

**SCHMIDHAUSER**

**E L E C T R I C A L**

**PROPOSAL OF BUSINESS RESCUE PLAN**  
**Published in terms of Section 150 of the**  
**Companies Act 71 of 2008**

Deloitte & Touche  
April 2016

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## 1. DEFINITIONS AND ABBREVIATIONS

- 1.1 “**Act**” means the Companies Act 71 of 2008, as amended;
- 1.2 “**Adoption Date**” means the date on which the Business Rescue Plan is adopted in terms of section 152 of the Act;
- 1.3 “**Affected Persons**” means affected persons as defined in Section 128(1) of the Act and in relation to the Company means a shareholder, creditor, employees or union representing the employees of the Company;
- 1.4 “**Assets**” means all assets of the Company as reflected in the books of account of the Company as at the Commencement Date.
- 1.5 “**BRP**” means Daniël Terblanche (Senior Business Rescue Practitioner as defined in Regulation 126 to the Act) appointed as business rescue practitioner of the Company.
- 1.6 “**Business**” means the business known as Schmidhauser Electrical Holdings Proprietary Limited, operating from No 5 Brookend Office Park, No 30 Brookend Close, Sunningdale, Umhlanga Rocks, Durban and 103 Kyalami Drive, Killarney Gardens, Cape Town.
- 1.7 “**Business Rescue Plan**” means this document together with its annexures which is a business rescue plan prepared in terms of Section 150 of the Act published by the BRP.
- 1.8 “**Claims**” means secured, preferential or concurrent claims against the Company, of whatsoever nature and from whatsoever cause, including claims arising from contract or delict, actual and contingent, prospective, conditional and unconditional, liquidated and un-liquidated, assessed and un-assessed and whether or not due for payment or performance, specific or otherwise, and including all claims arising out of any agreements entered into by the Company on or prior to the Commencement Date.
- 1.9 “**Company**” means Schmidhauser Electrical Holdings Proprietary Limited (in business rescue), incorporated in accordance with the laws of the Republic of South Africa, with registration number 2009/002480/07, having its registered office at 215 Orient Street, Arcadia, Pretoria, Gauteng.
- 1.10 “**Commencement Date**” means 4 March 2016 being the date upon which the director filed the resolution with the Commission placing the Company under supervision and commencing business rescue proceedings in terms of Section 129(2)(b) read with Section 132(1)(a)(i) of the Act;
- 1.11 “**Commission**” means the Companies and Intellectual Property Commission.

- 1.12 “**Concurrent Creditors**” means Creditors who are not Preferential Creditors and who do not hold Security for their Claims against the Company.
- 1.13 “**Creditors**” means any legal entities, trusts or natural persons, having secured, preferential and/or concurrent claims against the Company as at the Commencement Date.
- 1.14 “**Days**” means calendar days unless the Business Rescue Plan clearly indicates to the contrary.
- 1.15 “**Event of Default**” means the failure of the Company to comply with any one of its obligations in terms of the Business Rescue Plan timeously and/or in full, which will trigger the breach provisions of clause 7.4 thereof.
- 1.16 “**Independent Creditors**” means all Creditors other than creditors related to the Company and its subsidiaries and/or directors having Claims against the Company as the Commencement Date as envisaged in the Act.
- 1.17 “**Insolvency Act**” means the Insolvency Act 24 of 1936, as amended.
- 1.18 “**Notice of Substantial Implementation**” means the notice to be filed by the BRP in terms of section 132(2)(c)(ii) of the Act confirming that the Business Rescue Plan, if approved, has been implemented.
- 1.19 “**Preferential Creditors**” means Creditors having Claims as envisaged in terms of section 135(1), 135(2) or 135(3) of the Act.
- 1.20 “**Proceedings**” means business rescue proceedings as provided for in Chapter 6 of the Act.
- 1.21 “**Related Parties**” means all persons and/or companies and/or legal entities related either directly or indirectly to the Company by virtue of the provisions of Section 2 of the Act as at the Commencement Date.
- 1.22 “**Secured Creditors**” means Creditors who hold Security for their Claims against the Company.
- 1.23 “**Security**” has the meaning ascribed to it in section 2 of the Insolvency Act.
- 1.24 “**SARS**” means The South African Revenue Service.
- 1.25 “**SARS’ Claim**” means SARS’ concurrent claim in the amount of R5,695,152.88 as at the Commencement Date.

- 1.26 “**Standard Bank**” means The Standard Bank of South Africa Limited.
- 1.27 “**Standard Bank’s Claim**” means Standard Bank’s secured claim as at 19 April 2016 in the amount of R7,532,488.39 consisting of an overdraft bank account with number 073114340 in the amount of R 3,179,909.91 and VAF in the amount of R 4,352,578.48.
- 1.28 “**Substantial Implementation Date**” means the date upon which the BRP files a Notice of Substantial Implementation.
- 1.29 “**Terblanche**” means Daniël Terblanche of Deloitte, Deloitte Place, Building 3, The Woodlands, 20 Woodlands Drive, Woodmead, Sandton, having been appointed as the BRP.
- 1.30 “**VAF**” means vehicle asset finance.

## 2. QUALIFICATION OF THE BUSINESS RESCUE PLAN

- 2.1 The Business Rescue Plan is published in compliance with the provisions of Section 150 of the Act. This document is provided solely for the information of the Affected Persons to the Proceedings.
- 2.2 This Business Rescue Plan is based upon information provided to the BRP since the Commencement Date by management of the Company, Creditors, Affected Persons and third parties.
- 2.3 In compiling this Business Rescue Plan, the BRP has accepted and relied on representations and the authenticity of various documents provided to him. Should it become necessary to make representations and documents referred to herein admissible for court purposes, the authors of the representations and documents would have to confirm and independently verify these in any relevant court proceeding.
- 2.4 The BRP reserves the right, should it come to his attention that material information has been withheld or additional information is brought to his attention, to amend this Business Rescue Plan.

### 3. COMMENCEMENT OF BUSINESS RESCUE PROCEEDINGS

- 3.1 The director of the Company on the Commencement Date was Daniel Edwin Schmidhauser.
- 3.2 The director of the Company adopted a resolution in terms of Section 129 of the Act, on 4 March 2016. In terms of section 132(1)(a), the Company's business rescue proceedings commenced on 4 March 2016, being the date on which the Notice of Beginning of Business Rescue Proceedings (Form CoR 123.1) was filed with the Commission. This notice, marked as **ANNEXURE "A"**, was stamped by the Commission on 4 March 2016.
- 3.3 The Company nominated Terblanche as the Company's BRP by filing a Notice of Appointment of Business Rescue Practitioner with the Commission. Attached is a copy of the stamped CoR 123.2, marked as **ANNEXURE "B"**, confirming Terblanche's appointment.
- 3.4 The Company was obliged to notify each Affected Person of the fact that the Company entered business rescue, and did so on 9 March 2016. Attached find a copy of the circular to the Affected Persons marked as **ANNEXURE "C"**.
- 3.5 It is clear from the contents of the applicant's sworn statement, attached as **ANNEXURE "D"** that the Company is in financial distress.
- 3.6 Pursuant to his appointment, the BRP assumed management control of the Company. In terms of the provisions of the Act the BRP may delegate any power or function to a person who is part of the Company's board and who was part of the pre-existing management of the Company.
- 3.7 The Company's day to day affairs are being attended to by the BRP in conjunction with the management of the Company. The BRP and the Company, in terms of this Business Rescue Plan, agree not to appoint any further directors at this stage.
- 3.8 The Company's registered office is at 215 Orient Street, Arcadia, Pretoria, Gauteng.
- 3.9 The Company had 150 employees on the Commencement Date. This number has subsequently changed due to the closure of the Johannesburg office.
- 3.10 **Prospects**
- 3.10.1 The current financial position of the Company can be attributed to the following:
- The lack of sales due to the economic downturn in the property market in South Africa.

- Expanding too fast without sufficient trading management processes in place.
- Loss of integral management to the opposition.

From our preliminary investigations and the historic trading figures at hand, we have come to the conclusion that the Company's trading activities will have to be limited to the profit making offices, being Durban and Cape Town. The business will have to be restructured in order to make it a competitive and profitable player in the relevant sector. The sale of assets will not be required, but the creditors will have to approve a compromise as discussed in clause 7.2 below.

3.10.2 The BRP, in conjunction with the Affected Persons, decided to continue with the trading activities in an attempt to, at least, create a better result for Creditors.

#### 4. AUDITORS

The Company's accounting officer is Nico Germishuys of CPAS with his offices situated at 35 Van Riebeeck Street, Goodwood.

#### 5. FIRST MEETING OF CREDITORS

- 5.1 The BRP convened the first meetings of Creditors in respect of the Company and this was held on 18 March 2016 at the offices of ENS Attorneys, 1 North Wharf Square, Loop Street, Cape Town, Western Cape. The minutes of the meeting are attached hereto marked as **ANNEXURE "E"**.
- 5.2 No Creditors' Committee was formed at this meeting.
- 5.3 At the first meeting of Creditors the BRP informed the attendees that he believed that there is a reasonable prospect of, at least, creating a better exit route for them than what would be the case under liquidation circumstances.

# BUSINESS RESCUE PLAN

## 6. PART A – BACKGROUND

Pursuant to the relevant provisions of the Act, the Business Rescue Plan is required to contain certain background information which, in compliance with the Act, which is contained in this section.

### Section 150(2)(a)

The Company conducts the business as a provider of electrical services to industrial and commercial customers. According to the director, the Company is in financial distress and that it could be attributed to:

- The lack of sales due to the economic downturn in the property market in South Africa.
- Growing the company too fast without sufficient trading management processes in place.
- Loss of integral management to the opposition.

### 6.1 Section 150(2)(a)(i): The Company's material assets

The assets, based on the balance sheet as at 29 February 2016, (The nearest date to the commencement date) comprised of the following:

#### 6.1.1 Assets:

**Non-Current Financial Assets in the sum of R 7,511,000.00 (Seven Million Five Hundred and Eleven Thousand Rand)**

**Current assets**, in the sum of R18,470,000.00 (Eighteen Million Four Hundred and Seventy Thousand Rand). This figure is made out of the following:

- **Inventories** of R1,118,000.00 (One Million One Hundred and Eighteen Thousand Rand);
- **Trade Receivables** of R8,143,000.00 (Eight Million One Hundred and



Forty Three Thousand Rand). (In terms of the BRP's preliminary investigations, including discussions with the director and the company's accountant, it is estimated that an amount of approximately R4,500,000.00 million (based on the historical recoveries) is likely to be recovered from the debtors);

- **Other Receivables** in the amount of R7,262,000.00 (Seven Million Two Hundred and Sixty Two Thousand Rand) and
- **Cash & Cash Equivalents** in the sum of R1,947,000.00 (One Million Nine Hundred and Forty Seven Thousand Rand).

**Note:** Please note the following disclaimer to the numbers referred to above:

The management account numbers presented were sourced from Pastel, the company's financial reporting system. According to management, no other accounts (e.g. management accounts, AFS, etc) are available. Management was unable to give proper explanations on some of the numbers more particularly the assets, receivables and the cash balances. In addition, management noted that the bulk of company assets, excluding the receivables are not recoverable.

The accounts do not appear reliable nor do they appear indicative of company assets, liabilities and trading. We have not performed an audit or verification process on the reported numbers.

6.1.2 Enclosed as **ANNEXURE "K"** is the balance sheet as at 29 February 2016.

## **6.2 Section 150(2)(a)(ii) – Listing of all Creditors as at initiation of business rescue proceedings:**

The major Creditors as at 4 March 2016 (the Commencement date) comprised of the following:

6.2.1 The major independent Creditors as at 4 March 2016 were **Standard Bank** in the amount of R7,532,488.39 (Seven Million Five Hundred and Thirty Two Thousand Four Hundred and Eighty Eight Rand and Thirty Nine Cent) plus interest and legal costs as set out above; **SARS** in the amount of R5,695,152,89 (Five Million Six Hundred and Ninety Five Thousand One Hundred and Fifty Two Rand and Eighty Nine Cents); **Jade Lee Electrical (Pty) Ltd t/a JDL Electric (JHB) and (CPT)** respectively in the amount of R2,197,140.62 (Two Million One Hundred and Ninety Seven Thousand One Hundred and Forty Rand and Sixty Two Cent); **National Bargaining Council (NBCEI)** in the amount of R4,923,554.43 ( Four Million Nine Hundred and Twenty Three Thousand Five Hundred and Fifty Four Rand and Forty Three Cent) and **Wendy Uys** in the amount of R1,464,868.82 (One Million Four Hundred and Sixty Four Thousand Eight Hundred and Sixty Eight Rand and Eighty Two Cent).

6.2.2 The total of all claims of Creditors as at 4 March 2016 is R44,020,824.96 as appears from **ANNEXURE “F”** hereto.

6.2.3 In terms of section 152(4)(b) of the Act, should the Business Rescue Plan (as amended) be adopted, it will be binding on the Company and on each one of the Creditors whether or not such person was present at the meeting in terms of which the Business Rescue Plan was adopted, voted in favour of the adoption of the Business Rescue Plan or proved a Claim against the Company.

### **6.3 Section 150(2)(a)(iii) - Probable liquidation dividend**

6.3.1 Upon the liquidation of any company, it would ordinarily be the liquidators' duty to realise the company's assets for the benefit of creditors as soon as possible but this process is subject to the time delays encountered in the statutory process of winding up the affairs of a company as is provided for in terms of the Insolvency Act as read with the provisions of Chapter XIV of the Companies Act 61 of 1973 which are still in force in terms of the transitional arrangements in terms of the Act.

6.3.2 Based on advice received it would take at least 18 months (Eighteen) months, if not longer, for a liquidation of a company of this nature to be finalised.

6.3.3 The BRP prepared a draft liquidation and distribution account, attached as **ANNEXURE “G”**, in terms of the provisions of the Insolvency Act and the probable dividend that creditors would receive, in their specific classes, based on the value attributed to the assets for the purpose of the Business Rescue Plan. It is clear that, if the Company was to be placed in liquidation and the assets sold under forced sale circumstances, the estimated dividend in a liquidation scenario would be substantially less than under Business Rescue circumstances.

### **6.4 Section 150(2)(a)(iv) – The Company's issued securities**

The holders of the Company's securities as at 4 March 2016:

<b>Entity</b>	<b>Percentage Holding</b>
Ubuntu Trust	100 %

No other shares have been issued or authorised subsequent to the commencement of the Business Rescue Proceedings. The director has declared that no shares were promised to any third parties and that there are no outstanding shares to be issued or authorised.

### **6.5 Section 150(2)(a)(v) – Practitioner's remuneration**

6.5.1 It is proposed that the BRP's hourly remuneration will be R1,500.00

(One Thousand Five Hundred Rand) per hour VAT inclusive. The disbursements relating to any consultants employed by the BRP and other sundry disbursements will be paid in terms of the provisions of the Act.

6.5.2 Enclosed as **ANNEXURE “H”**, is a copy of the written agreement concerning the BRP’s remuneration.

## **6.6 Section 150(2)(a)(vi) – Proposals informally made by a creditor**

This Business Rescue Plan was prepared after engagement and consultations with certain Affected Persons. No informal proposals were made by the Affected Persons and Creditors.

# **7. PART B – PROPOSALS**

## **7.1 Section 150(2)(b)(i) – Nature and duration of moratorium**

7.1.1 The Business Rescue Plan makes provision for a moratorium to complete implementation of the Business Rescue Plan.

7.1.2 Any further extensions or amendment to the moratorium and/or the Business Rescue Plan shall not be agreed to without the written consent from a majority of Creditors or the Court, or as otherwise regulated in terms of the provisions of the Business Rescue Plan.

## **7.2 Proposal to Creditors**

### **Standard Bank**

#### The VAF claim

7.2.1 The BRP has surrendered the majority of encumbered vehicles to the secured creditor, Standard Bank (“the surrendered vehicles”).

7.2.2 The forced sale values of these vehicles appears to be R1,930,000.00 in terms of the valuation received by Aucor.

7.2.3 The current exposure on the VAF claim is R4,352,579.00, excluding interest as provided for in the finance agreement.

- 7.2.4 If the surrendered vehicles are sold for their forced sale value of R1,930,000.00, the balance on the VAF liability will be approximately R2,422,579.00 (excluding any interest).
- 7.2.5 It is proposed that Standard Bank sell all the surrendered vehicles and that the sale proceeds be paid to Standard Bank in full and final settlement of its claims in respect of the VAF agreements for the surrendered vehicles.
- 7.2.6 Any vehicles that have not been surrendered to Standard Bank by the Adoption Date, shall be utilized by the company for ongoing trading activities and the company will continue to service the monthly instalments in respect of such vehicles.

#### The overdraft claim

- 7.2.7 The BRP will pay, from the Adoption Date until 30 September 2016, 30 % of all debtor receipts to Standard Bank as part settlement of Standard Bank's overdraft claim. (The remaining 70 % of all debtor receipts will be used to ensure the continuation of trading activities.)
- 7.2.8 On 30 September 2016, the full outstanding balance of Standard Bank's overdraft claim shall be settled to Standard Bank from the funds advanced by the director as per 7.2.9 – 7.2.11 below. It is anticipated that an amount of approximately R1,250,000.00 will be outstanding to Standard Bank in respect of the overdraft by 30 September 2016.

#### Director's contribution

- 7.2.9 The Director, Mr Daniel Schmidhauser, has informed the BRP that he has access to three immovable properties ("the immovable properties") which he is willing to sell in an attempt to create a better result for the creditors. The immovable properties are as follow:
- 7.2.9.1 Sections 19 & 20 in the Sectional Scheme known as SS Brookend Close Office Park, Erf 2317, La Lucia, Umhlanga  
Value: R2,500,000.00  
Bond on the Property: R1,750,000.00  
Anticipated surplus funds to be included in the Business Rescue Plan: R750,000.00
- 7.2.9.2 11A Main Drive, Sea Point, Erf 1691, Sea Point, Cape Town  
Value: R 10,500,000.00  
Bond on the property: R 5,500,000.00  
Anticipated surplus funds to be included in Business Rescue Plan: R5,000,000.00
- 7.2.9.3 No 122 Richards Drive, Lomac Park, Halfway House Ext 101  
Value: R2,500,000.00  
Bond on the property: R1,750,000.00  
Anticipated surplus funds to be included in Business Rescue Plan:

R750,000.00

Total anticipated surplus funds after settlement of the bonds:  
R6,500,000.00.

- 7.2.10 The Director has advised the BRP that he has a number of personal creditors (“the personal creditors”). The director (with the assistance of the BRP) shall engage with the personal creditors in an attempt to negotiate a compromise of their respective claims to a level which makes an amount of at least R4,5 million available for distribution in terms of the Business Rescue Plan. The BRP’s failure to reach agreement with the personal creditors by 31 August 2016 shall constitute an Event of Default in terms of the Business Rescue Plan.
- 7.2.11 The Director’s Loan shall be subordinated in favour of all other creditors and, for the avoidance of doubt, will not be enforced within the ensuing twelve month period from date of adoption of the Business Rescue Plan.

#### Concurrent creditors

- 7.2.12 The surplus funds from the sale of the immovable properties (i.e. after the bonds have been settled and the personal creditors have been paid) (“the surplus”) shall be used to settle the BRPs fees, any post commencement administration costs and for distribution to the concurrent creditors by no later than 30 September 2016 in full and final settlement of the claims of the concurrent creditors.
- 7.2.13 Should the Company fail to make payment, timeously and/or in full as set out above, or should the Company fail to adhere to any one of its obligations in terms of the Business Rescue Plan, it will amount to an Event of Default which will trigger the provisions of the breach clause in terms hereof.

### **7.3 Order of preference**

For the avoidance of doubt, the order of preference in which the surplus will be applied to pay Creditors if the Business Rescue Plan is adopted Plan is as follows:

- 7.3.1 To the extent that the surplus serves as Security for a Creditor’s Claim against the Company, by payment to that secured Creditor of the full extent to which its Claim is secured thereby;
- 7.3.2.1 By payment of the agreed fees and disbursements of the BRP;
- 7.3.2.2 By payment of any possible Preferential Claim against the Company; and

7.3.2.3 By payment to the Concurrent Creditors, *pro rata* to the value of their claims, to the extent necessary.

## 7.4 Breach / Non-compliance

Upon the happening of an Event of Default:

- 7.4.1 The Company will be required, upon notice from Standard Bank (should the default be in respect of the Company's payment obligations in terms of clauses 7.2.1 - 7.2.8 above) or the balance of creditors (should the default be in respect of the Company's payment obligations in terms of clause 7.2.12 and clause 7.2.13 above), to remedy such breach of its obligations within a period of 7 (seven) days from receipt of such notice ("**the remedy period**") [or such extended period as Standard Bank (should the default be in respect of the Company's payment obligations in terms of clauses 7.2.1 – 7.2.8 above) or the balance of the creditors should the default be in respect of the Company's payment obligations in terms of clause 7.2.12 and clause 7.2.13 above), may allow in writing ("**the extended remedy period**")], failing which the Business Rescue Plan will terminate. The notice contemplated in this clause will be sent by the relevant Creditor to the BRP by way of email to [danterblanche@deloitte.co.za](mailto:danterblanche@deloitte.co.za), which email will be deemed to have been received on the date that it was sent.
- 7.4.2 The time period for the compliance by the Company of its obligations in terms of the Business Rescue Plan can be extended prior to the happening of an Event of Default by way of notice to the Business Rescue Practitioner by either Standard Bank in respect of the Company's payment obligations in terms of clauses 7.2.1 – 7.2.8 above or the balance of the creditors in respect of the Company's payment obligations in terms of clauses 7.2.12 and 7.2.13 above,
- 7.4.3 In the event of a termination of the Business Rescue Plan as contemplated in this clause, the Business Rescue Practitioner will file with CIPC a notice of termination of the Proceedings (as envisaged in section 132(2) (b) of the Act) within 5 (five) days after expiry of the remedy period (or the extended remedy period) in respect of an Event of Default and
- 7.4.4 The BRP hereby consents, as envisaged by section 133(1)(a) of the Act that upon the termination of the Business Rescue Plan in terms of this clause (which termination is not, for the sake of clarity dependent upon the BRP filing the notice of termination referred to above) legal proceedings, including enforcement action against the Company, or in relation to any property belonging to the Company, or lawfully in its possession may be commenced with by Creditors and proceeded with in any forum forthwith and without any further notice to the Company or the BRP.
- 7.4.5 For the avoidance of doubt, nothing contained in the Business Rescue Plan prohibits the BRP from exercising his rights in terms of section 141(2) (a) (ii) of the Act, to liquidate the Company.

## **7.5 Section 150(2) (b) (ii) - Release from debt**

Should the Creditors approve the Business Rescue Plan; the payment under the Business Rescue Plan as set out above, will be in settlement only of their claims against the Company and shall not impact on such Creditor's rights to pursue any security which it may hold for such claim against a third party. No debt is proposed to be converted to equity in the Company, or another company.

Any creditor with a right of recourse against any parties or entities who have bound themselves as sureties and guarantors for the debt of the Company and the securities provided by such sureties remains intact and in force for the duration of the Business Rescue and for the any period thereafter.

## The Business Rescue Plan for consideration is as follows:

### Funds available for distribution

What follows is an analysis of the possible distribution to Creditors depending on the outcome of the voting at the second meeting of creditors:

Funds advanced by director from the proceeds of his personal assets	At least R4,500,000.00
Less:	
Standard Bank's overdraft claim will be partly settled by the recovery of debtors and a payment from the funds advanced by the director. The total liability must be settled by 30 September 2016 (Provision)	
Balance after the settlement of the Standard Bank claims	R1,250,000.00
Less	
Post Commencement Administration Payments	R1,250,000.00
BRPs fees and disbursements (Excluding legal charges) VAT inclusive	R 450,000.00
Provision legal charges (VAT inclusive)	R 300,000.00
Provision VAT claw back	R 500,000.00
Funds Available to Concurrent Creditors once the Standard Bank Secured Claim and administrative costs have been settled Total concurrent creditors: R26,068,062.46 (Twenty Six Million Sixty Eight Thousand Sixty Two Rand and Forty Six Cents) excluding the claims of The Daniel Schmidhauser Property Trust and Daniel Schmidhauser Loan Account	R2,000,000.00
Dividend to Concurrent Creditors (Balance of claims to be compromised)	7,6 c/R
No further dividend to accrue to any other creditors	
Payment in terms of the plan are accepted should the Business Rescue Proposal be implemented.	

### 7.6 Section 150(2)(b)(iii) - On-going role of the Company

The on-going trading activities are based on the sale of the vehicles that were surrendered to Standard Bank, the recovery of debtors and the receipt of an advance from the director to create a better result for creditors.



### **7.7 Section 150(2)(b)(iv) - Property available to pay Creditors**

The Creditors will share in the amount available for distribution in terms of the Business Rescue Plan.

### **7.8 Section 150(2)(b)(v) - Order of preference in which proceeds will be applied**

<b>Secured Creditors:</b>	Standard Bank	R6,282,488.39
<b>Concurrent Creditors:</b>	Concurrent creditors	R2,000,000.00

### **7.9 Section 150(2)(b)(vi) - Benefits of adopting the Business Rescue Plan as opposed to liquidation scenario**

7.9.1 Having regard to what was stated above, it is clear that the Business Rescue Plan is to the advantage of all the Affected Persons;

7.9.2 The adoption of the Business Rescue Plan will at least create a better return for Creditors than under liquidation circumstances. The remaining employees will retain their employment and the Company will continue with its reduced trading activities. It would appear to be in the best interest of all Affected Persons that liquidation be averted.

### **7.10 Section 150(2)(b)(vii) - The effect of the business rescue plan on holders of securities**

The effect of this Business Rescue Plan, if adopted, will be as follows:

All shares issued in the Company will remain vested in the current shareholders.

## 8. PART C - ASSUMPTIONS AND CONDITIONS

### 8.1 Section 150(2)(c)(ii) - Special conditions to be satisfied

The agreement is subject to the following suspensive conditions:

- Provision of written confirmation by the Business Rescue Practitioner, confirming approval by the approved creditors of the Business Rescue Plan.
- The immovable properties being sold.
- A settlement being concluded between the Director (with the assistance of the BRP) and the personal creditors in respect of the personal creditors' claims against the Director on or before 31 August 2016, having the effect that an amount of at least R4,5 million is available for distribution in the Business Rescue Plan as contemplated in paragraph 7.2.10.

### 8.2 Section 150(2)(c)(ii) - Effect of business plan on the employees of the Company

The Company had 150 employees at the date of Commencement of Business Rescue. The number has been reduced due to the closure of the Johannesburg branch and the particulars of the current employees are as follow:

<b>Current schedule of employees as at 31 March 2016</b>	
<b>Employee no.</b>	<b>Full name</b>
SCH00026	Charmaine Carol Coraizin
SCH00031	Daniel Edwin Schmidhauser
SCH00072	Nazley Abrahams
SCH00079	Patrick Isaac Alaart
SCH00214	Vivienne Van der Walt
SCH00253	Justin Andre Van Rensburg
SCH00259	Tania P Warwick
SCH00320	Damian Roets
SCH00340	Jack Ekana Tabala
SCH00341	Imani Mwaipopo
SCH00343	Carl Jethro Samaai
SCH00344	Amisi Mbaki
SCH00345	Zubenathi Luthango
SCH00349	Eugene Anthony Josephs
SCH00350	Zameka Violin Khoaeane
SCH00353	Patrick Christians

SCH00356	Achmad Parker
SCH00357	Ernest Ludick
SCH00358	Quinton Smith
SCH00364	Asheem Mohamed Jacobs
SCH00366	Salie Isaacs
SCH00422	Tichaona Gonye
SCH00445	Mogamat Rameez Gertze
SCH00449	Tina Diane Arendse
SCH00482	Dale Patrick Schoeman
SCH00485	Sinethemba Mabobole
SCH00502	Monelisi Maxwell Witbooi
SCH00503	Ikraam Samodien
SCH00521	Therezia Kotze
SCH00526	Griffith Edward Francis
SCH00536	Nathan Munnick
SCH00561	Thurlo Arendse
SCH00570	Fritz Seboa
SCH00583	Shawn Williams
SCH00585	Muneeb Balie
SCH00592	Fikile Hlangabeza
SCH00593	Shaun Weber
SCH00607	Mohammed Mustafa Khan
SCH00622	Sebastian Jarryd Schmidt
SCH00623	Colin Vernon Sanders
SCH00624	Vanishree Peters
SCH00625	Matthew Thompson

### **8.3 Section 150(2)(c)(iii) - Circumstances in which the Business Rescue Plan will end**

#### **8.3.1 The Business Rescue Plan will end when:**

- 8.3.1.1 the BRP files a notice of the substantial implementation of the Business Rescue Plan in terms of section 152(8) of the Act. This notice will be filed once Standard Bank's overdraft claim has been settled in full and the concurrent creditors have received payment of their dividend in terms of this Plan.; or
- 8.3.1.2 the BRP filed a notice of termination of the Proceedings in terms of section 132(2)(b) of the Act or in term of section 141(2)(a);or
- 8.3.1.3 upon the happening of an Event of Default (and the failure to remedy same within the specified notice period) as set out above; or
- 8.3.1.4 the Business Rescue Plan has been proposed and rejected as envisaged by the Act and no Affected Person has acted to extend the Proceedings in any manner contemplated in section

**8.4 Section 150(2)(c)(iv) - Projected financial statements**

8.4.1 The projected cash flow forecast is contained in a written document enclosed as **ANNEXURE “J”**.

8.4.2 The projected cash flow forecast is not material to the Business Rescue Plan. We have used our best endeavours to ensure compliance with forecasts and projections.

8.4.3 The Company and the BRP confirm that the forecast and projections make due allowance for the requirement of VAT (including outputs and inputs) and other administrative costs and/or statutory charges.

**8.5 Projected balance sheet and income statement**

8.5.1 Balance sheet - **ANNEXURE “K”**

8.5.2 Income statement - **ANNEXURE “L”**

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## 9. CERTIFICATE BY THE PRACTITIONER

I, Daniël Terblanche, hereby certify that to the best of my knowledge and belief:

1. the information provided in this Plan is as accurate, complete and up-to-date as reasonably possible;
2. the projections, if any, provided are estimates made in good faith on the basis of factual information and assumptions as set out in this Plan;
3. in preparing the Plan I have not undertaken an audit of the information provided to me, although, where practical, I have endeavored to satisfy ourselves as to the accuracy of such information.

Signed at Cape Town, this 22<sup>nd</sup> day of April 2016.



**D Terblanche**  
**BRP**