

Basil Read Limited (in business rescue)

Registration number 1962/002313/06

("The Company")

June 2025

**48th 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:

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(Business Rescue Practitioner)**



**48th UPDATE REPORT TO THE COMPANIES AND INTELLECTUAL PROPERTY COMMISSION FOR
THE BUSINESS RESCUE OF
BASIL READ LIMITED (IN BUSINESS RESCUE)**

1. Introduction

1.1. In terms of section 132(3) of the Companies Act 71 of 2008 ("Act"), if a company's business rescue proceedings have not ended within three (3) months after the start of those proceedings or such longer time as the court, on application by the practitioner, may allow, the practitioner must –

1.1.1. Prepare a report on the progress of the business rescue proceedings and update it at the end of each subsequent month until the end of those proceedings; and

1.1.2. Deliver the report and each update in the prescribed manner to each affected person and the following:

1.1.2.1. Court, if the proceedings have been the subject of a court order; or

1.1.2.2. Commission, in any other case.

1.2. This report, being the **Forty Eighth (48th) 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. The CIPC Practice Note 2 of 2024 provides guidance on compiling automated status reports. It dictates that the subsequent report should include outstanding actions as per the adopted business rescue plan, the implementation of the business rescue plan as well as the implementation rate of the business rescue plan of the company in percentages. This guidance has been considered in the contents herein.

1.4. Reference is made in this update report to the prior update reports. It is important that this report be read in conjunction with the business rescue plan of the Company ("the Plan") and the previous update reports

1.5. Please refer to www.matusonassociates.co.za/basilread/ for further information on the business rescue proceedings of the Company.

2. Update on the Implementation of the Plan

2.1. The following actions of Plan have been fully implemented:

2.1.1. All actions related to Construction Contracts has been fully implemented.

2.1.2. All actions related to Guarantees have been fully implemented.

2.2. Contract Claims Receivable

2.2.1. We have repeatedly reported that the aggregate sum of contract claims receivable is substantial. More importantly we also reported that the extent to which the Company can recover these claims will impact materially on the result of the business rescue process.

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2.2.2. However, the resolution of contract claims remains protracted, tedious and costly, particularly where matters are subject to court or arbitration proceedings.

2.2.3. Following years of concerted actions including negotiations, mediation and arbitration processes, as well as legal proceedings to recover these claims, these actions have not yielded any significant outcomes.

2.2.4. This notwithstanding, there are a few claims remaining which we believe on merit of their ongoing pursuit albeit the quantum and timing remain uncertain.

2.2.5. Unfortunately, some employers continue to unlawfully withhold payments due in terms of these rulings. Consequently, the Company has taken legal actions to enforce the rulings. They include the following:

2.2.5.1. Skilpadshek Border Post (Department of Public Works) – R5 million.

2.2.5.2. The Department of Agriculture, Land Reform & Rural Development (“DRDLR”) – R5 million. This matter has now been handed over to attorneys for collection.

2.2.6. The following claims are currently being pursued in connection with the Admin Craft Basin project in two separate actions:

2.2.6.1. Return of delay damages for R28.3 million. An arbitration in this regard is currently underway.

2.2.6.2. A professional indemnity insurance claim of R84.9 million and for which litigation proceedings have been launched.

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

2.2.8. Efforts to obtain litigation funding to progress certain claims, efforts have not been successful mainly due to the passage of time.

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2.3. Realisation of Non-Core Assets

2.3.1. Substantial progress has been made with regards to the process for the realisation of assets. Most of the assets, which were the security package to certain of the lenders have been successfully sold via auctions and the proceeds thereof were applied in terms of their loan agreements. The Rolling Hills development which is the security of the Industrial Development Corporation by way of bond mortgage has attracted interest recently, however, no firm offers have been received. With regards to the Lehateng investment, the transaction to sell off has gained traction and steps are being taken by management in preparation to complete the transaction.

2.3.2. To the extent that the proceeds from the sale of assets do not fully extinguish the debt for which the said assets were provided as collateral, the remaining unsecured debt will become part of the general concurrent creditors as defined in the Plan.

2.3.3. Notwithstanding market challenges we, however, 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.

2.4. Winding-down of the Mining and Developments Businesses

2.4.1. The business rescue proceedings of Basil Read Mining SA (Pty) Limited (in business rescue) ("BRMSA") are ongoing.

2.4.2. Please refer to www.basilread.co.za for further details on the business rescue of these entities.

2.5. Repayment of Post-Commencement Finance ("PCF") and Post-Commencement Costs.

2.5.1. The full PCF funding from the Company's Lenders has been settled in full as previously reported.

2.5.2. The Post-Commencement Costs which include substantive amounts owed to SARS remain outstanding. A reconciliation process is currently underway to determine the accurate amount owing and how these could potentially be settled.

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3. Proof of Claims

- 3.1. The claims submission period has closed.
- 3.2. Please refer any questions or queries relating to your claim to basilread@matusonassociates.co.za

4. Conclusion

- 4.1. 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.
- 4.2. Notwithstanding the above-mentioned uncertainties, it is anticipated that:
 - 4.2.1. subject to the anticipated realisation of Claims, all other post-commencement obligations will be settled in full; and
 - 4.2.2. It remains the opinion of the Practitioner that a full implementation of the Plan will achieve a better result than a liquidation.
- 4.3. Any inquiries or concerns affected persons may have regarding the business rescue proceedings of the Company must be directed to basilread@matusonassociates.co.za.