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Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

About this Form

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

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

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

www.cipc.co.za

Notice of Beginning of Business Rescue Proceedings

Date: 14 June 2018

Customer Code: WEPKWP

Concerning

(Name and Registration Number of Company)

Name: Basil Pead Limited
Registration No: 1962/002313/06

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

The Board of the company having adopted the attached resolution in terms section 129, on 14 June 2018.

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

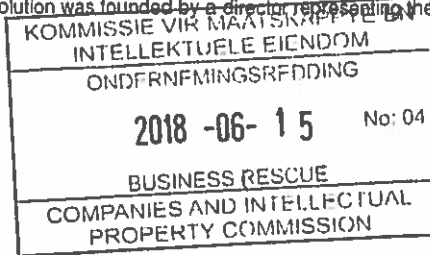
In terms of section 132 (1)(a), the company's business rescue proceedings commenced on _____, being the date on which:

This notice was filed with the Commission.

The court issued the attached order.

(Only in the case of a company resolution)

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



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

Khathutshelo Mlapasa

Authorised Signature:

[Handwritten Signature]

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**EXTRACT OF THE RESOLUTIONS OF THE DIRECTORS OF BASIL READ LIMITED
(REGISTRATION NUMBER 1962/002313/06) ("Company") ADOPTED AT A
DIRECTORS' MEETING HELD ON 14 JUNE 2018 AT 12h00 AT 96 RIVONIA ROAD,
SANDTON.**

PRESENT:

D. Castle	Chairman
C. Manning	Independent Non-Executive Director
P. Baloyi	Independent Non-Executive Director
K. Mapasa	Executive Director

APOLOGIES

S. Luvhengo	Independent Non-Executive Director
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IN ATTENDANCE:

A. Ndoni	Company Secretary
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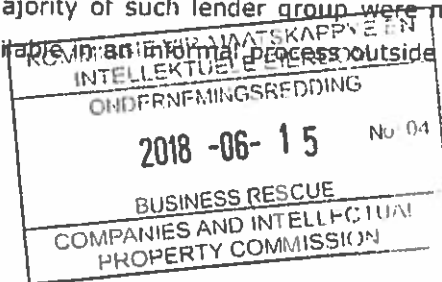
IT IS RECORDED THAT -

1. Adequate notice of the meeting and the agenda was given to the directors of the Company in accordance with clause 33 of the Memorandum of Incorporation ("MOI"), as read with section 73 of the Companies Act, 71 of 2008, as amended ("**Companies Act**");
2. A quorum was present for the meeting in person and/or via electronic communication, and that all time periods for the convening of this board meeting as required in terms of clause 33 of the MOI and otherwise are hereby waived and/or condoned, to the extent necessary, given the urgency of the agenda items;
3. After careful consideration, the directors adopted the resolutions below in accordance with the provisions of the Company's MOI and the Companies Act.

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WHEREAS –

4. All of the members of the board of directors of the Company, sufficient to constitute a quorum and validly consider and resolve on such matters, reasonably believe that the Company is financially distressed, within the meaning of section 128(1)(f)(i), as it will be unable to pay its debts as they become due and payable within the ensuing 6 months, for the following reasons:
 - 4.1 The Company reflected an operating loss before tax of R733.8 million for the financial year ended 31 December 2017, which compares negatively to the budget of R218.5 million profit before tax. The Company experienced negative cash flows from operating activities of R334.5 million for the 2017 financial year, but did end on a positive cash balance of R126.2 million as at 31 December 2017.
 - 4.2 A debt standstill agreement (dated 30 November 2017) was signed with lenders and guarantors as per the SENS announcement dated 5 December 2017. This agreement allows for a moratorium of 18 months on the capital repayment on loans, totalling R390 million from 1 December 2017 to 31 May 2019. Therefore, no cash outflow for servicing capital repayment of long term borrowings are required until May 2019.
 - 4.3 As a consequence, management's cash flow forecasts for the 2018 financial year reflect positive financial results and positive cash flows, although creditors have to be deferred until the sale of non-core assets and resolution of legacy claims have been achieved. Management does, however, have some uncertainty relating to the timing of cash flows which has cast doubt on the entity's ability to continue as a going concern and therefore, it may be unable discharge its liabilities in the ordinary course of business.
 - 4.4 It is recorded that pursuant to engagement between the Company and a particular group of lenders, the Company's board of directors had anticipated that there was a reasonable prospect of bridge funding being made available to the Company. Regrettably, after protracted negotiations with such lender group, the Company was advised on 14 June 2018 that the majority of such lender group were not prepared to make such bridge funding available in an informal process outside of business rescue.

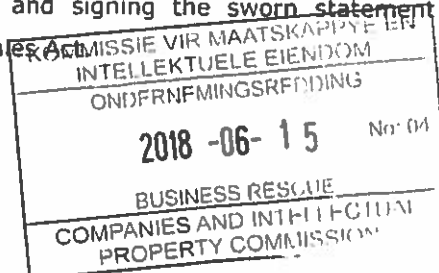


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- 4.5 Further, added to this, onerous contracts are taking longer to complete, while guarantees are not being extended and new guarantees are not being made readily available. Also, creditors have tightened payment terms, whereas claims resolution are taking longer than expected.
- 4.6 The Company is expected to have a cash shortfall for the balance of the 2018 financial year.
5. The board of directors of the Company believe that there is a reasonable prospect of rescuing the Company in terms of Section 129(1)(b) of the Companies Act.

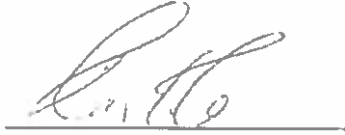
ACCORDINGLY, IT IS RESOLVED THAT -

6. The Company voluntarily commences with business rescue proceedings immediately and that it be placed under supervision in terms of Section 129(1) of the Companies Act;
7. the Company forthwith lodges the requisite documents for the commencement of business rescue proceedings with the Companies and Intellectual Property Commission of South Africa and any documents ancillary thereto and/or necessary for the commencement and/or continuation of business rescue proceedings;
8. JOHN DYMOKE LIGHTFOOT (ID Number: 440805 5114 087), and SIVIWE DONGWANA (ID Number: 701128 5610 085), turnaround specialists, be appointed as the joint business rescue practitioners as contemplated in section 129(3)(b) of the Companies Act;
9. To the extent required, authorise Werksmans Attorneys of 155 5th street Sandown, Sandton to lodge any and all documents with the Companies and Intellectual Property Commission in order to give effect to the aforesaid resolutions;
10. KHATHUTSHELO MAPASA (ID Number: 770508 5506 084) of the Company be and is hereby authorised to do all things necessary, or to procure the doing of all things necessary, and to sign any and all documents, or to procure the signing of any and all documents, as is necessary to give effect to the resolutions aforesaid on behalf of the Board of Directors of the Company, including deposing and signing the sworn statement contemplated in section 129(3)(a) of the Companies Act.



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CERTIFIED AND SIGNED AS A TRUE COPY OF THE PROCEEDINGS



THE CHAIRMAN



SWORN STATEMENT

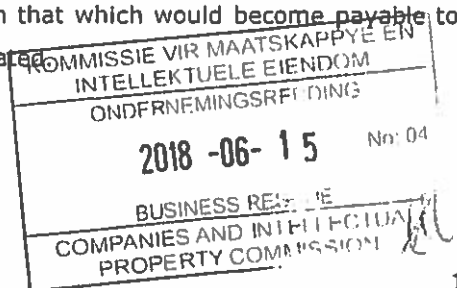
I, the undersigned,

KHATHUTSHELO MAPASA

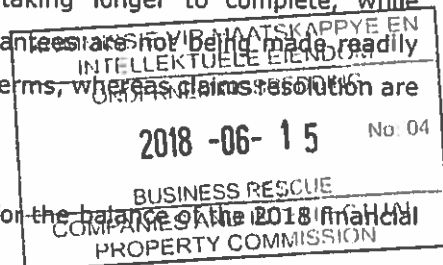
(Identity Number: 770508 5506 084)

do hereby state as follows -

- 1 I am a director of Basil Read Limited (Registration Number: 1962/002313/06) ("**Company**"), a company with its registered address and principal place of business at The Basil Read Campus Phase 1, 7 Romeo Street, Hughes Extension, Gauteng, 1459.
- 2 I am duly authorised to depose to this sworn statement on behalf of the Company.
- 3 The facts contained herein were presented to the Company's board of directors by PAUL BALOYI, as chairman of the Company's board, at an urgent special meeting of the Company's board of directors on 14 June 2018, and which I believe to be true and correct.
- 4 This Sworn Statement is made by me on behalf of the Company to support the commencement of business rescue proceedings ("**Business Rescue**") in terms of Section 129 of the Companies Act, 2008 ("**Act**").
- 5 With this Sworn Statement I intend to provide the relevant information that is required in order to demonstrate that the Company should be placed in Business Rescue.
- 6 The information contained in this Sworn Statement and the opinions expressed in the Sworn Statement relate to the financial difficulties of the Company and how the Company can -
 - 6.1 be rescued and continue as a going concern as an alternative to liquidation; or
 - 6.2 pay a higher dividend to its creditors than that which would become payable to creditors if the Company were to be liquidated.



- 7 The Company commenced business in the 1960's and has been focussed on building, civil engineering, roads construction, mixed-use integrated housing developments, opencast mining and related services.
- 8 The Company reflected an operating loss before tax of R733.8 million for the financial year ended 31 December 2017, which compares negatively to the budget of R218.5 million profit before tax. The Company experienced negative cash flows from operating activities of R334.5 million for the 2017 financial year, but did end on a positive cash balance of R126.2 million as at 31 December 2017.
- 9 A debt standstill agreement (dated 30 November 2017) was signed with lenders and guarantors as per the SENS announcement dated 5 December 2017. This agreement allows for a moratorium of 18 months on the capital repayment on loans, totalling R390 million from 1 December 2017 to 31 May 2019. Therefore, no cash outflow for servicing capital repayment of long term borrowings are required until May 2019.
- 10 As a consequence, management's cash flow forecasts for the 2018 financial year reflect positive financial results and positive cash flows, although creditors have to be deferred until the sale of non-core assets and resolution of legacy claims have been achieved. Management does, however, have some uncertainty relating to the timing of cash flows which has cast doubt on the entity's ability to continue as a going concern and therefore, it may be unable discharge its liabilities in the ordinary course of business.
- 11 It is recorded that pursuant to engagement between the Company and a particular group of lenders, the Company's board of directors had anticipated that there was a reasonable prospect of bridge funding being made available to the Company. Regrettably, after protracted negotiations with such lender group, the Company was advised on 14 June 2018 that the majority of such lender group were not prepared to make such bridge funding available in an informal process outside of business rescue.
- 12 Further, added to this, onerous contracts are taking longer to complete, while guarantees are not being extended and new guarantees are not being made readily available. Also, creditors have tightened payment terms, whereas claims resolution are taking longer than expected.
- 13 The Company is expected to have a cash shortfall for the balance of the 2018 financial year.



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14 The Company is therefore financially distressed, within the meaning of Section 128 of Chapter 6 of the Companies Act, in that, *inter alia* -

14.1 it is estimated the Company, under current market conditions, requires an amount of R470 million to fund its working capital requirements including the repayment of loans. The Company is not able to raise such capital from third parties on the strength of its balance sheet and based on previous experience, and its shareholder is not willing to provide any such capital; and

14.2 it therefore also appears to be reasonably unlikely that the company will be able to pay all of its debts as they fall due and payable within the immediately ensuing six months (in terms of section 128(1)(f)(i));

15 In addition, the Company is engaged (or may become engaged) in labour related proceedings, and is also currently defending legal proceedings in which the aggregate of R15 million is being claimed from the Company and in respect of which the Company in turn has a counter-claim of approximately R1.5 million. Such proceedings may result in the incurrance of ongoing legal expenses, and which expenses may be curtailed if the business rescue practitioner elects not to continue with such proceedings.

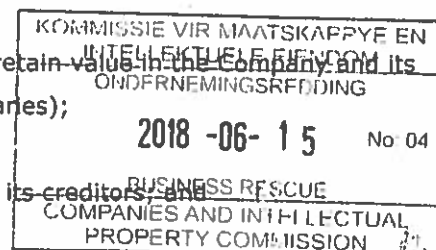
16 Notwithstanding the above, the directors of the Company believe that there is a reasonable prospect of rescuing the business of the Company, if action is taken immediately and if the Company commences Business Rescue. If the Company is placed under supervision, initiatives can be taken by a business rescue practitioner, when duly appointed, to take the following steps -

16.1 an immediate temporary moratorium on all payments to creditors;

16.2 negotiating the sale of the Company's business as a going concern or of its assets, or the shares held in the Company to potential purchasers, at a value higher than in a liquidation and where the majority of employees of the company would most likely retain their jobs;

16.3 continuous engagement with stakeholders to retain value in the Company and its assets (including without limitation its subsidiaries);

16.4 a restructure of the debt of the Company with its creditors; and



3 RCP

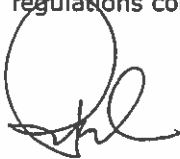
16.5 engaging in discussions with various parties regarding the provision of post commencement financing to the Company.

17 Accordingly, the Company through its board of directors, is of the view that the company is financially distressed but that there remains a reasonable prospect of rescuing the company and accordingly that the Company should be placed in Business Rescue.



KHATHUTSHELO MAPASA

I certify that this statement was signed and sworn to before me at SANDTON on this the 14th JUNE 2018 by the deponent after he declared that he knew and understood the contents of this statement, that he had no objection to taking the prescribed oath and has taken the prescribed oath which he considered binding on his conscience, having complied with regulations contained in government notice R1258 of 21 July 1972, as amended.



COMMISSIONER OF OATHS

Name:

Address:

Capacity:

Romane Kelly Paul
EX OFFICIO
COMMISSIONER OF OATHS
PRACTISING ATTORNEY
REPUBLIC OF SOUTH AFRICA
11 ALICE LANE
SANDTON







The Companies and Intellectual Property
Commission of South Africa
Pretoria

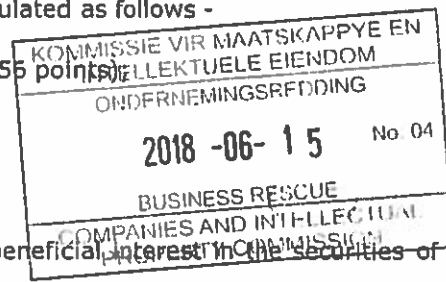
Email: businessrescue@cipc.co.za

14 June 2018

Dear Sirs

NOMINATION OF BUSINESS RESCUE PRACTITIONERS FOR BASIL READ LIMITED (REGISTRATION NUMBER: 1962/002313/06)

- 1 Basil Read Limited (Registration Number: 1962/002313/06) ("Company") passed a resolution on 14 June 2018 to -
 - 1.1 voluntarily commence business rescue proceedings and to be placed under supervision in terms of Section 129(1) of the Companies Act 71 of 2008 ("Act"); and
 - 1.2 appoint JOHN DYMOKE LIGHTFOOT (ID Number: 440805 5114 087), and SIVIWE DONGWANA (ID Number: 701128 5610 085) as the joint business rescue practitioners in terms of Section 129(3)(b) of the Act.
- 2 The Company commenced business in the 1960's and has been focussed on building, civil engineering, roads construction, mixed-use integrated housing developments, opencast mining and related services.
- 3 JOHN DYMOKE LIGHTFOOT and SIVIWE DONGWANA have no relationship with the Company that would lead a reasonable and informed third party to conclude that each of their integrity, impartiality or objectivity is compromised by that relationship. In addition, neither one is related to a person who has a relationship contemplated in Section 138(d) of the Act.
- 4 The Company's public Interest score in terms of regulation 26(2) of the Companies Regulations of 2011 ("the Regulations") is calculated as follows -
 - 4.1 average number of employees - 2756 (2756 points);
 - 4.2 liabilities - R4.2 billion (4215 points);
 - 4.3 turnover - R2.37 billion (2371 points);
 - 4.4 maximum number of individuals with a beneficial interest in the securities of the Company - 1 (1 points); and
 - 4.5 total score - 9343 points.

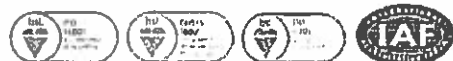


Basil Read Campus - 7 Romeo Street, Hughes ext., Boksburg
1459 Private Bag X170, Bedfordview 2008, South Africa
Tel: +27 11 418 6300 | Fax: +27 11 418 6418

BUILDING LEGACIES

Directors: K Mapasa (CEO), *PC Baloyi, *CE Manning, *DJ Castle, *SA Luvhengo
*Non-executive director (INED)

Company Secretary: AT Ndoni
Basil Read Limited | Co Reg no. 1962/002313/06



- 5 Therefore, as the Company has a public interest score that is in excess of 500 points, the Company is a large company within the meaning of regulation 127 of the Regulations for the purpose of regulation 128.
- 6 JOHN DYMOKE LIGHTFOOT and SIVIWE DONGWANA are well suited to be appointed as the joint business rescue practitioners for the Company. Each has the necessary experience to take appointment as business rescue practitioners, have conditional business rescue licences granted by yourselves and have previously been appointed as business rescue practitioners in various entities to date.
- 7 Thanking you for your co-operation and assistance in this matter.

Yours faithfully



Basil Read Limited

Name: ANDISWA NDONI

Capacity: COMPANY SECRETARY

Date: 14/06/2018

KOMMISSIE VIR MAATSKAPPYE EN INTELLEKTUELE EIENDOM	
ONDERNEMINGSREDDING	
2018 -06- 15	No: 04
BUSINESS RESCUE	
COMPANIES AND INTELLECTUAL PROPERTY COMMISSION	

Basil Read Campus - 7 Romeo Street, Hughes ext., Boksburg
1459 Private Bag X170, Bedfordview 2008, South Africa
Tel: +27 11 418 6300 | Fax: +27 11 418 6418

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*Non-executive director (INED)

Company Secretary: AT Ndoni
Basil Read Limited | Co Reg no. 1962/002313/06





CERTIFIED TRUE COPY

I certify that this document is a true copy of the original which was examined by me from my observations, the original was examined by me on the following date:

[Signature]

Johannes Petrus Fiebig van Rensburg
 Commisary of Police
 Date: 16/12/2018
 7 Rumpo Street, Wynberg Ext. Boksburg, 1459