

**Minutes of a meeting with Creditors and/or Creditors' Representatives of Schmidhauser Electrical Holdings Proprietary Limited Registration number 2009/002480/07 (under business rescue) in terms of Section 147 of the Companies Act 71 of 2009, as amended, on Friday, 18 March 2016, 10:00 at ENS Attorneys, 1 North Wharf Square, Loop Street**

**Opening and Welcome:**

Daniël Terblanche ("Terblanche") opened the meeting and welcomed everyone present at the first meeting of creditors in terms of Section 147 of the Companies Act 71 of 2008, as amended ("the Act") for Schmidhauser Electrical Holdings (Pty) Ltd Registration number 2009/002480/07 (under Business Rescue) ("the Company").

Terblanche introduced himself as the appointed Business Rescue Practitioner ("BRP") on this assignment and some of the members of the Deloitte Restructuring team present, Marjorie Migwalla and Yolanda Bruwer as well as Andre Symington and Alida Spies from ENS.

**Attendance:**

Chairman: Daniël Terblanche (Deloitte & Touche)  
Marjorie Migwalla; Yolanda Bruwer (Deloitte & Touche)  
Andre Symington, Alida Spies (ENS)  
Daniel Smidhauser (Director)  
Darryl Whitaker (The National Bargaining Council)  
Gerhard du Toit (Courier IT)  
Francois du Toit (Ellies)  
Genator Plant & Hire (Tracey Steele)  
Ivan Lipschitz (Gordons Powertool & Hardware)  
Pieter Marais (JDL Electric Cape Town)  
Willie Maree (JDL Electric Johannesburg)  
Brent MacGregor (Neptune Plant Hire)  
Peace of Mind Investments (Pty) Ltd (Andrew Joffe)  
RG Jack & Son CC (Robert Greeff)  
Khalied Booley (South African Revenue Service (SARS))  
Philip Malberbe (Solarport CC)  
Andrion Gouws (Standard Bank)  
Ryan Smith, Fiona Fehrsen (Webber Wentzel)

Terblanche confirmed that the purpose of the meeting was to inform affected persons on what has transpired since the commencement date of Business Rescue, being the 4th of March 2016 and to discuss the way forward. Terblanche referred to the Notice of the First Meeting of Creditors which included the Agenda:

1. Summary of the Business Rescue process and the time periods involved therein.
2. The Business Rescue Practitioners' view as to whether or not there is a reasonable prospect of rescuing the Company, as envisaged in terms of Section 147 Companies Act, along with related, general information in this regard.
3. Submission of claims against the Company to the Business Rescue Practitioner.
4. Consideration and appointment of members of a creditors' committee.
5. General discussion / questions.

**1. Summary of the Business Rescue process and the time periods involved therein:**

Terblanche said that is important to understand that the BRP is obliged to follow the statutory timelines in business rescue in terms of the Act. Terblanche explained the business rescue process to inform creditors who have not been involved in a business rescue before and/or is not familiar with the process.

Why Business Rescue? The purpose is to maximise the value for creditors. If you cannot save a business as a going concern, the second key result would be to create better value for creditors under liquidation circumstances. The primary goal is to help financially distressed companies to find the best possible solution for the affected persons, to consider the rights and interests of all stakeholders and to do this in a balanced way.

A company can enter Business Rescue via resolution or via Court. This assignment commenced by special resolution and the Company commenced Business Rescue proceedings after they filed the resolution together with the reasons why the Company had to enter Business Rescue with the Companies and Intellectual Property Commission ("CIPC"). After five days from filing and commencing Business Rescue Proceedings, the BRP must be nominated. From the commencement of the proceedings, there is a moratorium of any legal proceedings against the Company. One of the major obligations of a BRP is the investigations into the financial affairs of the business.

Within 10 business days from the appointment, the BRP has to convene the First Meeting of Creditors and creditors will note that this date was anticipated, due to the upcoming public holidays. The BRP must not only investigate, but draw up a Business Rescue Plan for consideration of creditors. The plan must be circulated within 25 business days from the date of the BRP's appointment.

The Companies Act does not state that you have to give 10 business days' notice from the circulation of the Business Rescue Plan, but we prefer to give creditors sufficient time to consider the plan. Normally 10 business days from the date of publication, the second meeting of creditors would be held to vote and consider the plan that was published.

At the second meeting of creditors, if there is not a request for certain amendments or an adjournment, the creditors would vote on the plan. The plan would either be sanctioned or rejected. In terms of the Act, the legislator wanted to expedite this process by indicating that the process should not last more than three months. We have a few attorneys in this meeting and I can assure you it's quite difficult to finalise any assignment in three months, even though the objective is still to do so.

The only thing that would prevent us from doing so on any assignment, would be if we had to follow a proper bidding process. There might be some due diligences to attend to, but other than that we normally would keep within the prescribed time lines. Once the plan is sanctioned, you have to implement the plan, attend to the distribution, then terminate the process by submitting a Notice of Substantial Implementation with CIPC.

Terblanche gave a summary on what has been addressed the past few days since the BRP's appointment in respect of:

• Taking control of the assets - ongoing
• Ensure all correspondence refers to company "in Business Rescue"
• Statement of affairs
• Parallel trading accounts - ongoing
• Insurance and bonding
• Agents and attorney
• Employees and pensions - ongoing
• Debtors - ongoing
• Tax and VAT
• Other (Auditors, company documentation, etc) -ongoing
• Inform affected parties of appointment
• Convene first meeting of creditors
• Convene first meeting of employees
• Prepare business rescue plan - ongoing
Deliver notice of second meeting to all affected persons, once the business rescue plan has been published.

The following overview was given of the Statement of Accounts - Indicative financial position as at 4 March 2016:

	Asset / claim
Assets	11 368 151.00
Claims against the company	(35 547 895.70) *
Net asset / (liability) position	(24 179 744.70)

\* Note: Circa R11,000,000.00 of the total creditors are claims from related companies / or from director. These claims have been subordinated for distribution purposes but not from a voting perspective. The creditors value from a distribution perspective should therefore be R24,547,895.70 and not R35,547,895.70.

This is an on-going process and we have not received all the claims from creditors as yet. This figure might therefore change.

Report on fixed and current assets:

	<b>Asset</b>
Vehicle fleet	3 896 995.00
Furniture and fittings	100 000.00
Debtors	7 371 156.00
<b>Total assets</b>	<b>11 368 151.00</b>

The estimated amount of Secured and Unsecured accounts payable is R35 547 895.70, including Standard Bank's Liability, secured by 47 vehicles and cession of debtors, of which the whereabouts of 11 vehicles (23 %) have not been confirmed.

Q: Khalied Booley ("Booley") from SARS asked when the 2015 financials will be submitted and the income tax return?

A: Terblanche confirmed that the 2014 and 2015 financial statements are outstanding. The auditors confirmed the previous day that the 2014 financial statements will be submitted this week and Terblanche instructed them to continue to draft the 2015 financial statements.

**2. The Business Rescue Practitioners' view as to whether or not there is a reasonable prospect of rescuing the Company, as envisaged in terms of Section 147 of the Act, along with related, general information in this regard;**

Terblanche said that at this stage, from his observation and the preliminary investigations, it is clear that the Company would not be saved as a going concern in the sense that business will continue as per usual. There will have to be substantial restructuring to the business, but there is definitely an opportunity to create value for creditors, other than looking at the alternative, being liquidation.

Since our involvement the past 5 days, we had a number of discussions with interested parties and we are awaiting their offers. We will be continuing with the discussions with the interested parties, but again we are reliant on a proper offer. If we don't get a proper offer for the business, Terblanche said that he is concerned about the Business Rescue process and they would have to take advise on whether or not the process should continue. At the moment, as it stands with the potential interested party's offer, the value will be substantially better than liquidation. We've done a preliminary calculation and from a value perspective it would be better for creditors to see through this process rather than entering liquidation.

**3. Submission of claims against the Company to the Business Rescue Practitioners**

Terblanche thanked creditors who have managed to submit their claims already. If you don't submit a claim, unlike liquidation, it doesn't mean that you will not be part of any distribution. We need to adjudicate the claims and determine if there is a difference on the claims from the value on the creditors' analysis. A creditors' vote is calculated on the value of their claim, so this is important from a voting perspective.

#### 4. Consideration and appointment of members of a creditors committee

The creditors attending this meeting elected not to form a creditors committee at this time.

#### 5. General discussion / questions

Q Tracey Steele for Genator Plant & Hire: What is the ranking order in business rescue?

A Terblanche: Standard Bank would be the secured creditor, with the security being vehicles and the cession of debtors and then the unsecured creditors, which will include SARS. The claim of the member, director or shareholder would have a general vote. 75 % Of the creditors' voting is required to approved the plan and of that 75 % at least 50 % of those creditors must be independent.

Q: Booley: How long do you anticipate this Business Rescue to last?

A: Terblanche: Especially in this assignment, as short as possible. Terblanche is concerned about the cash flow of the business. If we can't reach some sort of agreement with an interested party, if we can't change the business or I don't have a plan within 10 days from today, I will have to consider my position on the process.

Q Booley: Does this Company have sufficient post commencement funding to pay for everything - the running cost of this Company currently?

A Terblanche: At the moment we continue to trade. We are utilising the current cashflow from the Company. The debtors is however ceded to Standard Bank. Debtors is an ongoing liability, so I will have discussions with Standard Bank, because it is an ongoing security and they wouldn't risk their security if the Company cannot continue to trade profitably. So currently we are focussing on the debtors to create value.

Q Booley: what is your plan as the BRP of this Company to satisfy your post commencement trade creditors?

A Terblanche: At the moment we are either paying cash or some creditors have confirmed that we can pay them later in the process, so we've had different ways of dealing with them. We don't want to lose suppliers as we have "blue chip" clients that we need to service.

Q: Booley: Are you confirming then that you are paying all trade creditors?

A: Terblanche: All post commencement trade creditors will be paid in terms of our respective agreements with them.

Q: Booley: Are you still paying director salaries? In the event that there are salaries to be paid, the director, Mr D Schmidhauser should not be getting any money.

A Terblanche: We haven't paid any salaries to date and there will definitely be a reduction as already discussed. As far as we're concerned the director is owed this money by the Company and then there is the trust that is owed money in lieu of outstanding rental.

Q Booley: Set off must be done properly, we don't have the individuals' liabilities set off against other juristic persons.

A Terblanche: No, we understand that and this has been noted.

Q: Unknown: Who is the beneficiaries of the Ubuntu Trust?

A: Daniel Smidhauser: Not sure.

Q: Unknown: What is the value of current contracts?

A: Terblanche said that this is still unclear but will be included when the plan is circulated prior to the second meeting of creditors.

Q Booley: Are these companies renting from properties owed by connected persons?  
A Terblanche: Yes, by two of them. We have investigated the lease agreements. The escalation is 5%.

Q Andrion Gouws ("Gouws") mentioned that the trust is also indebted to Standard Bank.  
A Terblanche said that he will discuss this with Gouws.

No further questions were raised. Terblanche thanked everyone for attending and the meeting was closed at 10:34.



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D Terblanche  
Duly Appointed BRP of the Company

24 March 2016