.3.1. the Business Rescue Costs (where the company is in Business Rescue);

19.3.2. Secured Creditors:
19.3.2.1. Secured Creditors will receive a distribution in accordance with their assets held as security, with any shortfall in such security being treated as a further concurrent claim for those creditors.

19.3.2.2. Security is held over the following assets:

19.3.2.2.1. Debtors, by virtue of first and reversionary cessions.

19.3.2.2.2. Movable Assets / Stock, by virtue of special and general notarial bonds.

19.3.3. Concurrent creditors not part of the Standstill Agreement or Business Rescue:

19.3.3.1. These creditors will be settled from the free residue as a result of claims arising subsequent to the publication of the notices in terms of section 34 of the Insolvency Act. For the sake of clarity, the Concurrent Creditors of the Company do not form part of these creditors.

19.3.4. Concurrent creditors in terms of the Standstill Agreement and Business Rescue Concurrent Creditors:

19.3.4.1. These creditors include the Concurrent Creditors of the Company and will receive a dividend from the free residue remaining after payment to the aforesaid creditors.

19.4. Based on the information the BRP has to date, the dividend which Concurrent Creditors are anticipated to receive as a result of the adoption of the Business Rescue Plan, the implementation of the Proposed Transaction and the allocation of the Purchase Consideration in accordance with the Distribution Waterfall is approximately 15 (fifteen) cents in the Rand. The estimated Distribution Waterfall calculation is attached hereto as Annexure G.

20. **ONGOING ROLE OF THE COMPANY**

Upon the Implementation of this Business Rescue Plan the Business will have been transferred and the Company will cease to trade.
21. **EFFECT ON CREDITORS**

21.1. **Contracts**

Certain contracts will be ceded and assigned to Kaltire. There will be no continuation of those contracts which are not ceded and assigned. Creditors’ Claims for damages will be limited as contemplated in paragraph 21.2.

21.2. **Damages**

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

21.2.2. 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;

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

21.2.4. if disputed, will be resolved in terms of the Dispute Mechanism, detailed in paragraph 35 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 not 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 shall be deemed to have acceded to the discharge of the whole or part of a debt owing to that Creditor and will 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 Companies Act will apply.

21.3.3. A Creditor will also notwithstanding the fact that this Business Rescue Plan has been adopted and implemented, not be entitled to enforce any debt owed to it by the Company, immediately prior to Business Rescue and the provisions of section 154(2) of the Companies Act will apply.

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

22. **EFFECT ON EMPLOYEES**

Upon the implementation of the Business Rescue Plan and the Proposed Transaction, all of the Employees will be transferred to Kaltire in terms of section 197 of the LRA.

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

The rights of the shareholders will not be altered.

24. **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):

<table>
<thead>
<tr>
<th>CLASS OF CREDITOR</th>
<th>LIQUIDATION</th>
<th>BUSINESS RESCUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured</td>
<td>R301 000.00</td>
<td>R1.2 million</td>
</tr>
<tr>
<td>Business Rescue Costs / PCF Creditors</td>
<td>N/A</td>
<td>100c / Rand</td>
</tr>
<tr>
<td>Employees</td>
<td>R28 000.00</td>
<td>100c / Rand</td>
</tr>
<tr>
<td>(Maximum per Employee)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concurrent Creditors</td>
<td>1c</td>
<td>15c</td>
</tr>
</tbody>
</table>
25. **PROOF OF CLAIMS BY CREDITORS**

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

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

25.2.1. The BRP has a discretion as to whether to allow a Creditor to lodge any Claim after the Final Claims Date.

25.2.2. 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.

25.3. 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 Matuson & Associates at tyrecorespupport@matusonassociates.co.za.

25.4. 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 35.

26. **MORATORIUM**

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

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

26.3. In the current circumstances, the moratorium in relation to the Company commenced on the Commencement Date and is expected to remain in place until Substantial Implementation.
27. **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:

27.1. **Continuation of the Business**

   27.1.1. The Business will transfer and continue under the ownership of Kaltire, an internationally reputable industry player with a strong financial position.

   27.1.2. Creditors will have the opportunity to continue to supply to Kaltire, subject to Kaltire’s procurement policies.

27.2. **Quantum**

   27.2.1. 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.

   27.2.2. By way of illustration, please refer to paragraph 24.

27.3. **Timing**

   27.3.1. 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.

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

27.4. **Fees and costs**

   27.4.1. In a liquidation, fees are based on fixed percentages of the gross value of assets realised, irrespective of the third party costs incurred in achieving such realisations.

   27.4.2. The estimated fees and costs in a liquidation in terms of the liquidation calculation prepared is approximately R727 000.00.

   27.4.3. The BRP is of the opinion that the entire costs of the Business Rescue will be significantly lower than the liquidation costs.
27.5. **Employees**

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

27.5.2. If the Business Rescue proceeds Employees will transfer in terms of section 197 of the LRA to Kaltire upon the successful implementation of the Proposed Transaction.

27.5.3. In a liquidation:

27.5.3.1. 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;

27.5.3.2. 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

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

28. **RISKS OF THE BUSINESS RESCUE**

28.1. 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:

28.1.1. The suspensive conditions in terms of the Proposed Transaction not being fulfilled, taking longer than expected and/or the Proposed Transaction failing for any reason;

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

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

28.1.4. any changes in legislation that impact Business Rescue;

28.1.5. any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto;
28.1.6. any regulatory challenges of any nature whatsoever, howsoever arising;

28.1.7. any unforeseen circumstances, outside of the control of the BRP of any nature whatsoever howsoever arising that impacts on Business Rescue;

28.1.8. material discrepancies in the information made available to the BRP by Management;

28.1.9. 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;

28.1.10. the Company’s assets not being realised for the amounts provided for in the BRP’s calculations, or a variation in such realisations based on the valuation methodologies applicable to the Proposed Transaction, or the assets not being realised at all;

28.2. 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.

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

29.1. Please refer to Annexure G for the assumptions made with regard to the Business Rescue dividend.
PART C – ASSUMPTIONS AND CONDITIONS

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

The Business Rescue will end –

30.1. this Business Rescue Plan is proposed and rejected and no action is taken as contemplated in section 153(1) of the Companies Act; or

30.2. 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

30.3. the BRP files a notice of termination with CIPC; or

30.4. a High Court orders the conversion of the Business Rescue into liquidation proceedings.

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

31.1. The Business Rescue Plan will come into operation upon the final adoption of the Business Rescue Plan.

31.2. Substantial implementation will be deemed to have occurred upon the implementation of the Proposed Transaction and the final Distribution having been made to Creditors.

32. EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES

Upon the implementation of the Business Rescue Plan and the Proposed Transaction, all of the Employees will be transferred to Kaltire in terms of section 197 of the LRA.

33. 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 H.
34. **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 25, dealing with the proof of Claims.

35. **DISPUTE RESOLUTION**

35.1. Subject to paragraph 35.3, 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) and 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").

35.2. The dispute mechanism procedure will be as follows:

35.2.1. All creditors who have received notification from the BRP of a dispute are within 15 days after having been so notified, to contact the BRP and to meet with the BRP in an attempt to reach agreement on the dispute.

35.2.2. If the Creditor does not avail itself of this 15 day opportunity or if after having availed itself and the dispute is not resolved within the 15 day period, the Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) 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. The nomination is subject to the BRP’s confirmation. In this regard, the BRP is entitled, in his sole discretion, to require the Creditor to nominate an alternative expert. Should the Creditor not make a nomination or alternative 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:

- 35.2.2.1. E. Goldstein;
- 35.2.2.2. J. Kriegler;
- 35.2.2.3. P. Blieden;
- 35.2.2.4. J. Heher;
35.2.5. P. Streicher;

35.2.6. L Harms; and

35.2.7. M. Joffe.

35.2.3. 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.

35.2.4. The expert will in his sole and absolute discretion determine:

35.2.4.1. the venue at which the dispute is to be resolved;

35.2.4.2. the rules, regulations and procedures that will govern the determination of the dispute;

35.2.4.3. the date(s) for the determination of the dispute;

35.2.4.4. will give his award / determination within 5 days of the completion of the process as determined by him;

35.2.4.5. 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.

35.2.5. 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.

35.2.6. The expert shall be entitled to make an award for costs in his discretion.
35.2.7. The Creditor, 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.

35.2.8. To the extent necessary, should the BRP be of the view that certain disputes, may be settled or compromise, the BRP shall be authorised to settle and compromise such a dispute.

35.3. 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. 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.

36. **ABILITY TO AMEND THE BUSINESS RESCUE PLAN**

36.1. 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.

36.2. It is specifically recorded that the provisions of paragraph 36.2 shall *mutatis mutandis* apply to the extension or reduction of any timeframes by the BRP.

37. **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.

38. **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.
39. **BRP’S CERTIFICATE**

39.1. I, the undersigned, John Dymoke Lightfoot, hereby certify to the best of my knowledge and belief that –

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

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

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

39.1.4. 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.

____________________________________
JOHN DYMOKE LIGHTFOOT
Appointed Business Rescue Practitioner

Date: 28 March 2017
Annexure A: List of the Material Assets of the Company

As per November Management Accounts

<table>
<thead>
<tr>
<th>Fixed Assets</th>
<th>Cost</th>
<th>Accumulated Depreciation</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and Equipment</td>
<td>788 304</td>
<td>339 186</td>
<td>449 119</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>8 458 715</td>
<td>6 357 621</td>
<td>2 101 093</td>
</tr>
<tr>
<td>Computer And Electronics</td>
<td>114 364</td>
<td>114 364</td>
<td>0</td>
</tr>
<tr>
<td>Software</td>
<td>6 384</td>
<td>6 384</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9 367 767</td>
<td>6 817 555</td>
<td>2 550 212</td>
</tr>
</tbody>
</table>

Inventory  
28 February 2017

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory</td>
<td>5 827 280</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Receivables  
28 February 2017

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Debtors</td>
<td>1 730 783</td>
</tr>
<tr>
<td>Intercompany Debtors</td>
<td>8 881 730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10 612 513</td>
</tr>
</tbody>
</table>

Indication as to which assets were held as security

Mercantile has cession of receivables.

Certain creditors have alleged reservation of title over inventory, this is subject to further investigation and proof of claim.

Vehicles to the value of R55,411.92 are subject to instalment sale agreements with Mercedes-Benz Financial Services South Africa (Pty) Ltd.
Annexure B: LIST OF THE CREDITORS OF THE COMPANY

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Secured/Concurrent</th>
<th>Laws of Insolvency Ranking</th>
<th>Amount as per Company's Ledger</th>
<th>Amount as per Claim Received</th>
<th>Variance</th>
<th>Higher of Ledger vs Claim</th>
<th>Voting % Based on Company's Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC/DC Dynamics CC</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>4 501</td>
<td>4 501</td>
<td>-</td>
<td>4 501</td>
<td>0%</td>
</tr>
<tr>
<td>Bearcat Tire (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>117 098</td>
<td>117 098</td>
<td>-</td>
<td>117 098</td>
<td>0%</td>
</tr>
<tr>
<td>CFP Developments (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>903 875</td>
<td>903 875</td>
<td>-</td>
<td>903 875</td>
<td>2%</td>
</tr>
<tr>
<td>CFP Tyres (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 487 540</td>
<td>1 487 540</td>
<td>-</td>
<td>1 487 540</td>
<td>4%</td>
</tr>
<tr>
<td>Chemvulc Marketing (Pty) Ltd*</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>98 952</td>
<td>98 952</td>
<td>-</td>
<td>98 952</td>
<td>0%</td>
</tr>
<tr>
<td>Continental Tyre SA (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>11 956</td>
<td>11 956</td>
<td>-</td>
<td>11 956</td>
<td>0%</td>
</tr>
<tr>
<td>Top Draw Tyres (Pty) Ltd (T/A Cooper Tires)</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 743 620</td>
<td>1 747 306</td>
<td>-3 686</td>
<td>1 747 306</td>
<td>4%</td>
</tr>
<tr>
<td>Cyclotherm SA (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>473</td>
<td>473</td>
<td>-</td>
<td>473</td>
<td>0%</td>
</tr>
<tr>
<td>Chaiylong Trading (Pty) Ltd (T/A Durun Tyres)</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>2 024 385</td>
<td>2 134 147</td>
<td>210 238</td>
<td>2 024 385</td>
<td>5%</td>
</tr>
<tr>
<td>Global Wheel (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>2 197 294</td>
<td>2 635 609</td>
<td>-438 315</td>
<td>2 635 609</td>
<td>5%</td>
</tr>
<tr>
<td>Good Impressions (Pty) Ltd (T/A GI Distribution)</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>49 598</td>
<td>49 598</td>
<td>-</td>
<td>49 598</td>
<td>0%</td>
</tr>
<tr>
<td>Goodyear South Africa (Pty) Ltd*</td>
<td>Secured</td>
<td>Secured</td>
<td>7 606 770</td>
<td>7 606 911</td>
<td>2 859</td>
<td>7 606 911</td>
<td>19%</td>
</tr>
<tr>
<td>High Point Trading 304 CC (T/A NJ Solutions)*</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>14 564</td>
<td>7 942</td>
<td>6 622</td>
<td>14 564</td>
<td>0%</td>
</tr>
<tr>
<td>J &amp; H Refurbishing CC</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>22 732</td>
<td>22 732</td>
<td>-</td>
<td>22 732</td>
<td>0%</td>
</tr>
<tr>
<td>Kobus Hartsger Boerdery (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>3 014</td>
<td>3 014</td>
<td>-</td>
<td>3 014</td>
<td>0%</td>
</tr>
<tr>
<td>Leader Rubber Company South Africa (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>80 282</td>
<td>80 282</td>
<td>-</td>
<td>80 282</td>
<td>0%</td>
</tr>
<tr>
<td>Lukas Abrasives SA (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>7 416</td>
<td>7 416</td>
<td>-</td>
<td>7 416</td>
<td>0%</td>
</tr>
<tr>
<td>Mercantile Bank Limited***</td>
<td>Secured</td>
<td>Secured</td>
<td>150 737</td>
<td>115 116 662</td>
<td>-114 965 925</td>
<td>115 116 662</td>
<td>0%</td>
</tr>
<tr>
<td>Mercedes-Benz Financial Services South Africa (Pty) Ltd**</td>
<td>Secured</td>
<td>Secured</td>
<td>55 412</td>
<td>55 412</td>
<td>-</td>
<td>55 412</td>
<td>0%</td>
</tr>
<tr>
<td>D’Green Metaforge (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>3 476 970</td>
<td>3 495 160</td>
<td>-18 190</td>
<td>3 495 160</td>
<td>9%</td>
</tr>
<tr>
<td>Chemvulc Marketing (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>483 788</td>
<td>483 788</td>
<td>-</td>
<td>483 788</td>
<td>1%</td>
</tr>
<tr>
<td>Versemart Trading CC (T/A Multi Tyres)</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>137 297</td>
<td>137 297</td>
<td>-</td>
<td>137 297</td>
<td>0%</td>
</tr>
<tr>
<td>Patch Tech (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 191 335</td>
<td>1 362 949</td>
<td>-171 614</td>
<td>1 362 949</td>
<td>3%</td>
</tr>
<tr>
<td>Primal Green (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>156 135</td>
<td>156 135</td>
<td>-</td>
<td>156 135</td>
<td>0%</td>
</tr>
<tr>
<td>SA Heavy Rim Importers (T/A Rimea SA)</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 744 042</td>
<td>1 788 652</td>
<td>-44 610</td>
<td>1 788 652</td>
<td>4%</td>
</tr>
<tr>
<td>Santos Trade Afric CC</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 048 307</td>
<td>1 048 307</td>
<td>-</td>
<td>1 048 307</td>
<td>3%</td>
</tr>
<tr>
<td>Stamford Tyres (Africa) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>760 642</td>
<td>760 642</td>
<td>-</td>
<td>760 642</td>
<td>2%</td>
</tr>
<tr>
<td>Stamford Tyres (Africa) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>337 536</td>
<td>337 536</td>
<td>-</td>
<td>337 536</td>
<td>1%</td>
</tr>
<tr>
<td>Survival Tyre Safety (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>11 674</td>
<td>11 674</td>
<td>-</td>
<td>11 674</td>
<td>0%</td>
</tr>
<tr>
<td>Tyre Worx Africa (Pty) Ltd*</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>852 865</td>
<td>849 333</td>
<td>3 532</td>
<td>852 865</td>
<td>2%</td>
</tr>
<tr>
<td>Treed.None (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>5 290 283</td>
<td>5 286 920</td>
<td>-3 362</td>
<td>5 286 920</td>
<td>13%</td>
</tr>
<tr>
<td>Trentyre (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 807 357</td>
<td>2 163 111</td>
<td>-355 755</td>
<td>2 163 111</td>
<td>4%</td>
</tr>
<tr>
<td>Tubestone (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>2 676 480</td>
<td>2 676 480</td>
<td>0</td>
<td>2 676 480</td>
<td>7%</td>
</tr>
<tr>
<td>V.R. Equipment</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>1 292</td>
<td>1 292</td>
<td>-</td>
<td>1 292</td>
<td>0%</td>
</tr>
<tr>
<td>YTS Tyre Sales (Pty) Ltd</td>
<td>Concurrent</td>
<td>Concurrent</td>
<td>4 101 110</td>
<td>4 681 738</td>
<td>-580 628</td>
<td>4 681 738</td>
<td>10%</td>
</tr>
<tr>
<td>** Grand Total</td>
<td></td>
<td></td>
<td>40 657 329</td>
<td>151 508 127</td>
<td>-110 850 798</td>
<td>157 236 052</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Certain creditors have alleged reservation of title over inventory, this is subject to further investigation and proof of claim.

** Vehicles to the value of R55,411.92 are subject to an instalment sale agreement with Mercedes-Benz Financial Services South Africa (Pty) Ltd.

*** Mercantile is a secured creditor whose claims, in terms of sureties relating to other group entities, have been enforced against the company.
Annexure C: Liquidation Calculation

Summary Liquidation Estimate

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Realised</th>
<th>Secured</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>301</td>
<td>301</td>
<td>-</td>
</tr>
<tr>
<td>Stock</td>
<td>1 093</td>
<td>-</td>
<td>1 093</td>
</tr>
<tr>
<td>PPE</td>
<td>1 224</td>
<td>-</td>
<td>1 224</td>
</tr>
</tbody>
</table>

Available for Preferent Creditors

<table>
<thead>
<tr>
<th>Preferent</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Employees (Preferent Portion)</td>
<td>305</td>
<td></td>
</tr>
</tbody>
</table>

Available for Concurrent Creditors

<table>
<thead>
<tr>
<th>Concurrent</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Employees (Concurrent Portion)</td>
<td>185</td>
<td></td>
</tr>
<tr>
<td>- Creditors</td>
<td>155 568</td>
<td></td>
</tr>
</tbody>
</table>

Concurrent Dividend

| Concurrent Dividend | 0.01 |

Net Realisation of Assets

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Book Value R'000</th>
<th>Amount Realised R'000</th>
<th>Costs of Realisation R'000</th>
<th>Liquidators Fees R'000</th>
<th>Net Realisation R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>2 550</td>
<td>1 530</td>
<td>153</td>
<td>153</td>
<td>1 224</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>5 827</td>
<td>1 457</td>
<td>219</td>
<td>146</td>
<td>1 093</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>1 731</td>
<td>358</td>
<td>21</td>
<td>36</td>
<td>301</td>
</tr>
<tr>
<td>Total</td>
<td>10 108</td>
<td>3 345</td>
<td>393</td>
<td>334</td>
<td>2 617</td>
</tr>
</tbody>
</table>

Assumptions

- The calculation has been based on the information provided by management at the available dates.
- Intergroup Loan Accounts/Intergroup Creditors and Debtors have not been taken into account due to complexity of the Group structure.
- Costs of Realisation and Liquidators’ Fees are as follows:
Debtors

• Realisable % has been based on the February 2017 debtors ageing as follows:

<table>
<thead>
<tr>
<th>Ageing Category</th>
<th>Realisable %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>90%</td>
</tr>
<tr>
<td>30 Days</td>
<td>85%</td>
</tr>
<tr>
<td>60 Days</td>
<td>80%</td>
</tr>
<tr>
<td>90 Days</td>
<td>50%</td>
</tr>
<tr>
<td>120 Days</td>
<td>20%</td>
</tr>
</tbody>
</table>

• Security: All debtors are ceded to Mercantile.

Stock

• Realisable % has been assumed as 25% of February 2017 book values based on past experience and specialised nature of the product.

• Note that realisable percentage takes shrinkage into account.

• Stock in bond has been assumed to be secured, therefore no net realisation for concurrent creditors.

PPE

• Book values have been used as per the November Management Accounts.

• Realisable % has been assumed as 60% of the Plant and Equipment book value.

• Realisable % has been assumed as 60% of the Motor Vehicles book value.

Creditors

• Please note that approximately R120 million of the creditors balance relates to secured creditors whose claims, in terms of sureties relating to other group entities, have been enforced against the entity.
Annexure D: VALUATION METHODOLOGY AND PURCHASE CONSIDERATION DETERMINATION

Valuation Methodology for Purchase Consideration

The Purchase Consideration payable on the Closing Date shall be calculated based on the following valuation methodology ("Valuation Methodology"):  

1. **Debtors:**

   1.1. Total debtors as at the Closing Date per the Seller’s books, being third party debtors as reflected in Seller's age analysis at the relevant time less any specific provision for bad debts.

   1.2. Less an amount held back as a provision for bad debtors “Debtors Hold-Back Amount”, being the greater of either:

      1.2.1. R20 million (twenty million Rand); or

      1.2.2. Such amount as equates, as at the Closing Date, to:

         1.2.2.1. 15% (fifteen percent) of insured debtors; and

         1.2.2.2. all uninsured debtors; and

         1.2.2.3. insured debtors that are or may be repudiated by the insurers.

         all of which are 60 (sixty) days or more past due date.

   1.3. Less the cost of third party collection efforts and debtor insurance premiums incurred.

   1.4. A portion of the Debtors Hold-Back Amount shall be released 6 (six) months after the Closing Date based on the portion of such debtors that are collected during the aforesaid period.

2. **Stock:**

   2.1. Valued at the average cost per the Seller's books, as verified by Kaltire (per supplier invoices and by stock take) at the Closing Date.
2.2. Less a provision for obsolescence, calculated as follows:

2.2.1. 100% of the stock items that have not sold in the 12 months preceding the Closing Date.

2.2.2. 100% of the stock that the Seller holds that represents in excess of 4 (four) years’ worth of stock, based on sales for the 12 months preceding the Closing Date.

2.2.3. 50% of the stock that the Seller holds that represents in excess of between 2 (two) and 4 (four) years’ worth of stock, based on sales for the 12 months preceding the Closing Date.

2.3. Less R3 200 000.00 (being a fixed provision for unrealised profits for stock manufactured and not yet sold).

2.4. Less the value of the CPK (cost per kilometre) stock in excess of the CPK creditor, on the Closing Date, and for the sake of clarity this can only be adjusted downwards.

2.5. Less 8% (eight percent) rebate on stock purchased from Continental.

3. **Movable Assets:**

111% (one hundred and eleven percent) of the book value of the movable assets at the Closing Date, as verified by the Kaltire.

**Future Costs Provision Allocation:**

On the Closing Date, the Future Costs Provision will be allocated to each of the Sellers’ Asset Classes on a pro rata basis. The portion allocated to each of the Sellers’ Asset Classes will hereinafter be referred to as the “Asset Cost Allocation”. The Asset Cost Allocation in relation to the debtors will be calculated with reference to the total debtors’ value as at the Closing Date less the Debtors Hold-Back Amount.
**Purchase Consideration**

**Closing Date Purchase Consideration**

1. On the Closing Date, the Sellers and Kaltire shall determine the value of the Assets Classes using the Valuation Methodology.

2. The Purchase Consideration payable on the Closing Date for the Sellers' businesses is calculated as follows:

   2.1. The value of the Sellers' debtors on the Closing Date ("Sellers' Closing Date Debtors"); plus

   2.2. The value of the Sellers' movable assets on the Closing Date ("Sellers' Closing Date Assets"); plus

   2.3. The value of the Sellers' stock on the Closing Date ("Sellers' Closing Date Stock"); less

   2.4. The Future Costs Provision; plus

   2.5. The Goodwill Provision, detailed below.

3. **Goodwill Provision**

   3.1. Depending on the maintenance of revenue from the existing customer base for the 12 month period after the Closing Date, a maximum amount of R10 000 000.00 (ten million Rand) shall be paid to the Sellers on the following terms ("Goodwill Provision"):  

      3.1.1. if customers of the Sellers who have purchased products from any of the Sellers during the 6 (six) month period immediately preceding the Closing Date ("Sellers' Customers") generate 70% (seventy percent) or more but less than 85% (eight five percent) of the Sellers' Revenue, Kaltire will pay an amount of R5,000,000.00 (five million Rand); and

      3.1.2. if the Seller's Customers generate 85% (eighty five percent) or more of the Sellers' Revenue, Kaltire will pay an amount of R5,000,000.00 (five million Rand), provided that if on the expiry of the 12 (twelve) month period from the Closing Date ("Contract Period"), the Seller's Customers who generated less than 85% but more than 70% of the Sellers' Revenue ("Designated Revenue"), Kaltire will pay the following amount:

\[
A = R5\ 000\ 000.00 \times \frac{B-C}{D}
\]
Where

\[ A = \text{the amount to be paid by Kaltire to the Sellers} \]
\[ B = \text{the Designated Revenue} \]
\[ C = 70\% \text{ (seventy percent) of the Sellers' Revenue} \]
\[ D = 15\% \text{ (fifteen percent) of the Sellers' Revenue} \]
Annexure E: ALLOCATION OF PURCHASE CONSIDERATION

Tangible Assets

1. Each Asset Class will be valued according to the Valuation Methodology to obtain the total value of each Asset Class in respect of each Seller. The sum of the value of each Asset Class in respect of each Seller is referred to herein as the “Total Asset Class Realisation”.

2. The Future Cost Provision will then be allocated to each Asset Class on a pro-rata basis (as the value of each Asset Class bears to the Total Asset Class Realisation), at Group Level, to determine the asset cost allocation per Asset Class. This calculation will result in three cost allocations, namely:

   2.1. The allocation of the Future Cost Provision to the debtors (“Debtors’ Asset Cost Allocation”);

   2.2. The allocation of the Future Cost Provision to the stock (“Stock Asset Cost Allocation”); and

   2.3. The allocation of the Future Cost Provision to the plant and equipment (“Plant and Machinery Asset Cost Allocation”).

3. The value of each Asset Class in respect of each Seller as at the Closing Date will then be calculated as follows:

   3.1. Debtors:

      3.1.1. The Valuation Methodology will be applied to each Seller’s Debtors to obtain the value of each Seller’s Debtors as at the Closing Date (“Debtors Realisation Value”).

      3.1.2. The amount of the Debtors Asset Cost Allocation that is allocated to the Debtors Realisation Value for each Seller is calculated as follows:

         3.1.2.1. the Debtors Asset Cost Allocation; multiplied by

         3.1.2.2. the Debtors Realisation Value divided by the Debtors Realisation Value of the Sellers.

      3.1.3. The Debtors Realisation Value in respect of each Seller less the amount calculated in terms of paragraph 3.1.2 is then distributed to creditors in terms of the Group Distribution Waterfall Calculation.
3.2. Stock

3.2.1. The Valuation Methodology will be applied to each Seller’s stock to obtain the value of each Seller’s stock as at the Closing Date ("Stock Realisation Value").

3.2.2. The amount of the Stock Asset Cost Allocation that is allocated to the Stock Realisation Value for each Seller is calculated as follows:

3.2.2.1. the Stock Asset Cost Allocation; multiplied by

3.2.2.2. the Stock Realisation Value divided by the Stock Realisation Value of the Sellers.

3.2.3. The Stock Realisation Value in respect of each Seller less the amount calculated in terms of paragraph 3.2.2 is then distributed to creditors in terms of the Group Distribution Waterfall Calculation.

3.3. Plant and Machinery

3.3.1. The Valuation Methodology will be applied to the Sellers’ plant and machinery to obtain a value of the Sellers’ plant and machinery as at the Closing Date ("Group Plant and Machinery Realisation Value").

3.3.2. A value will be calculated for the Plant and Machinery of each Seller based on the independent professional valuation (based on liquidation values) for each asset, unless no such value is available, in which case, the book value is used ("Determined Value"). This is to ensure that fully depreciated assets will be fairly accounted for in the distribution of proceeds according to security held.

3.3.3. The Seller’s Plant and Machinery Realisation Value is determined by allocating the Group Plant and Machinery Realisation Value to each Seller as follows ("Seller’s Plant and Machinery Realisation Value"): 

3.3.3.1. Group Plant and Machinery Realisation Value; multiplied by

3.3.3.2. Determined Value of the Seller dividend by the Determined Value of all of the Sellers.

3.3.4. The Plant and Machinery Cost Allocation is allocated to each Seller’s Plant and Machinery Realisation Value as follows:
3.3.4.1. the Plant and Machinery Cost Allocation; multiplied by

3.3.4.2. the Seller’s Plant and Machinery Realisation Value divided by the Group Plant and Machinery Realisation Value.

3.3.5. The Seller’s Plant and Machinery Realisation Value less the amount calculated in terms of paragraph 3.3.4 is then distributed to creditors in terms of the Group Distribution Waterfall Calculation.

**Intangible Assets**

4. The intangible assets comprise the goodwill of the Sellers.

5. The goodwill payment will form part of the free residue available for distribution to concurrent creditors of the Sellers.
Annexure F: REMUNERATION AGREEMENT

28 March 2017

RE: TYRE CORPORATION SUPPORT SERVICES (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 in respect of the prescribed tariff rates set out in Regulation 128 to the Companies Act in the hourly rate to R3,000 (Excluding VAT) per hour; and

1.2. the aforesaid increase will be retrospective with effect from 2 March 2017.

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 respect 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

/ /.

John Dymoke Lightfoot

Business Rescue Practitioner of the Company

I, the undersigned, Colin Brown, 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: 

Date: 28/03/2017
Annexure G: Group Distribution Waterfall Calculation

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Realisation</th>
<th>Mercantile</th>
<th>Continental</th>
<th>Other Creditors</th>
<th>Vehicle Finance</th>
<th>Surplus/ (Shortfall)</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
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<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
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<tr>
<td>Debtors</td>
<td>97 312</td>
<td>97 312</td>
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<tr>
<td>Inventory</td>
<td>23 516</td>
<td>5 806</td>
<td>913</td>
<td>6 000</td>
<td>-</td>
<td>-</td>
<td>10 796</td>
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<tr>
<td>Fixed Assets</td>
<td>38 582</td>
<td>9 947</td>
<td>3 818</td>
<td>-</td>
<td>3 210</td>
<td>-</td>
<td>21 607</td>
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<tr>
<td>Available for Secured Creditors</td>
<td>159 410</td>
<td>113 065</td>
<td>4 731</td>
<td>6 000</td>
<td>3 210</td>
<td>-</td>
<td>32 404</td>
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<tr>
<td>Secured Dividend</td>
<td>0.94</td>
<td>0.06</td>
<td>-6 935</td>
<td>-80 696</td>
<td>-25 296</td>
<td>-</td>
<td>-112 927</td>
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<tr>
<td>Surplus/(Shortfall) for Secured Creditors</td>
<td>-10 000</td>
<td>-30 000</td>
<td>-30 000</td>
<td>-30 000</td>
<td>-30 000</td>
<td>-30 000</td>
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Add: Goodwill Payment 10 000
Add: Stock Realisation - Kaltire NIL Value 3 000

Free Residue Available for Other Creditors 45 404

Available for Creditors
- SARS 4 142 41 262
- Other Creditors 11 929 29 333
- Contingency 5 000 24 333

Available for Concurrent Creditors
Concurrent Creditors 162 375
Concurrent Dividend 0.15

Assumptions

- Proposed Transaction: Refer to Annexures D and E for the Determination of the Purchase Consideration and the allocation of the Purchase Consideration.
- Movable Assets: The independent professional valuation (based on liquidation values) for each asset per entity have been used where available, otherwise book values from the November 2016 management accounts have been used per asset/entity.
- Debtors, Stock & Creditors: Book values have been obtained from Management’s information at the available dates and the Valuation Methodologies have been applied thereto.
- Certain creditors have alleged reservation of title over stock. This is subject to confirmation.

Notes on Restructuring Initiatives

The following restructuring initiatives have been proposed and agreed, which results in a higher distribution to Concurrent Creditors:

Continental Tyre SA (Pty) Ltd (“Continental”):

- Continental holds security (in the amount of R50 million) over the Titan Treads plant.
- Continental exercises its security over the Titan Treads plant.
- Proposed Transaction excludes the Titan Treads plant from its offer.
- Titan Treads plant will be sold (proceeds to Continental in terms of their security). It is contemplated that this transaction will be to the value of R30 million.
• Continental then stands back from the remainder of its claim (approximately R60 million).
• The effect of this is to reduce the Group’s concurrent creditor pool by R60 million (25%).
• This requires Mercantile Bank to release its R5 million security held over this plant, which has been agreed to.

Mercantile Bank Limited:

• Mercantile will stand back from any concurrent claim on their shortfall up to an amount of R13 million in order to reduce the Group’s total concurrent claims, thereby ensuring a higher distribution for other creditors.

Stock:

• Kaltire will make certain zero value stock available to the Group to sell. This is approximately R20 million of stock at book value (15c realisation has been used as a conservative estimate as per Management).

Other debtors arising from African entities:

• These amounts will be collected to the extent possible and the proceeds will form part of the free residue to be distributed to the Group’s concurrent creditor pool.
Annexure H: Projected statements of income and expenses

Forecast Statement of Income and Expenses

<table>
<thead>
<tr>
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<th>Mar-17</th>
<th>Apr-17</th>
<th>May-17</th>
<th>Total</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>6 096 196</td>
<td>6 096 196</td>
<td>6 096 196</td>
<td>18 288 589</td>
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<tr>
<td>Cost of Sales</td>
<td>-6 096 196</td>
<td>-6 096 196</td>
<td>-6 096 196</td>
<td>-18 288 589</td>
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<tr>
<td>Gross Profit</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Other Income</td>
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<tr>
<td>Administrative Expenses</td>
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<td>-19 587</td>
<td>-58 760</td>
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<tr>
<td>Depreciation</td>
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<td>-74 832</td>
<td>-74 832</td>
<td>-224 497</td>
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<tr>
<td>Staff Costs</td>
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<td>Other Expenses</td>
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<tr>
<td>Financing Costs</td>
<td>-19 897</td>
<td>-19 897</td>
<td>-19 897</td>
<td>-59 691</td>
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<td>Profit/(Loss) before Taxation</td>
<td>-360 295</td>
<td>-360 295</td>
<td>-360 295</td>
<td>-1 080 886</td>
</tr>
</tbody>
</table>

The forecast is based on the following assumptions:

- The current cash purchases continue in the Company, where all purchases will be for intergroup purchases and recharged to other companies within the Group. These cash purchases are funded from the broader Group.
- Intercompany motor vehicle/tracker/maintenance recoveries will continue in the normal course of business.
- All Employees remaining with the Company until transferred in terms of section 197 of the LRA to Kaltire in accordance with the Proposed Transaction.