



ADAMANTEM



MATUSON  
ASSOCIATES

---

**Basil Read Limited (in business rescue)**

**Registration number 1962/002313/06**

**("The Company")**

---

**December 2021 and January 2022**

**22<sup>nd</sup> Update Report to the Companies and Intellectual Property Commission("CIPC")**

**and to all Affected Persons**

**In Terms of Section 132 (3) (a) of the Companies Act 71 of 2008**

Prepared by:

**John Lightfoot and Siviwe Dongwana**

**Joint Business Rescue Practitioners**

---

Directors: Siviwe Dongwana | Les Matuson | Bongani Nkasana | Piers Marsden | John Lightfoot  
Suite 23, Building 2, Oxford & Glenhove, 114 Oxford Road, Houghton Estate, Johannesburg, 2196

---

**22<sup>ND</sup> UPDATE REPORT TO THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION FOR  
THE BUSINESS RESCUE OF**

**BASIL READ LIMITED (IN BUSINESS RESCUE)**

---

**1. Introduction**

- 1.1.** The Company was placed in business rescue under the supervision of the joint business rescue practitioners (“the Practitioners”) in business rescue proceedings on 15 June 2018, and the Business Rescue Plan (“the Plan”) proposed by the Practitioners was presented to and approved by 99% of all creditors and 98% of independent creditors on 27 September 2018.
- 1.2.** This report, being the **Twenty Second (22<sup>nd</sup>) Update Report**, is being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“the Act”) as the business rescue proceedings of the Company have not been concluded within three months of the date of commencement as required.
- 1.3.** Reference is made in this report to the Plan, it is therefore important that this report be read in conjunction with the Plan and all the previous update reports.
- 1.4.** Please refer to [www.matusonassociates.co.za/basilread/](http://www.matusonassociates.co.za/basilread/) for further information on the business rescue proceedings of the Company.

**2. Current Status**

**2.1. Construction Contracts (“Contracts”)**

2.1.1.

2.1.2. The Company gives the following update relating to the defects liability period still in place for the following projects:

2.1.2.1. Umgeni Water (Rosetta Water Treatment Works) – expected to be completed by the end of March 2022

2.1.2.2. TCTA (Olifants River Water Resources Development Project – Phase 2) – The last outstanding defect related to the pipe corrosion protection and the associated environmental rehabilitation was completed in December 2021. The commercial closure of which involves the determination of the final account, inclusive of contract claims, is anticipated to be finalized by in Q2

**22<sup>ND</sup> UPDATE REPORT TO THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION FOR  
THE BUSINESS RESCUE OF**

**BASIL READ LIMITED (IN BUSINESS RESCUE)**

---

2.1.2.3.Eskom (Various Medupi Projects) –

2.1.2.3.1.The final account process is underway for the three Medupi contracts that have been issued with performance certificates. It is anticipated that the process will be completed by end of March 2022.

2.1.2.3.2.There remains one project, the Buildings Project, for which the Company is awaiting the Performance Certificates. It is anticipated that the performance certificate will be issue by end of February 2022.

**2.2. Guarantees**

2.2.1.Since the last update report, no further guarantees have been called by any of the Employers

2.2.2. The value of guarantees outstanding remains at R77 million compared to R1.1 billion in June 2018 when the Company filed for business rescue.

**2.3. Contract Claims Receivable**

2.3.1.The aggregate sum of contract claims is substantial and the Practitioners believe the extent to which the Company can recover these claims will impact materially on the result of the business rescue process.

2.3.2.The resolution of contract claims has proven to be time consuming, tedious and costly with the process being further adversely affected by the Covid-19 related lockdowns, particularly where matters have been subject to court and arbitration proceedings.

2.3.3.Notwithstanding these challenges the Company has been successful in obtaining favourable rulings with respect to certain of these claims. Unfortunately, Employers continue to unlawfully withhold payments due in terms of these rulings. Consequently, the Company has taken legal action to enforce the rulings. As a result, the timing of receipts of funds for these claims remains uncertain.

2.3.4.Whilst the Company remains committed to realising claims to meet its commitments, the Practitioners nevertheless wish to highlight that to the extent that the pursuit of these claims continues into the future, the benefit to be derived therefrom may diminish.

**22<sup>ND</sup> UPDATE REPORT TO THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION FOR  
THE BUSINESS RESCUE OF**

**BASIL READ LIMITED (IN BUSINESS RESCUE)**

---

**2.4. Realisation of Non-Core Assets**

2.4.1. There has been no improvement in the market for the non-core assets of the Company, a position not assisted by the uncertainty associated with the Covid-19 pandemic. However, we remain optimistic and continue to market these assets. Should any affected person know of or be interested in any of the properties for sale, please contact the business rescue team at basilread@matusonassociates.co.za.

**2.5. Retained Businesses (Mining and Developments)**

2.5.1. One of the primary objectives of the approved Plan was the optimisation, safeguarding and preservation of the retained businesses.

2.5.2. These businesses remain self-sustaining and continue to perform well notwithstanding the negative overhang of the business rescue of the Company on them and the adverse effects of the prevailing Covid-19 pandemic.

2.5.3. There have been no further developments on the disposal of the retained businesses since the last report.

**2.6. Proceeds from Realisations**

Proceeds from the realisation of non-core assets and contract claims will be distributed in terms of the payment waterfall, as contained in the Plan, and in line with the Company Act.

**3. Unforeseen Setbacks**

3.1. There remain high levels of uncertainty globally because of the various strains of the Covid-19 virus and the subsequent waves of new infections associated with them. The current third wave and the potential responses that will come with it will have an adverse effect on the planned completion dates of the remaining contract, the finalisation of contract claims and hampers the ability of Employers to pay the Company timeously.

3.2. All the unanticipated setbacks will adversely affect the quantum of any business rescue dividend that may ultimately be paid to concurrent creditors. However, the extent of the reduction of any business rescue dividend cannot be calculated at this stage, until all realisations have occurred.

**22<sup>ND</sup> UPDATE REPORT TO THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION FOR  
THE BUSINESS RESCUE OF**

**BASIL READ LIMITED (IN BUSINESS RESCUE)**

---

**4. Proof of Claims**

4.1. The claims submission period has closed.

Please refer any questions or queries relating to your claim to [basilread@matusonassociates.co.za](mailto:basilread@matusonassociates.co.za)

**5. Conclusion**

5.1. Owing to the above-mentioned delays and setbacks, the dividend to concurrent creditors, as anticipated in the Plan, is likely to be significantly reduced and will largely depend on the value of asset realisations and contract claims.

5.2. Notwithstanding the above-mentioned uncertainties, it is anticipated that:

5.2.1. subject to the anticipated realisation of Claims, all PCF and other post-commencement obligations will be settled in full; and

5.2.2. the risk of further guarantees being called, although not eliminated, has been significantly reduced.

5.2.3. It remains the opinion of the Practitioners that a full implementation of the Plan will achieve a better result than a liquidation.