

**STONE LAND CASE 08 (PTY) LTD
PROPRIETARY LIMITED
(Registration No. 2014/015577/07)**

BUSINESS RESCUE PLAN

Published 25 January 2022

STONE LAND



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INTERPRETATION AND STATUTORY INFORMATION

Section A

INTERPRETATION AND STATUTORY INFORMATION

1. INTERPRETATION AND PRELIMINARY

1.1 Introduction

On 12 November 2021, Robert Charles Devereux of Qey West Finance Corporation (Pty) Limited was appointed as Business Rescue Practitioner of Stone Land Case 08 (Pty) Limited.

The appointment was made pursuant to a resolution passed by the Sole Director in accordance with Section 129 of Chapter 6 of the Companies Act 71 of 2008, as he was of the opinion that the Company was financially distressed and there appeared to be a reasonable prospect of rescuing the Company.

Section 150 of the Companies Act 71 of 2008, requires that the Practitioner, after consultation with the creditors, prepare a Business Rescue Plan for consideration and possible adoption at a meeting to be held in terms of Section 151. The contents of this Business Rescue Plan are furthermore set out in S150 and this information is required to facilitate affected persons in deciding whether to accept or reject the plan.

Accordingly, this Business Rescue Plan summarises the financial position of the Company, sets out observations with respect to the cause of the financial distress of the Company, outlines any offences that may have been committed by the officers of the Company and the extent of recoveries a liquidator could pursue (if the Company were to be placed into liquidation) and provides recommendations on further actions that can be considered in the best interest of creditors.

This Business Rescue Plan has been prepared following an inspection and analysis of documents of the Company and has been prepared for the benefits of the creditors and all affected parties.

1.2 Practitioner's statement of Opinion, Certification, Disclaimer and Statement of independence

As the Practitioner I have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as the Practitioner and confirms that I have had no prior involvement with the Business and do not have a relationship with the Company such as would

lead to a reasonable and informed third party to conclude that my integrity, impartiality or objectivity as the Practitioner would be compromised.

Consequently, in accordance with industry practice and legal precedent, I do not consider the above to adversely affect my independence or prevent me from accepting my appointment as the Business Rescue Practitioner.

The Business Rescue Plan ("plan") is based on information obtained from books and records recovered from the Company, the Sole Director, Management and interviews with relevant persons and it should be noted:

Investigations have been limited due to the time constraints placed on me by the Companies Act. There may be certain issues that require additional investigation for an absolute determination to be formed. Where appropriate, I have highlighted these issues throughout the body of the plan and to the extent necessary, have considered the possible impact of them when making my recommendations to creditors. It is normal for a Practitioner's report to creditors to not form conclusive views in relation to all areas of investigation. Should liquidators be appointed to the Company, the Liquidators will continue those investigations should there be a perceived benefit to creditors.

As the Practitioner, I have not carried out an audit of the Company's documents, nor have I had adequate opportunity to verify any of the information given to me by the Company except where expressly stated.

The statements and opinions given in the Business Rescue Plan are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated I reserve the right to alter any conclusions reached on the basis of any changes in, or additional to, information which may become available to me between the date of this plan and the date of any subsequent meetings or reports.

Neither I as the Practitioner, nor Qey West Finance Corporation (Pty) Ltd, nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

In considering the options available to creditors and formulating my recommendations, I have made the necessary forecasts with respect to asset realisations and the quantum of total creditors. These forecasts and estimates may change as asset realisations progress and claims are received by creditors. Whilst the forecasts and estimates are the result of my best assessment in the circumstances, it should be noted that the ultimate deficiency and thus the distribution or outcome for creditors could differ from the information provided in the plan.

Every effort has been taken to ensure that the actual information provided appears to be accurate, complete and up to date and that the projections provided are estimates made in good faith on the basis of factual information and assumptions set out in this Business Rescue Plan.

The Business Rescue Plan provides for a better return for Creditors than should the Company be placed into liquidation.



R C Devereux

Business Rescue Practitioner

25 January 2022

1.3 Interpretation and definitions

The headings of the clauses in the 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 of this Business Rescue Plan or any clause hereof. Unless a contrary intention clearly appears, words importing –

- any one gender includes the other two genders
- the singular includes the plural and *vice versa*
- persons include natural persons, created entities and *vice versa*

In this Business Rescue Plan, unless the context clearly indicates a contrary intention, the following words and expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings;

“Act”	means the Companies Act, Act 71 of 2008.
“Affected person”	means any shareholder, creditor, employee representative or employee of the Company.
“Adoption date”	means the date upon which the Business Rescue Plan is approved.

“Auction value”	means an estimate of what will be realised when a sale of assets occurs on an unreserved open-bid auction where a sale is concluded upon the fall of the hammer to the highest cash bidder and which auction is reasonably well-advertised and attended by members of the public.
“Auditors”	TRNZact
“Bargaining Council”	means Furniture Bargaining Council
“BBBEE”	means Broad Based Black Economic Empowerment policy that is to address the inequalities of the past in South Africa.
“Business Day”	means any day other than a Saturday, Sunday or official public holiday in the Republic of South Africa; as defined by S 5(3)(a)(b) &(c) of the Companies Act 71 of 2008.
“Business Rescue”	means Business Rescue proceedings as set out in Chapter 6 of the Companies Act 71 of 2008.
“Business Rescue Plan”	means this document prepared in terms of S 150 of the Companies Act 71 of 2008.
“CCMA”	means Commission for Conciliation, Mediation and Arbitration.
“CIPC”	means Companies and Intellectual Property Commission.
“Claim”	means any claim of any nature against the Company, the cause of action in respect of which arose before the Commencement date.
“Concurrent Creditors”	means creditors who have neither secured nor preferred as envisaged in the Insolvency Act.
“Commencement Date”	means the date on which the Business Rescue commenced being 11 November 2021.
“Company”	means Stone Land Case 08 (Proprietary) Limited, Registration number 2014/015577/07.
“Contingency Claims”	means those claims which may arise against the Company in respect of a liability which is dependent on a contingent event, which event has not arisen prior to the Adoption date.
“Contracts”	means those contracts entered into by the Company with third parties, either prior to or after Commencement Date.

“Creditors”	means all persons natural and legal, having Secured Claims, Preferent Claims or Concurrent Claims against the Company and it means any one of them as the context may require.
“Creditors Committee”	means a Creditor Committee referred to in S 145(3) of the Act. This committee is formed to consult with the Practitioner.
“Days”	means Business days.
“Dies non”	means the period recognised by the South African Courts during which the attorney’s offices are recognised as closed and therefore these days not counted as Business days and in this instance 16 December 2021 to 15 January 2022.
“Director”	means the Sole Director of the Company at present and past directors whose names are not set out in this document.
“Disputed Claims”	means those Claims which have been logged by Creditors and have been rejected either in whole or in part by the Practitioner and which dispute(s) may be determined in terms of the dispute mechanism.
“Employees Committee”	means a committee of Employee representatives appointed in terms of S 147 of the Act. This committee was formed and has consulted with the Practitioner.
“Employee”	means any temporary, contract or permanent employee of the Company.
“FNB”	means First National Bank a division of First Rand Limited, Registration Number 1929/01225/06.
“Insolvency Act”	means the Insolvency Act no.24 of 1936, as amended.
“Labour Act”	means Labour Relations Act, Act 66 of 1995, as amended.
“Management”	means the Sole Director and senior management of the Company.
“Practitioner”	means a Business Rescue Practitioner as defined in terms of Section 138 of the Companies Act 71 Of 2008 in this instance Mr R C Devereux C.A.(S.A.) SAICA Registration number 00135571.

“Preferred Creditor”	means a creditor receiving a preferential right to payment as envisaged in Insolvency Act other than the Receiver of Revenue.
“PCF”	means Post Commencement Finance provided to the Company once Business Rescue proceedings have commenced.
“PCF Creditor”	means Creditors that provided post-commencement finance as contemplated in section 135 of the Companies Act.
“South Africa”	means the Republic of South Africa.
“Stone Land”	means Stone Land Case 08 (Proprietary) Limited, Registration number 2014/015577/07.
“Qey West”	means Qey West Finance Corporation (Proprietary) Limited, Registration number 2014/140947/07.
“Secured Creditor”	means a creditor of the Company whose claims against the Company are secured by a mortgage, notarial or other bond, by way of a cession in <i>securitatem debiti</i> or by way of any other form of lawful security provided by the Company.
“SARS”	means South African Revenue Service.
“Submission date”	the date by which all affected persons must submit their claims to the Business Rescue Practitioner in this case 10 December 2021.
“Taxation”	means the levying of tax.
“VAT”	means Value-added tax as defined in the Value Added Tax Act, 89 of 1999, as amended.
“Wesbank”	means Wesbank a division of First Rand Limited, Registration Number 1929/01225/06

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.

Any reference in this 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.

If figures are referred to in numerals and in words in this Business Rescue Plan and if there is any conflict between the two, the words shall prevail.

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.

Where any term is 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.

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.

1.4 Structure of the Business Rescue Plan

1.4.1 Section A - Interpretation and statutory information

This section sets out the roles of the various parties within the Business Rescue Process, contains disclaimers, certificates, key dates and other issues. It also includes all statutory information about the Company.

1.4.2. Section B - Business Rescue Plan considerations

This section covers all aspects of the Business Rescue Process. The reasons for distress, investigations into the affairs of the Company, actions during Business Rescue as well as the statutory requirements relating to assets and liabilities of the Company.

1.4.3. Section C – Business Rescue Plan

This section sets out the Business Rescue Plan, the key assumptions and the effect of the Business Rescue Plan on various parties.

1.4.4. Section D - Business Rescue administration

This section sets out the voting procedures relating to the persons involved in the Business Rescue Process, dispute resolution as well as other administrative matters.

1.4.5. Section E – Annexures

This section contains all supporting information to the Business Rescue Plan.

1.5 Role of the Practitioner

During a Company's Business Rescue proceedings, the Practitioner has full management control of the Company in substitution for its board and pre-existing management. The Practitioner;

- may delegate any power or function of the Practitioner to a person who was part of the board or pre-existing management of the Company;
- may remove from office any person who forms part of the pre-existing management of the Company;
- may appoint a person as part of the management of a Company, whether to fill a vacancy or not;

The Practitioner is responsible for developing a Business Rescue Plan to be considered by affected persons, and to implement any Business Rescue Plan that has been adopted in accordance with Chapter 6 of the Companies Act 71 of 20. The independence of the Practitioner is a cornerstone of the Business Rescue Process and the Practitioner must be, and be seen to be, independent.

1.6 Role of the Sole Director

During the Business Rescue proceedings, the Sole Director is to co-operate and assist the Practitioner and must deliver the books and records of the Company which are in his possession to the Practitioner. Furthermore, the Sole Director is to disclose all affairs of the Company as well as any material transactions involving the Company in terms of S 142 (3) of the Act.

During Business Rescue proceedings the director must also continue to exercise the functions of a Director subject to the authority of the Practitioner and remains bound by the requirements of the Act regarding duties and their personal financial interests.

To this effect the Practitioner has required the Director and Senior Manager to confirm in writing and declare the state of the Company as at Business Rescue date and disclose material transactions, if any that may impact on the Business Rescue process.

1.7 Actions by Affected Persons

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 or other professional advisor in addition to any consultation with or without direction received from the Business Rescue Practitioner.

1.8 Key dates

Registration of Voluntary Business Rescue	11 November 2021
Appointment of Business Rescue Practitioner by Company	12 November 2021
First Employees' Representative meeting	24 November 2021
First Creditors meeting	26 November 2021
Extension granted by affected persons	10 December 2021
Further extension granted by affected persons	19 January 2022
Date of Publishing the plan	25 January 2022

INTERPRETATION AND STATUTORY INFORMATION

2. STATUTORY INFORMATION

2.1 History

The Company was founded in 1997 and it has been their objective to build exemplary quality furniture and cabinets. Their scope of work covers fitted and free-standing cabinets for all areas of the home as well as corporate work and the premium end of the hospitality industry.

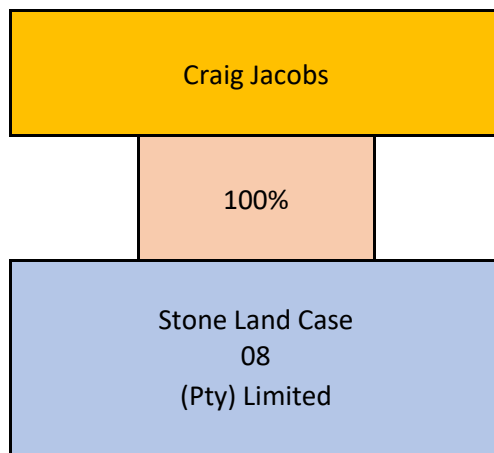
The main business is now Kitchens, Built-in-Cupboards, vanities and doors.

2.2 Company Details

Name	Stone Land Case 08 (Pty) Limited
Registration number	2014/015577/07
Date of incorporation	23 January 2014
Registered address	1 st Floor Eastwood 75 Sixth Rd Hyde Park Sandton 2196
Principal Place of Business	9 Proton Ave Chloorkop Kempton Park Gauteng 1619
Income tax number	949 847 8172
VAT number	496 026 8243
PAYE number	722 078 7891

Auditors TRNZact (Pty) Limited
Redland Estate, NTE House
1 George MacFarlane Lane
Wembley
Pietermaritzburg
3201

2.3 Corporate Structure



2.4 Officers and Shareholders

Director	Craig Jacobs	Appointed 21 January 2015
Company Secretary	Craig Jacobs	Appointed 21 January 2015

Shareholders

Craig Jacobs owns the entire share capital of the Company.

The shares were acquired in terms of a Sale of Shares Agreement dated 13 August 2019 from Tim Kloock and Mike Arthur.

2.5 Securities

Authorised ordinary share capital	1000 ordinary shares
Issued share capital	100 ordinary shares

The Company has no further securities in issue. The shares are fully paid up.

BUSINESS RESCUE CONSIDERATIONS

Section B

BUSINESS RESCUE CONSIDERATIONS

3. Reasons for financial distress

3.1 Reasons for distress

In a sworn statement filed with the CIPC to commence Business Rescue proceedings the Company's Sole director stated;

The Company conducts its Business in the household, institutional furniture and kitchen cabinet manufacturing and has since 2014. The Company has traded successfully in the early years but finds itself in financial difficulty for the following reasons;

As a result of the Covid 19 pandemic and the mandatory lock down that ensued, the Company was not able to fully trade and many of its customers cancelled or delayed orders which also impacted costs as the Company had to carry the P's and G's over the delay periods, in some instances for up to one year.

One of the Company's major debtors has disputed the debt despite the work having been done, causing huge cash flow issues for the Company.

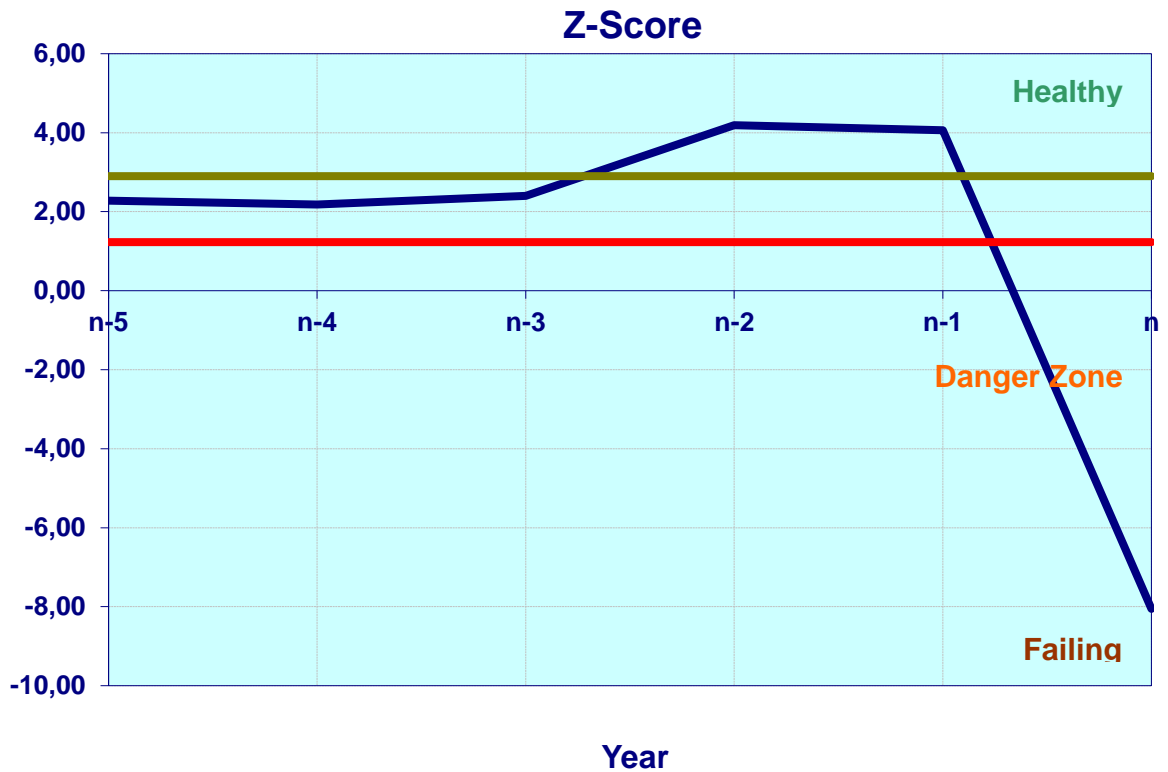
3.2 Historical Financial Situation

Z Score of Stone Land Case 08 (Pty) Limited.

In 1968, Edward Altman founded the '**Z Score**' formula to predict bankruptcy. Initially, the Altman Z Score was found to be 72% accurate in predicting bankruptcy two years prior to the bankruptcy.

Turnaround managers and mergers and acquisition managers use the Altman Z Score model to determine risks and develop strategies to mitigate the risks. Similarly, the insurance industry and the corporate governance departments use the scoring system for various purposes.

The Z score shows the deterioration of the Company over a period of time as it incurs significant losses and refines these losses by factoring debtors and entering into a Sale and Leaseback Agreement of its fixed assets.



Annual Financial Statements

Balance Sheet

The balance sheet shows a deficit of some R 15.3 million which is indicative of the distressed situation of the Company. The main cause of the large loss this year is a write off of approximately R 9 million worth of Work in Progress that was reflected on the Balance Sheet but this had been billed for and consequently not posted to Cost of Sales.

All fixed assets, bar encumbered assets and a few others were subject to a sale and leaseback as part of a refinancing exercise in 2021.

Debtors are minimal as a result of depressed sales and the dispute with one major customer.

The deferred tax asset is as a result of a tax assessed loss over the period and the current balance sheet has not been updated to reflect the latest losses.

BALANCE SHEET

	2022	2021	2020
	R 000	R 000	R 000
ASSETS			
Non-current assets			
Property, Plant & Equipment	490	4 323	4 414
Intangible assets	339	338	427
Deferred tax	701	701	701
	<u>1 530</u>	<u>5 362</u>	<u>5 542</u>
Current assets			
Inventories	1 917	7 261	4 257
Trade and other Receivables	-	40	3 323
Cash	1	3 889	660
	<u>1 918</u>	<u>11 190</u>	<u>8 240</u>
	<u>3 448</u>	<u>16 552</u>	<u>13 782</u>
Total assets	3 448	16 552	13 782
EQUITY AND LIABILITIES			
Equity			
Capital & reserves	(15 395)	(2 435)	(6 112)
Revaluation reserve	-	2 592	2 592
	<u>(15 395)</u>	<u>157</u>	<u>(3 520)</u>
Non-current liabilities			
Shareholder's loan	4 445	4 755	9 599
Borrowings	400	586	778
	<u>4 845</u>	<u>5 341</u>	<u>10 377</u>
Current liabilities			
Provisions	11	11	29
Trade and other payables	12 906	10 860	6 185
Long term liabilities	181	181	152
Overdraft	900	2	559
	<u>13 998</u>	<u>11 054</u>	<u>6 925</u>
	<u>3 448</u>	<u>16 552</u>	<u>13 782</u>
Total equities and liabilities	3 448	16 552	13 782

Income Statement

The Income Statement shows depressed revenues and a high cost of sales. Costs too are high.

INCOME STATEMENT

	2022 R 000	2021 R 000	2020 R 000
Revenue			
Sales	34 313	55 016	49 153
Cost of Sales	<u>(32 777)</u>	<u>(46 236)</u>	<u>(40 491)</u>
	<u>1 536</u>	<u>8 780</u>	<u>8 662</u>
Other income	-	-	66
Operational costs	<u>15 008</u>	<u>4 208</u>	<u>4 185</u>
Operating profit / (loss)	<u>(13 472)</u>	<u>4 572</u>	<u>4 543</u>
Finance income	-	2	3
Finance costs	<u>(511)</u>	<u>(896)</u>	<u>(585)</u>
Profit / (loss) before tax	<u>(12 961)</u>	<u>3 678</u>	<u>3 961</u>
Taxation	-	-	(957)
Profit / (loss) for the year	<u>(12 961)</u>	<u>3 678</u>	<u>3 004</u>
Accumulated at beginning	(2 434)	(6 112)	(9 116)
Profit /(loss) for the year	<u>(12 961)</u>	<u>3 678</u>	<u>3 004</u>
Accumulated at end	<u>(15 395)</u>	<u>(2 434)</u>	<u>(6 112)</u>

Contingent Liabilities

The Company has finance lease obligations to Wesbank and Red Tree Capital in regard to the lease of equipment and vehicles. These are covered in Section 12.2.

4. Prospects of rescuing the Company

4.1 Prospects

We have investigated the affairs of the Company and conclude that the basic cause for distress is a high-cost base that is inefficient and a low turnover relative to this cost base.

The Company has no working capital, so it is crucial to reduce costs relative to its turnover base and a capital injection is required to recapitalise the Company and increase turnover. The Company has secured Post Commencement Funding in the regard.

The Company has a good reputation in the market under the name “Delawood” and Stone Land

The Company is able to secure contracts into the future with the support of contractors that require its services.

It is envisaged that the Company operate as a “Turnkey” operator, downsize, outsource and manage the risks associated with this strategy.

Given the above there is a reasonable prospect for the business to be rescued

4.2 Creditors

The value of creditors and claims submitted, and their category is set out in the table below. It sets out claims submitted, and claims assessed and accepted by the Practitioner as at the Business Rescue date and does not include Post Commencement Funders.

<u>Submitted</u>	<u>Secured</u> <u>R'000</u>	<u>Preferred</u> <u>R'000</u>	<u>Con-current</u> <u>R'000</u>	<u>Total</u> <u>R'000</u>
Independent	6 446 714	7 424 892	7 450 643	21 322 249
Related Party	-	800 000	4 445 606	5 245 606
	<u>6 446 714</u>	<u>8 224 892</u>	<u>11 896 249</u>	<u>26 567 855</u>

<u>Assessed</u>	<u>Secured</u> <u>R'000</u>	<u>Preferred</u> <u>R'000</u>	<u>Con-current</u> <u>R'000</u>	<u>PCF</u> <u>R'000</u>	<u>Total</u> <u>R'000</u>
Independent	1 713 891	4 540 052	10 138 162	1 203 457	17 595 562
Related Party	-	800 000	4 445 606		5 245 606
	<u>1 713 891</u>	<u>5 340 052</u>	<u>14 583 768</u>	<u>1 203 457</u>	<u>22 841 168</u>

4.3 Receiver of Revenue

The Receiver of Revenue is currently owed no money in terms of Normal Taxation as the Company has an assessed loss for taxation purposes, but does owe VAT, PAYE, SDL and UIF.

All current VAT and PAYE obligations are not up to date, but all returns have been submitted.

4.4 Material assets & property to pay creditors

Material assets or property to pay creditors are as follows as at 30 December 2021 at estimated values.

Property, plant and equipment	R	3 107 000
Inventories	R	1 859 000
Trade and other receivables	R	625 000
Cash	R	nil

4.5 Liquidation versus Business Rescue

A liquidation and distribution account is included in the Business Rescue Plan and is set out in Annexure D. This is based on the 30 December 2021 Management accounts and the liabilities that have been submitted under Business Rescue.

The Company has assets of R 3,1million as a going concern as compared to assets of R2,7 million (Book value) in liquidation. This is derived from current assets and fixed assets valued by CV Asset Management.

The dividend proposed in Business Rescue versus liquidation is as follows:

<u>Dividends</u>	<u>In Liquidation</u> <u>Cents</u>	<u>In Business Rescue</u> <u>Cents</u>
Secured	0.77	1.00
Preferred	0.00	1.00
Concurrent	0.00	0.15

Should the Fine Franks (Pty) Ltd transaction be reversed that is the Sale of assets reversed and the damages claim reversed, the following occurs:

<u>Dividends</u>	<u>In Liquidation Cents</u>	<u>In Business Rescue Cents</u>
Secured	1.00	1.00
Preferred	1.00	1.00
Concurrent PCF	0.15	1.00
Concurrent	0.00	0.00

Employees

Employees that would be retrenched under Business Rescue will receive full retrenchment packages. First payments will be made as funds are made available. In liquidation employees would be entitled to receive a maximum on R 28 000 per staff member to the extent that there are funds available. Such payments would only be made once the final liquidation and distribution account has been approved. This occurs at the end of the liquidation process.

The company owes the Bargaining Council monies that directly relate to employees Provident Fund and Holiday fund for 2021. These amounts are R 1,8 million and R 0.8 million respectively and this will not be received by employees under liquidation.

In a liquidation all jobs are lost immediately and in this case, it is high unlikely that a liquidator can trade in the Company to retain some jobs.

The lack of assets in the Company may result in employees receiving nothing at all.

Receiver of Revenue

SARS rank as a Concurrent Creditor under Business Rescue, but under liquidation they rank as a Preferred Creditor which influence the Liquidation Dividend if SARS would be owed monies.

BUSINESS RESCUE CONSIDERATIONS

5. Actions during Business Rescue

5.1 Investigations into the affairs of the Company

General

During the ongoing investigations into the Company's affairs no significant or untoward irregularities were noted for the moment. Note no audit or forensic investigation has been conducted. Nothing required reporting in terms of S141 (c) of the Companies Act.

Financial systems and Operational systems need refining and will take into account the new business structure and will be developed under the Business Rescue Process

Investigations will continue.

Fine Franks (Pty) Ltd

On 11 October 2021 the Company entered into a restructure of its debt with the Fine Franks (Pty) Ltd where it restructured

- The balance outstanding under the Agreement of Loan signed on 27 August 2020.
- The balance due on the Invoicing Discount Facility

The security relating to the debt prior to 11 October 2021 was as follows and remains intact;

- First cession over the Book Debts of the Company
- Unlimited Deed of Surety of Craig Jacobs
- Subordination of Shareholder Loan accounts to the value of R 4 000 000

A payment schedule of an initial R 60 000 per month, increasing in January 2022 to R 125 000 and R 175 000 in August 2022 was committed to.

Interest was charged at 3.35% per month.

On 11 October 2021 Fine Franks (Pty) Ltd acquired the majority of the fixed assets for R 3 000 000 and rented them back to the Company for a period of 30 months at R 108 457 (Ex VAT).

These contracts were breached by the Company and the claim addressed in the Business Rescue Process. Fine Franks (Pty) Ltd have claimed damages

Bargaining Council

The Company had not paid the following fees and contributions to the Furniture Bargaining Council;

- Provident Fund
- Additional Provident Fund
- Leave and Holiday Fund
- Death and Funeral Fund
- Council Levies
- Dispute Levies
- Bargaining Fees

The Practitioner engaged with the Council to resolve these issues.

5.2 Major actions taken by the Practitioner and Director

5.2.1 Treatment of contracts

General contracts were reviewed and some have been set aside or cancelled. This has been done in conjunction with management and takes into account the operational needs of the Company.

5.3 Other actions by the Practitioner

Management Control

The Practitioner has operated from the Stormill Office which is the place of Business of the Company and took full management control of the Company in substitution for its board and pre-existing management and supervised the operations of the Company. The Practitioner has:

- Secured and took possession of Company assets **including the bank accounts**;
- Notified the statutory authorities of our appointment;
- Instructed Director and Senior Management to disclose all affairs of the Company;
- Received the books and records of the Company;
- Reviewed the statutory records of the Company;
- Reviewed the Audited group set of financial statements;
- Held the first meeting of Creditors;
- Received and investigated claims from Creditors;
- Set deadlines for the submission of Creditors' claims;
- Convened meetings with Creditors;
- Convened a meeting with the employees where the employees appointed a Committee of Employees;
- Had meetings with Employees;
- Commenced investigations with respect to possible voidable and other recoverable transactions;
 - Reviewed the Bank statements for the last six months;
 - Assumed control of the books of account;
 - Investigated any legal claims against the Company;

Executive Meetings

During the period the Business Rescue Practitioner, the director of the Company and certain key senior management had regular meetings for the purposes of updating all parties on the development of the Business Rescue as well addressing management issues. Key decisions were made at these meetings.

Reporting to the CIPC

The Business Rescue Practitioner has complied with all statutory obligations under the Act and will render a monthly report to the CIPC as required in terms of the Act.

Trading

The Company has not ceased trading and the Business Rescue Practitioner together with management actively and regularly reviewed the cash flow, procurement and sales to minimise risk and maximise returns to allow the Company to trade.

Steyn City

The Practitioner engaged with GD Irons Construction (Pty) Ltd the main Contractor on the Steyn City project to address the outstanding items on the project. A team is addressing the issues regarding defects and snags.

Discussions are ongoing.

Expiry of property lease at 1120 Leader Ave Stormill

The rental relating to the property 1120 Leader Avenue, Stormill was vacated during December 2021 as that rental agreement terminated at 31 December 2021.

Machinery and Equipment has been placed in storage at a rental on a month to month basis at R 7000 per month

Relocation of Granite Division

During January 2022 the Granite Division was relocated to 9 Proton Ave Chloorkop Kempton Park at R24 000 per month. The rental agreement is on a month to month basis with an option to sign an agreement for 12 month.

Securing revenue contracts

The Practitioner has been involved in securing revenue contracts for the future

Insurance

The Practitioner together with management have reviewed the insurance cover to ascertain whether it is suitable for the Company. The cover is adequate, and the Business Rescue Practitioner will continuously review the cover. Cover is paid monthly.

Creditors

At the first creditors meeting held on 26 November 2021 the situation regarding the Company was discussed and elaborated upon. A Creditors committee was not formed due to the limited number of creditors.

The Practitioner has engaged with Fine Franks (Pty) Limited.

The Practitioner has engaged with Furniture Bargaining Council.

The Practitioner has engaged with the Company's Bankers, First National Bank and they have retained the overdraft facilities.

The Practitioner has engaged with various Creditors as requested by them.

The Practitioner has engaged with Credit Guarantee Insurance Company (Pty) Limited.

The Practitioner sought consent to publish the plan on 25 January 2022 and this was granted by a majority of creditors.

Employees

An informal meeting was held on 15 November 2021 to brief employees regarding the Business Rescue Process.

The statutory meeting was held with employees on 24 November 2021 in terms of S148 and a "Employees Committee" was established. An Employee "WhatsApp" Group has been established to further communication.

The Practitioner has had three further meetings with the Employee Committee.

The Company has embarked on a S189 A process in terms Labour Act under Business Rescue and this process is ongoing.

Post Commencement and Funding

The Practitioner has received post commence funding as follows:

Continued overdraft facility from First National Bank of R 900 000.

Post Commencement loan of R 495 000 from Paul Marlow at prime interest rate and no fixed repayment terms.

Shareholder's voting rights in terms of S145 (3) (b)

In terms of this section of the Act a concurrent creditor who would be subordinated in a liquidation has a voting interest, as independently and expertly appraised and valued at the request of the practitioner, equal to the amount, if any, that the creditor could reasonably expect to receive in such a liquidation of the company.

The concurrent non-interest-bearing shareholder loan of R 4 445 607 has been subordinated to R 4 000 000 in favour of Fine Franks (Pty) Limited.

DT Consultants (Pty) Limited have independently and expertly appraised the value that the creditor could reasonably expect to receive in such a liquidation of the company.

This was at the request of the practitioner. DT Consultants (Pty) Ltd have appraised the voting right of this R 4 million subordinated portion of the loan at zero. Consequently the voting right of the R 4 445 607 will be equal to the unsubordinated value of R 445 607.

6. Proposal regarding the plan – informally by Creditors

In terms of S 150(2)(a)(vi) of the Act a Practitioner is required to state whether the Business Rescue Plan includes a proposal made informally by a creditor of the Company. The Business Rescue Plan developed and proposed does not include any proposal by a Creditor nor has a Creditor made any proposal.

7. Conclusion regarding considerations

Taking into account all of the above factors the Practitioner is of the opinion that there is a reasonable prospect to save the Company.

BUSINESS RESCUE PLAN

Section C

BUSINESS RESCUE PLAN

8 Executive Summary

The plan incorporates the following concepts.

The current shareholder may at his discretion divest any portion of his shareholding to a maximum of 100% of his shareholding to a new investor.

The Company will sell the entire Granite Division to an Investor. The Company will enter into an offtake agreement with this investor at set rates to service future contracts of the Company.

The Company will be downsizing to become a “Turnkey” operation and outsource all its manufacturing but retain all design and manufacturing software intellectual property and utilise this on an inhouse basis.

The manufacturing facility will be closed, and all staff retrenched.

The granite staff will be retrenched and then re-employed in the new Company

The Wesbank and Red Tree Capital contracts will be continued under Business Rescue and their payments are up to date.

Corporate contracts have been secured to generate revenue for the future.

Creditors will be paid as follows.

Secured independent	R 1-00 in the Rand
Preferred independent	R 1-00 in the Rand
PCF independent	R 1-00 in the Rand
Concurrent independent	R 0.15 in the Rand
All Related party claims	R 0.00 in the Rand

Payment of Creditors will commence in June 2022 and will be in terms of the cash flow schedule as set out in Annexure C for a minimum period of 10 months or a maximum of 18 months.

9. Business Rescue Plan

9.1 Change in shareholder

The current shareholder may at his discretion divest any portion of his shareholding to a maximum of 100% of his shareholding to a new investor.

This may be coupled to PCF to ensure the liquidity of the Company.

The transaction will be subject to the approval of the Business Rescue Practitioner.

There is no timeline associated with the change in shareholding as this transaction is of a discretionary nature.

As the plan alters the rights of ordinary shareholders a meeting in terms of S152 (3) (c) will be held after the plan has been considered in terms of S 152.

9.2 Granite Division

The Company has relocated the Granite Division to 9 Proton Ave, Chlookop, Kempton Park, Gauteng.

The term of the lease is from 1 January 2022 to 31 March 2022 and rental is at R 24 000 per month. The option to extend the lease for 12 months at the same rate is exercisable on 1 April 2022.

In terms of the Business Rescue Plan this extension will be exercised.

The Division will be sold off to an identified investor for approximately R 300 000. The new investor will take over the assets associated with the Granite division and the following rental and lease contingencies.

Full maintenance rental on vehicle with Wesbank to be transferred to the new entity subject to Wesbank credit approval.

The Granite cutting machine will be acquired from Fine Franks (Pty) Limited prior to the Sale of the Business and a portion of the purchase price utilised to settle a portion of the debt to them.

Staff will be retrenched in terms of the Labour Relations Act and paid in accordance with this Business Rescue Plan. They will be offered employment in the new Company.

The Company will enter in agreement whereby the purchase price of Granite for contract purposes is fixed for a period.

This section of the Business is not profitable and currently does not generate revenue to cover its overhead. The Company is of the view it needs to focus on its core business of operating as a 'Turn Key' operator.

The Granite Division will require a sales team to market its product and the new investor will adopt this strategy, one which the Company is reluctant to do.

9.3. Rightsizing of existing Business

The Company will sell the Granite Division

The Company will completely close all its manufacturing facilities and outsource all manufacturing. The Company will focus its business on

- Kitchens
- Cupboards
- Braai facilities
- Bathroom vanities

The Company will outsource the entire manufacture of the above items, and these will be prepacked as a unit for each kitchen fitted, cupboard area fitted and the likes.

This will allow the Company to fix its Cost of Sale, control Work in Progress, control Stock and minimize losses.

The Company will utilise its Software Manufacture and Design package in conjunction with the Manufacturer to maintain the quality standards required. This function will not be outsourced.

A contract will be entered into with the manufacturer for the duration of the revenue contract signed by the Company. The value of the unit manufactured will be a fixed cost to the Company.

The Company has sourced the following Revenue Contracts;

- Brookfields – Phase 1 – Commencement date February 2022
- Brookfields – Phase 2 – Commencement date October 2022
- Serengeti – Commencement date March 2022

There is a high probability of the company securing the following Revenue Contract due to previous contracts with the developers. The Practitioner is at an advance stage in the negotiations.

- Ellipse – Phase 2
- Ellipse – Phase 3
- Rosebank 1

The Company will have the following personal

- Director
- Bookkeeper
- Software operator
- 2 drivers
- Installation Supervisor
- Fitters as required and this function may be outsourced.

Costs will be trimmed to cater for the downsized operation and will be controlled by the Practitioner.

The financial forecasts are set out in Annexure C

9.4 Balance sheet restructure

The Company reserves the right to borrow money by way of a loan or other facility.

10 Assumptions to the Business Rescue Plan

10.1 Assumptions for the 2023 financial year

The following assumptions have been adopted in producing the forecasted figures for the February 2023 financial year;

- All monies due to employees is included in the budget and is paid in full;

- The Company is being right sized to ensure that it operates effectively and efficiently.
- Wesbank and Red Tree Capital equipment contracts remain in force.
- Costs have been forecast taking 2022 as a base, and a zero based budget policy applied into take to account the downsized organisation;
- The Company will have the ability to borrow money;
- The balance sheet is minimal mainly due to manufacture being outsourced
- Monies received for establishment costs will be applied to that and not towards outstanding debt

10.2 Assumptions for the 2024 financial year

The following assumptions have been adopted in producing the forecasted figures for the February 2024 financial year;

- Salaries have been increased by 7%;
- Other costs have increased by 15%;
- Lease costs and depreciation have remained the same;
- Revenue has increased in terms of the contracts;
- Infra structure and cost structure has remained the same;

10.3 Assumptions for the 2025 financial year

The following assumptions have been adopted in producing the forecasted figures for the June 2024 financial year;

- Salaries have been increased by 7%;
- Other costs have increased by 12%;
- Lease costs and depreciation have remained the same;
- Revenue has increased in terms of anticipated contracts;
- Infra structure and cost structure has remained the same;

11. Effect on employees

Employees

As at the commencement date, the Company employed approximately on average for the year 74 employees, and the headcount will be reduced to approximately 6 persons and a team of fitters as required by the Revenue Contracts in Business Rescue.

Regarding existing employees there has been no change to their existing terms and conditions of employment.

The Company embarked on a retrenchment program and S189A notices were issued to the various employees in terms of the Labour Relations Act during Business Rescue.

The Company embarked on a Voluntary Severance Package process.

Employees on fixed term contracts will not have their contracts renewed.

Employees at retirement age, will not have their contracts renewed.

Outstanding salaries and wages will be paid in full except for related party claims.

All leave and notice period due will be paid.

Retrenchment packages will be paid according to the Bargaining Council Agreements or one week payable for each complete year of service as the case may be.

Allowances will be paid where applicable.

Furniture Bargaining Council

Monies due to the Bargaining Council due are as follows:

Provident Fund deducted from Employees not paid	R 1 853 212
Holiday Fund due in terms of Bargaining Council Agreement	R 845 823
Other fees and Benefits	R 221 582

Monies will be paid to employees and Furniture Bargaining Council once funds are available and will be treated as preferred creditors.

<u>Affected person</u>	<u>Payment in Business Rescue</u>
Employees and Bargaining Council (Preferred Creditors)	R1-00 in the Rand

12 Effect on Creditors

12.1 Effect on classes of creditors

Secured independent creditors

The Company has two secured independent creditors and their claims are treated as follows;

Richard Road Property Investments (Pty) Ltd

The Company submitted a claim for outstanding rent on property 1120 Leader Road, Stormill the Company's principal business address. Notice was given by the Practitioner on 25th November exercising the Company's right to terminate the property lease on 31 December 2021.

Richard Road Property Investments (Pty) Ltd submitted a claim of R 917 273.

The Practitioner has recognised the claim as follows:

Secured Independent portion being an amount equal to a non interest-bearing deposit R1-00 in a Rand	R 220 000
Concurrent Independent portion being the outstanding Rent up to 11 November 2021 (Business Rescue Date) less the deposit of R220 000 held. Payable at R0-15 in a Rand	R 393 817
Therefore, the compromised amount is:	R 59 072
Post Commencement funding rental due from 11 November 2021 to 31 December 2021. R1-00 in a Rand	R 303 457

The building was largely given back in the state it was received at the beginning of the lease.

Fine Franks (Pty) Ltd

On 11 October 2021 the Company entered into a restructure of its debt with the Fine Franks (Pty) Ltd where it restructured

- The balance outstanding under the Agreement of Loan signed on 27 August 2020.
- The balance due on the Invoicing Discount Facility

The security relating to the debt prior to 11 October 2021 was as follows and remains intact;

- First cession over the Book Debts of the Company
- Unlimited Deed of Surety of Craig Jacobs
- Subordination of Shareholder Loan accounts to the value of R 4 000 000

On 11 October 2021 Fine Franks (Pty) Ltd acquired the majority of the fixed assets for R 3 000 000 and rented them back to the Company for a period of 30 months at R 108 457 (Ex VAT).

Fine Franks (Pty) Ltd have called a breach on the total contract entered into and have submitted a claim of R 4 708 541 inclusive of damages in terms of their rental agreement.

The Practitioner has recognised the claim as follows:

Secured independent portion being the outstanding amount due in terms of the Cession of Debtors utilised; R1-00 in a Rand	R 1 493 891
Concurrent Independent portion being the balance due of the unsecured portion. Payable at R 0-15 in a Rand	R 3 214 650
Therefore, the compromised amount is:	R 482 197

The Company will assist in the Sale of the Assets and any proceeds will be applied to reduce the Personal Surety amount against Craig Jacobs

Fine Franks (Pty) Ltd will bear the cost of storage and insurance of the Equipment.

The Practitioner is in discussion to reduce the interest rate of 3.35% per month on the loan agreement and outstanding monies due on the discounting facility.

Secured Related Party Creditors

There are no such Creditors.

Preferred Independent Creditors

All preferred Creditors related to Employee claims. R 4 540 052
Employee claims and Furniture Bargaining Council will receive R 1-00 in a Rand.

Preferred Related Party Creditors

All preferred Creditors related to Employee claims. R 800 000
Claims in this category will receive no dividend despite their claim being assessed.

Concurrent Independent creditors

Con-current Creditors will be paid in terms of their assessed claims in the Business Rescue Plan an amount of R 0-15

Concurrent independent R 10 138 162
Therefore, the compromised amount is: R 1 520 724

Concurrent Related Party Creditors

Amount due to Shareholder R 4 445 606

Claims in this category will receive no dividend despite their claim being assessed.

In terms of this section of the Act a concurrent creditor who would be subordinated in a liquidation has a voting interest, as independently and expertly appraised and valued at the request of the practitioner, equal to the amount, if any, that the creditor could reasonably expect to receive in such a liquidation of the company.

The concurrent non-interest-bearing shareholder loan of R 4 445 607 has been subordinated to R 4 000 000 in favour of Fine Franks (Pty) Limited.

DT Consultants (Pty) Limited have independently and expertly appraised the value that the creditor could reasonably expect to receive in such a liquidation of the company.

This was at the request of the practitioner. DT Consultants (Pty) Ltd have appraised the voting right of this R 4 million subordinated portion of the loan at zero. Consequently, the voting right of the R 4 445 607 will be equal to the unsubordinated value of R 445 607.

Post commencement funders

All Post Commencement Funders will be paid in full.

These are First National Bank Overdraft Facility and Richard Road Property Investments (Pty) Ltd.

First National Bank will retain the overdraft facility at R 900 000.

South African Revenue Service

The Receiver of Revenue is categorised as a concurrent creditor for Business Rescue purposes.

VAT Clawback Clause

VAT liability arising because of a compromise of debts in terms of this plan is not subject to compromise and is payable in full. The Practitioner warrants that provision for any VAT liability triggered in terms of S22 of the VAT Act 89 of 1991 has been made in the plan

Assessed loss forfeiture

Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa and will be forfeited in proportion to the debt compromise effected by the Business Rescue Plan. Such reduction shall be without prejudice to any rights that the taxpayer may have in terms of the Tax Administration Act.

Other Creditors

Creditors that have not submitted claims or those that have not been accepted by the Practitioner will forfeit their participation in the Business Rescue process.

Payment of Creditors

The Company requires revenue to generate cash from contracts. Consequently payments to Creditors will commence in June 2022.

Creditors will be paid as follows:

Secured Creditors

Preferred Creditors

PFC Concurrent Creditors

Concurrent Creditors

12.2 Contracts

The following contracts were cancelled under Business Rescue as part of the right sizing and notice was given to collect the assets;

- Leopard Forklifts (Pty) Ltd - Forklift
- Moyair (Pty) Ltd - Compressor
- National Security (Pty) Ltd – Security Company

The following contracts were cancelled by the Creditor under Business Rescue as a breach by the Company and damages claimed in the claim submitted. Assets were moved and notice was given to Fine Franks as to the location of the assets.

- Fine Franks (Pty) Limited – Sale and Leaseback of Equipment

The following contracts were paid and continued under Business Rescue and will continue as a contract as part of the Business Rescue Plan;

Wesbank – Agreement 85296276766 CNC Controller VPC

Red Tree Capital – Agreement 004763 Holz Auriga Edge Bander

Wesbank – Agreement – Account 016788 FML Hyundai and transferred with the Sale of the Granite Division

13 Effect on Security Holders

There is only one class of security holder and one shareholder as stated in section A of the Business Rescue Plan and the following is the effect on each shareholder.

The shareholder may sell any portion of shares to a maximum of 100% of its equity to a new investor with the authority of the Practitioner.

The shareholder's rights are affected and it will therefore have to vote for the adoption of the plan in terms of S 152 (3) of the Act.

No debt equity swap transaction is contemplated.

14 Ranking of Payments

Creditors are ranked as follows:

First	Secured Creditors
Second	Preferred Creditors
Third	Con-current PCF Creditors and thereafter Con-current Creditors

15. Moratorium

In terms of the Company's Act and S133 the commencement of Business Rescue Proceedings places a moratorium on all legal proceeding against the Company. The moratorium will remain in place in terms of S133 until the Business Rescue Practitioner files a "Notice of Substantial Implementation of the plan" with the CIPC.

Furthermore the moratorium in terms of S133 will remain in place until such time all creditors are paid in terms of this Business Rescue Plan where after the Practitioner will notify all Creditors that Creditors have been paid and the Business Rescue process has been terminated.

16 Conditions for the Business Rescue Plan to Begin

The Business Rescue Plan will formally start once the plan is approved on a preliminary basis in terms of S152 (2). It must be supported by the holders of more than 75% of the creditors voting interest that voted and at least 50% of the independent creditors voting interests that voted.

Once the plan is approved on a preliminary basis and as it alters the rights of all security holders, the security holders must vote to adopt the proposed plan. This plan will be adopted

once the majority of security holders approve the plan. Majority is defined as more than 50% of the votes.

The plan will be implemented from this date although various actions are currently being undertaken by the Practitioner to support this plan.

17 Circumstances for the Business Rescue Plan to end

The Business Rescue will end if the Business Rescue Plan is proposed and rejected and no Affected Person or Affected Persons act to extend the Business Rescue Plan in the manner contemplated in the Act.

The Business Rescue will end if the Business Rescue Plan is adopted and implemented and the Business Rescue Practitioner has filed a notice of substantial implementation of the Business Rescue Plan with the CIPC.

The Business Rescue Plan will be considered fully implemented once the following has occurred.

- Secured and Preferred Creditors have been paid in full.
- All Con-current Creditors have been paid

The Business Rescue will end if, as result of a court order, prior to adoption of the plan, the Business Rescue process will be converted to liquidation proceedings.

BUSINESS RESCUE ADMINISTRATION

Section D

BUSINESS RESCUE ADMINISTRATION

18 APPOINTMENTS

18.1 Direct appointments

Qey West Finance Corporation (Pty) Limited.

RC Devereux

Appointed Senior Business Rescue Practitioner

Chartered Accountant South Africa and Senior Business Rescue Practitioner

Registered with South African Chartered Accountants Institute - Membership no

00135571

BR Jooste

Senior Administrative Co Ordinator

Bachelor of Arts Marketing Communications

P Daly

Attorney and Principal at DMO Attorneys

Commercial and Business Rescue Attorney

N Luwes

Human Resources Consultant

Industrial Relations (Hons)

18.2 Management

Craig Lawrence Jacobs

Chief Executive Officer

18.3 External valuations

CV Asset Management compiled a valuation report of the Company's moveable property. A summary copy of this report is attached as Annexure D hereto. A detailed report is available from the Practitioner on request.

19 PROOF OF CLAIMS AND DISPUTE RESOLUTION

All the Claims of Creditors which have been accepted by the Practitioner are set out in Annexure A hereto.

Save as provided in section 133 of the Act, in respect of all or any disputes by the Practitioners on Claims submitted by Creditors or Employees, which disputes include, but are not limited to, disputes on the existence or otherwise of Claims, on the quantum of Claims, security claimed by a Creditor, the nature of the security, the extent and value of the security and the like, such dispute may be resolved in accordance with the dispute mechanism outlined below.

The dispute mechanism procedure will be as follows:

All Creditors or Employees who have received notification from the Practitioners of a dispute or whose Claims are not recorded in the annexures to this Plan are, within 14 (fourteen) days after the Publication Date, to contact the Practitioners and to meet with them during this period to reach agreement on the dispute.

If the Creditor or Employee does not avail itself of this 14 (fourteen) day opportunity or if, after having availed itself, the dispute is not resolved within the 14 (fourteen) day period, the Creditor will be afforded 7 (seven) days calculated from the date of expiry of the 14 (fourteen) days to nominate one of the advocates from the list below as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor or Employee not make this nomination, the Practitioners will do so on its behalf and this nomination will be binding on the Creditor. The list of these advocates are:

- N Cassim SC;
- John Suttner SC;
- G Wickins SC.

The advocate when nominated and who agrees to accept such appointment (hereinafter referred to as the "Expert") will endeavour to complete his mandate within 30 (thirty) 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 refuses to act or is not available to act, the Creditor or Employee, or if he refuses or does not do so within 3 (three) days of being requested by the Practitioners, the Practitioners are then

obliged to choose another advocate from the above list until one such advocate is available to act and is agreeable to act.

The Expert will, in his sole and absolute discretion, determine:

- the venue at which the dispute is to be resolved;
- the rules, regulations and procedures that will govern the determination of the dispute;
- the date for the determination of the dispute;

The Expert will also:

- give his award and determination within 5 (five) days of the completion of the process as determined by him; and
- will as part of his award and determination, determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment, transcript of evidence and the like.

The Creditor or Employee agrees that, save for any manifest error the determination of the Expert will be final and binding on the Creditor or Employee, the Company and the Practitioners and will not be subject to any subsequent review or appeal.

The Expert shall be entitled to make an award for costs in his discretion.

The Creditor, the Employee, the Company and the Practitioners agree to use their best endeavours to ensure that the entire dispute is determined by the Expert within the 30 (thirty) -day period as set out above.

The Practitioners may, in their sole and absolute discretion, decide that the dispute mechanism set out above is not appropriate for resolving the dispute and/or that the application of the dispute mechanism may result in prejudice to a Creditor or Employee or the Company. In such event, the Creditor or Employee concerned, or the Company shall be entitled, in terms of section 133 of the Act, to refer the dispute to Court. If an Expert has already been nominated, such nomination shall lapse and be of no further force or effect.

20 ABILITY TO AMEND THE BUSINESS RESCUE PLAN

Provided that any amendment shall not be prejudicial to any of the rights of the Affected Persons, the Practitioner 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 Practitioner acts reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.

Any amendments that are deemed to be of a material nature will require an amendment to the plan and this will be subject to a vote by creditors and will be subject to the conditions of S151 of the Act.

In the event of the failure of any condition precedent, alternatively in the event that an unforeseen factual circumstance arises which prohibits the implementation of the Business Rescue Plan the Business Rescue Practitioner reserves the right to be able to provide notice of a further meeting of creditors and to reconvene the creditors meeting to discuss and if be vote upon these circumstances.

It is specifically recorded that the provisions of paragraph 9 shall mutatis mutandis apply to the extension or reduction of any timeframes by the Practitioner.

21 MEETING OF CREDITORS, CREDITORS VOTING INTEREST AND VOTING BY PROXY

The meeting of Creditors above will be convened in terms of Section 151 of the Act. Due notice will be given and at such meeting, the Practitioner will:

- introduce this Plan for consideration by Creditors;
- inform the meeting whether the Practitioner continues to believe that there is a reasonable prospect of the Company being rescued;
- provide an opportunity for the Employees' representatives to address the meeting;
- invite discussion, and entertain and conduct a vote, on any motions to:
- amend this Plan, in any manner moved and seconded by holders of Creditors' voting interests, and satisfactory to the Practitioner; or

- direct the Practitioner to adjourn the meeting in order to revise this Plan for further consideration; and
- call for a vote to approve or reject the adoption of this Plan.

Voting forms and proxy forms, as well as the requirements for Creditors to vote, will be distributed with the notices of the above meeting.

In terms of the Act, for the purpose of any vote by Creditors:

- a Creditor has a voting interest equal to the value of the amount assessed by the Practitioner to that Creditor by the Company on the date of the commencement of the Business Rescue;
- a Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the Practitioners, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the Company.

A Creditor who has a disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote as determined by the Practitioner in his sole discretion.

Voting by proxy will only be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the Practitioners in terms of section 152 of the Act. Creditors and Affected Persons are required to lodge their forms of proxy at any time prior to the commencement of the meeting of Creditors.

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.

Notwithstanding what has been stated in this clause 21, the Practitioner has a discretion to accept any proxy submitted.

The Practitioner has the right of re-assess a claim submitted by a Creditors after the plan has been adopted.

22 PRACTITIONERS REMUNERATION

The effective date of the letter of Engagement is 12 November 2022 and continues until the Business Rescue Process is substantially implemented, or when the Company is placed into liquidation.

The letter of engagement sets out the responsibilities of the Practitioner, the Directors and the Company and encompasses a confidentiality agreement as well as addendums. The remuneration contract between the Practitioner and the Company is attached as Annexure E and is summarised as follows:

Fees are based on the prescribed rates for a medium sized Company based on their Public Interest Score. The Company has a Public Interest Score of 726 which classifies it as a medium sized Business.

Fees are payable weekly as prescribed by the Act;

Mr RC Devereux: R 1 500-00 per hour up to a maximum of R 18 750-00 per day;
(inclusive of VAT)

Mr BR Jooste: R 1350-00 per hour up to a maximum of R 16 875-00 per day;
(inclusive of VAT)

Administrative services R 800-00 per hour; (inclusive of VAT)

The Company agrees to pay to the Practitioner a contingency fee of R 1 200 000.00 (exclusive of VAT) upon the filing of the notice of "Substantial Implementation."