

ELECTRON TECHNOLOGIES (PTY) LTD

(IN BUSINESS RESCUE)

**BUSINESS RESCUE PLAN FOR PRESENTATION TO AND
APPROVAL BY ALL AFFECTED PARTIES**



INTRODUCTION.

Electron Technologies (Pty) Ltd was placed in business rescue on the 27th September 2019 as a result of four of their clients (including Basil Read and the Group Five) being placed in business rescue. The amount owed to Electron by these companies was in excess of R16 million and this obviously left a huge gap in Electron's cash resources.

A first meeting of creditors was held on the 9th October 2019 which was well attended, the minutes of which were circulated together with the attendance register, and at which the creditors agreed on an extension for the submission of the business rescue plan to the 25th November 2019.

The company has traded profitably over the past two years and was placed in business rescue resulting from a negative cash flow arising from four of their customers in the civil engineering industry being placed in business rescue and all amounts owing by them falling into a debt moratorium in terms of Sect 133 of the Companies Act. The trading result ae as follows: -

| | |
|--------------------------------------|-------------------|
| Year ended 28 February 2018 | R1 389 653 Loss |
| Year ended 28 February 2019 | R3 357 992 Profit |
| Seven months ended 30 September 2019 | R1 559 030 Profit |

The loss incurred in 2018 was due to bad debts written off of R2 424 392 arising from a number of civil engineering companies going into liquidation or business rescue.

Post commencement finance has been put in place and a further facility is being negotiated. In addition, favourable post commencement terms have been reached with the majority of suppliers and the company is able to continue in business and new contracts have been negotiated for work going forward.

INTERIM MEASURES

Pending the presentation of the business rescue plan, the business rescue practitioner engaged with management on the following matters: -

- (a) A two-day strategic planning session was held with management to map out the future of the company. The following issues were addressed as a matter of urgency –
 - (i) The need to find a suitable branch manager for the Cape Town office was discussed and it was agreed that this was a priority for the new year.
 - (ii) A marketing manager was urgently required as the marketing of the company was not being satisfactorily addressed.

- (iii) There was a need to diversify and it was proposed that the company look into renewable energy as a new market. The plan to be tabled to creditors would however not include this but would rather rely on its traditional market.
 - (iv) There was also an opportunity to engage with potential European customers and the first order from Germany had been received.
 - (v) The African market was also identified as having considerable potential
- (b) A swot analysis of the company also provided an insight into some of the strengths, weaknesses, opportunities and threats which it faced.

(i) Strengths: -

- Expertise, skills and competencies
- Well known and trusted brand – having serviced the industry for the best part of 50 years.
- Competitive pricing
- ISO and CIDB8 rating
- Reliability
- Turnkey solutions

(ii) Weaknesses: -

- Company in business rescue
- Current cash flow problems
- Loss of certain expertise
- Lack of sales strategy and skills
- Under quoting on contracts
- Lack of a succession plan

(iii) Opportunities

- Reviewing overheads restructuring business to meet current demands
- Consider other sectors of industry in which the company is involved
- Roadshow to promote the business
- Africa – South of the Sahara
- Upcoming water projects

(iv) Threats

- Macro-economic climate
- Political instability
- Unhappy suppliers arising from company being in business rescue
- Business rescue possibly frightening off potential customers

- Cash flow
- Trade unions
- Eskom inability to provide consistent power supply
- Possible lack of BBB-EE has been seen as a threat.

The strengths of the business are recognised and a road show will be undertaken to meet customers and potential customers in order to strengthen the brand and to ensure that all customers and potential customers are aware that the company is trading and is open for business.

A plan is in place to rectify the weakness identified and a sales manager will be appointed in the new financial year and the Cape Town office will be strengthened to deal with the potential increase in business identified in the Western Cape. The current managing director and major shareholder is nearing retirement age and, being seen as the face of the company requires careful planning on his future exit, a detailed succession plan will be developed for the introduction of a new managing director together with other key appointments and the gradual withdrawal of the current managing director

Overhead structures have been addressed and all unnecessary expenditure has been curtailed. Alternative premises will be sought for the Johannesburg at a significantly reduced rental.

The greatest threat to the company and implementation of the business plan lies in the poor macro-economic climate brought about by political instability in South Africa. The actions already taken have alleviated the concerns of customers to a large degree and this is indicated by the orders received since being placed in business rescue and the enquiries received.

The company is currently regarded as a level 2 BEE company. It is essential that this level be retained and the business plan takes into account the necessary expenditure required to maintain this level. The possibility of introducing further BEE partners as investors is also being considered.

PERIOD FROM DATE OF BUSINESS RESCUE TO DATE OF PRESENTATION OF BUSINESS RESCUE PLAN.

The company operated favourably during this period and turnover for October 2019 was approximately R13 million. New contracts have been obtained showing support for the company and an agreement was reached with Basil Read to continue with the Umgeni contract with a value in excess of R9 million. Payment would be made direct to Electron by Umgeni in terms of an agreement signed between Umgeni Water, Basil Read and Electron.

New terms were negotiated with suppliers and in all cases except one, the continuity of supply was settled.

Post commencement finance was arranged with Standard Bank and I am pleased to advise that the utilisation of this facility has been kept to a minimum.

Cash flow control has been taken over by the business rescue practitioner and this is monitored on a daily basis

Overheads are being closely monitored and all unnecessary expenditure has been curtailed.

BACKGROUND TO THE BUSINESS RESCUE PLAN

In terms of the Companies Act Sect 150 (a) **Part A – Background** the following information is provided: -

1. A complete list of all the material assets of the company together with an indication of which are held as security by the creditors – Annexure A.
2. A complete list of all known creditors of the company differentiating between secured, statutory preferent and concurrent – Annexure B.
3. The probable dividend payable to the various classes of creditors if the company were to be placed in liquidation – Annexure C.
4. A complete list of the holders of the company's securities – Annexure D.
5. A copy of the practitioner's remuneration agreement – Annexure E.
6. The plan does not include any proposal made informally by any creditor of the company.

PROPOSALS

1. The moratorium on pre-business rescue creditors will remain in place until all such creditors have been paid in full and the business rescue process has been substantially fulfilled. The time to complete this is dependent on the completion of all current contracts, sub-contracts and projects under way as well as the positive cash flow generation resulting from these contracts and all new contracts entered into. The anticipated completion dates are in, many cases, dependent upon other sub-contractors fulfilling their obligations according to the time frames set by the contracts.
2. The company will only be released from its debts once payment has been made in full and no debt is proposed to be converted into equity.
3. All agreements are for normal services provided to the company.

4. The plan does not include any proposal for the sale of any property or assets of the company to pay creditors claims.
5. There is currently approximately R16 million owed to the company in retentions held by customers and due for release at various dates. As and when these retentions are received, they will be utilised to pay creditors. Annexure F
6. All money received by way of dividend from Basil Read, Group 5 and other customers in business rescue will be utilised to reduce the amount owed to creditors.
7. Any shortfall arising will be settled out of the profits arising from the continued trading of the company.
8. No interest will be paid on concurrent creditors' claims.
9. No dividends will be paid by the company until all creditors' claims have been settled.
10. Payment of creditors will be made in accordance with Sect 135 of the Companies Act, applying the ruling in the Diener case as stated by the Constitutional Court.
11. In the event of liquidation, creditors would be paid a dividend as set out in Annexure C. By allowing the company to trade its way out of business rescue, it is highly likely that creditors will be paid in full. This is fully set out in the financial forecasts prepared – Annexure G. The company employees approximately 100 people in various roles, who are dependent on the company for their livelihood. An investigation in terms of Sect 141 of the Companies Act has not revealed any mismanagement or fraud and the only reason for the company's current financial distress is solely due to the fact that four of their major customers have been placed in business rescue and as a result all amounts owed by them to Electron have been placed under a moratorium, such as the creditors of Electron have been placed under. It is my opinion that it will be in the best interests of all parties that the plan be accepted as the benefits will be the continued supply of goods and materials to the company and the repayment of all amounts owed to the company. In addition, the loss of employment will be negated.

ASSUMPTIONS AND CONDITIONS

12. In order for the proposed plan to take effect, the following conditions must apply: -
 - It must be approved by the holders of more than 75% of the creditors' voting interests that were voted; and the votes in support of the proposed plan included at least 50% of the independent creditors voting interests, if any, that were voted.
 - The company is allowed to trade as normal, while under business rescue

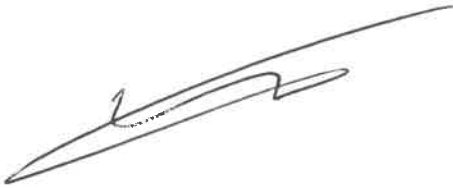
- In light of the poor economic situation in the country, there is a strong possibility that further construction companies could become financially distressed. Should this occur and the company is one that Electron deals with and which has a significant influence on the performance of Electron, it could jeopardize the business plan
13. It is anticipated that a certain amount of restructuring will take place that may affect the employees of the company in order to improve efficiencies and reduce costs. All bonus payments will be suspended until a notice is filed of the substantial implementation of the plan.
 14. All money received by way of dividend from Basil Read and Group 5 will be utilised to reduce the amount owed to creditors.
 15. The business rescue will end when the notice of substantial implementation of the plan has been filed.
 16. The projected balance sheet, income statement and cash flow statement are attached – Annexure G.
 17. A schedule of all material assumptions on which the forecasts are based is attached – Annexure H

CERTIFICATE OF THE PRACTITIONER

I, Basil Holford, being the appointed business rescue practitioner for Electron Technologies (Pty) Ltd, do herewith confirm the following: -

1. I have interrogated the management on the affairs of the company and established the reasons for the company's financial distress;
2. I have reviewed the financial statements and management accounts of the company to establish their correctness and to the best of my knowledge, I am of the opinion that they correctly represent the affairs of the company as at the dates presented. I furthermore believe that there is a reasonable chance of rescuing the company within the meaning of the Companies Act and protecting the rights and interests of all affected parties.
3. The forecasts of the company's anticipated performance as reflected in Annexure I have been reviewed and from the information obtained, seem fair and reasonable and have been made in good faith and are based on factual information and assumptions as set out herein.
4. The use of auditors in the compilation of the forecasts and management accounts has not been taken

From the above it is my view that the information presented in this document is reasonable and fair but is not guaranteed.

A handwritten signature in black ink, appearing to be 'Basil Holford', written in a cursive style with a long horizontal stroke extending to the right.

Basil Holford

Business Rescue Practitioner

25th November 2019

Electron Technologies (Pty) Ltd**Fixed Assets ast at date of business rescue**

| Fixed Assets | Cost | Acc Dep | NBV |
|-----------------------|------------------|------------------|----------------|
| Buildings | 650 000 | 132 708 | 517 292 |
| Leasehold improvement | 177 195 | 126 989 | 50 205 |
| Plant & equipment | 499 163 | 498 038 | 1 125 |
| Computer Equip | 562 949 | 532 392 | 30 557 |
| Computer Software | 324 082 | 324 082 | - |
| Furniture Fittings | 311 130 | 307 974 | 3 156 |
| Motor Vehicles | 3 373 907 | 3 031 208 | 342 700 |
| | <u>5 898 425</u> | <u>4 953 391</u> | <u>945 034</u> |

Motor vehicles from the security for the instalment sale agreements with Standard Bank

ELECTRON TECHNOLOGIES (PTY) LTD**Creditors as at 27 September 2019****Unsecured Concurrent creditors**

| | |
|---------------------------------|-----------------|
| Trade creditors as per schedule | 26549077 |
| SARS | 1662720 |
| Shareholders' loans | 4020127 |
| Employees for leave pay | 1210548 |
| | <u>33442472</u> |

Secured Claims

| | | |
|----------------------------------|----------------|--|
| Standard Bank - Lease agreements | 357573 | Secured by vehicles |
| Standard Bank Overdraft | 3043828 | Secure by pledge of debtors, bond over property owned by associated company and sureties |
| | <u>3401401</u> | |

36843873

ELECTRON TECHNOLOGIES (PTY)LTD

Creditors aging as at 27 September 2019
Durban

| Doc. Date Appl. Date | Doc. Applie | Current | 1 to 30 Days | 31 to 60 Days | 61 to 90 Days | Over 90 Days | Total Overdue | Total Payables |
|-------------------------|----------------|---|-----------------|------------------|------------------|-----------------|------------------|-------------------|
| Vendor No.: | ABB001 | Vendor Name: ABB SA | | | | | | |
| | Vendor Total: | 824 793.70 | 313 066.81 | 354 219.30 | 470 155.42 | 421 199.68 | 1 558 641.21 | 2 383 434.91 |
| Vendor No.: | ACD001 | Vendor Name: AC/DC DYNAMICS | | | | | | |
| | Vendor Total: | 37 526.52 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 37 526.52 |
| Vendor No.: | AFR001 | Vendor Name: AFROX | | | | | | |
| | Vendor Total: | 966.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 966.00 |
| Vendor No.: | BEK001 | Vendor Name: BEKA PTY LTD | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 304 874.20 | 0.00 | 0.00 | 304 874.20 | 304 874.20 |
| Vendor No.: | BMG001 | Vendor Name: BMG BEARING MAN GROUP | | | | | | |
| | Vendor Total: | 46 476.10 | 8 025.73 | 30 006.95 | 0.00 | 0.00 | 38 032.68 | 84 508.78 |
| Vendor No.: | CHI001 | Vendor Name: CHI CONTROL | | | | | | |
| | Vendor Total: | 13 156.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 13 156.00 |
| Vendor No.: | CHR001 | Vendor Name: CRISTAL GENERAL ENTERPRISES (PTY) LTD v/a CGE CABLES | | | | | | |
| | Vendor Total: | 18 926.70 | 6 277.56 | 0.00 | 0.00 | 39 541.40 | 45 818.96 | 64 745.66 |
| Vendor No.: | COP001 | Vendor Name: COPALCOR TRADING | | | | | | |
| | Vendor Total: | 15 847.00 | 19 251.00 | 38 778.00 | 138 919.40 | 0.00 | 196 948.40 | 212 795.40 |
| Vendor No.: | DEM001 | Vendor Name: DEMCO ENGINEERING | | | | | | |
| | Vendor Total: | 0.00 | 140 150.50 | 168 969.50 | 52 368.70 | 170 653.04 | 532 141.74 | 532 141.74 |
| Vendor No.: | DRA001 | Vendor Name: DRAKEWOODS | | | | | | |
| | Vendor Total: | 3 787.78 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3 787.78 |
| Vendor No.: | DVK001 | Vendor Name: DVK ENGINEERING | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 65 726.65 | 65 726.65 | 65 726.65 |
| Vendor No.: | EAZ001 | Vendor Name: Eazi Access Rental (Pty) Ltd | | | | | | |
| | Vendor Total: | 27 956.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27 956.03 |
| Vendor No.: | EIS001 | Vendor Name: EIS | | | | | | |
| 26 09 2019 IN | 00418667 | 131.01 | | | | | | 131.01 |
| | Vendor Total: | 131.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 131.01 |
| Vendor No.: | ELE002 | Vendor Name: ELECTRO MECHANICA NATAL | | | | | | |
| | Vendor Total: | 609 375.14 | 729 230.00 | -565 861.63 | -15 686.00 | 0.00 | 147 682.37 | 757 057.51 |
| Vendor No.: | ELE007 | Vendor Name: ELECTRA LIGHTING AND ELECTRICAL | | | | | | |
| | Vendor Total: | 16 896.77 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16 896.77 |
| Vendor No.: | END001 | Vendor Name: ENDRESS & HAUSER | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 585 888.23 | 585 888.23 | 585 888.23 |
| Vendor No.: | FED001 | Vendor Name: BUILDERS TRADE/prev FEDS | | | | | | |
| | Vendor Total: | 390.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 390.00 |
| Vendor No.: | FLO003 | Vendor Name: FLOWMETRIX SA | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 38 076.50 | 0.00 | 38 076.50 | 38 076.50 |
| Vendor No.: | GIG001 | Vendor Name: GIG NETWORK SOLUTIONS | | | | | | |
| | Vendor Total: | 58 433.34 | 105 645.90 | 212 036.47 | 0.00 | 0.00 | 317 682.37 | 376 115.71 |
| Vendor No.: | GLO002 | Vendor Name: GLOBAL CABLES | | | | | | |
| | Vendor Total: | 682 148.38 | 512 363.94 | 27 674.58 | 497 582.18 | 203 001.69 | 1 240 622.39 | 1 922 770.77 |
| Vendor No.: | GRA001 | Vendor Name: GRACAN OFFICE SUPPLIES | | | | | | |
| | Vendor Total: | 9 652.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9 652.31 |
| Vendor No.: | GST001 | Vendor Name: Great Shift Trading | | | | | | |
| | Vendor Total: | 6 900.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6 900.00 |
| Vendor No.: | HEL001 | Vendor Name: HELLERMANN TYTON PTY LTD | | | | | | |

| | | | | | | | | |
|--------------------|----------------------|--|------------|------------|-------------|------------|------------|------------|
| | Vendor Total: | 19 995.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19 995.22 |
| Vendor No.: | HHK001 | Vendor Name: H.H.K EARTHING & LIGHTNING PROTECTION SYSTEM | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 95 933.46 | 95 933.46 | 95 933.46 |
| Vendor No.: | HIL001 | Vendor Name: HILTI | | | | | | |
| | Vendor Total: | 4 743.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4 743.85 |
| 25 09 2019 IN | 01091497 | 3 684.83 | | | | | | |
| | Vendor Total: | 3 684.83 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3 684.83 |
| Vendor No.: | IFM001 | Vendor Name: IFM ELECTRONIC | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 374 718.20 | 374 718.20 | 374 718.20 |
| Vendor No.: | JOA001 | Vendor Name: JOAT SALES | | | | | | |
| | Vendor Total: | 0.00 | 2 277.00 | 83 723.45 | 467 116.78 | 88 340.40 | 641 457.63 | 641 457.63 |
| Vendor No.: | K3D | Vendor Name: K3 ELECTRICAL DISTRIBUTORS | | | | | | |
| | Vendor Total: | 2 349.45 | 12 190.00 | 59 410.22 | 120 598.00 | 0.00 | 192 198.22 | 194 547.67 |
| Vendor No.: | LIG002 | Vendor Name: LIGHTNING PROTECTION SERVICES | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 46 140.51 | 46 140.51 | 46 140.51 |
| Vendor No.: | MAC001 | Vendor Name: MACK-TECH AGENCIES | | | | | | |
| | Vendor Total: | 2 459.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2 459.16 |
| Vendor No.: | MAG001 | Vendor Name: MAGNET | | | | | | |
| | Vendor Total: | 6 692.23 | 0.00 | 146 536.11 | 0.00 | 0.00 | 146 536.11 | 153 228.34 |
| 25 09 2019 IN | IN0194 | 332 252.25 | | | | | | |
| | Vendor Total: | 332 252.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 332 252.25 |
| Vendor No.: | MET001 | Vendor Name: METABELL CC | | | | | | |
| | Vendor Total: | 30 592.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30 592.08 |
| Vendor No.: | MOW001 | Vendor Name: ES MOWAT | | | | | | |
| | Vendor Total: | 524.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 524.99 |
| Vendor No.: | NAT002 | Vendor Name: NATIONAL SECURITY & FIRE | | | | | | |
| | Vendor Total: | 15 496.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15 496.23 |
| Vendor No.: | NDE001 | Vendor Name: NDE PTY LTD | | | | | | |
| | Vendor Total: | 289.80 | 31 566.06 | 0.00 | 0.00 | 0.00 | 31 566.06 | 31 855.86 |
| Vendor No.: | NON001 | Vendor Name: NON-FERROUS METAL WORKS | | | | | | |
| | Vendor Total: | 35 986.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 35 986.72 |
| Vendor No.: | OLI001 | Vendor Name: O-LINE SUPPORT SYSTEMS | | | | | | |
| | Vendor Total: | 16 158.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16 158.88 |
| Vendor No.: | OMN001 | Vendor Name: OMNIFLEX | | | | | | |
| | Vendor Total: | 0.00 | 0.00 | 44 401.50 | 0.00 | 0.00 | 44 401.50 | 44 401.50 |
| Vendor No.: | PHO001 | Vendor Name: PHOENIX STEEL NATAL | | | | | | |
| | Vendor Total: | 12 489.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12 489.00 |
| Vendor No.: | PHO002 | Vendor Name: PHOENIX CONTACT (PTY) LTD | | | | | | |
| | Vendor Total: | 0.00 | 18 555.13 | 23 675.14 | 0.00 | 0.00 | 42 230.27 | 42 230.27 |
| Vendor No.: | PON001 | Vendor Name: PONTINS NATAL | | | | | | |
| | Vendor Total: | 4 370.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4 370.00 |
| Vendor No.: | POW003 | Vendor Name: POWER CONTROL CONCEPTS (PTY) LTD | | | | | | |
| | Vendor Total: | 30 049.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30 049.50 |
| Vendor No.: | POW004 | Vendor Name: POWERPOINT ELECTRICAL WHOLESALERS | | | | | | |
| | Vendor Total: | 233 230.93 | 0.00 | 134 420.90 | 0.00 | 0.00 | 134 420.90 | 367 651.83 |
| Vendor No.: | PSP001 | Vendor Name: P & S POWER PRODUCTS | | | | | | |
| | Vendor Total: | 0.00 | 71 478.94 | 0.00 | 0.00 | 643 310.46 | 714 789.40 | 714 789.40 |
| Vendor No.: | PSS001 | Vendor Name: PSS DISTRIBUTORS | | | | | | |
| | Vendor Total: | 0.00 | 155 008.50 | 0.00 | -105 008.50 | 0.00 | 50 000.00 | 50 000.00 |
| Vendor No.: | PUL001 | Vendor Name: PULSE CONTROL SYSTEMS | | | | | | |
| | Vendor Total: | 15 483.60 | 44 691.30 | 0.00 | 0.00 | 0.00 | 44 691.30 | 60 174.90 |
| Vendor No.: | PYR001 | Vendor Name: PYRAMID INSTRUMENTATION | | | | | | |
| | Vendor Total: | 4 226.25 | 27 264.20 | 6 307.75 | 14 377.30 | 0.00 | 47 949.25 | 52 175.50 |

| | | | | | | | | |
|---------------|--------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Vendor No.: | QUA001 | Vendor Name: | QUARTERDECK METAL IND | | | | | |
| Vendor Total: | 10 396.00 | 0.00 | 347 425.35 | 464 059.50 | 12 020.00 | 823 504.85 | 833 900.85 | |
| Vendor No.: | RAD001 | Vendor Name: | PHAMBILE INTERFACE | | | | | |
| Vendor Total: | 7 280.88 | 33 044.19 | 115 199.54 | 63 646.23 | -22 368.09 | 189 521.87 | 196 802.75 | |
| Vendor No.: | REN001 | Vendor Name: | RENTOKIL | | | | | |
| 02 09 2019 IN | 0011278649 | | 1 090.47 | | | | | 1 090.47 |
| Vendor Total: | 1 090.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1 090.47 |
| Vendor No.: | ROC001 | Vendor Name: | ROCKWELL AUTO | | | | | |
| Vendor Total: | 0.00 | 13 274.45 | 317 712.12 | 1 077 009.50 | 1 516 437.75 | 2 924 433.82 | 2 924 433.82 | |
| Vendor No.: | SAF002 | Vendor Name: | SA FASTENERS | | | | | |
| Vendor Total: | 21 307.77 | -75.00 | 0.00 | 0.00 | 0.00 | -75.00 | 21 232.77 | |
| Vendor No.: | SCH001 | Vendor Name: | SCHNEIDER ELECTRIC | | | | | |
| Vendor Total: | 2 099 370.12 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2 099 370.12 | |
| Vendor No.: | SEL001 | Vendor Name: | S.E.L. SURGE EARTHING | | | | | |
| Vendor Total: | 66 058.00 | 123 899.00 | 98 350.00 | 0.00 | 0.00 | 222 249.00 | 288 307.00 | |
| Vendor No.: | SSE001 | Vendor Name: | SSE (PTY) Ltd | | | | | |
| Vendor Total: | 99 753.88 | 53 555.50 | 0.00 | 0.00 | 38 401.71 | 91 957.21 | 191 711.09 | |
| Vendor No.: | STA003 | Vendor Name: | STANLEY'S STATIONERS | | | | | |
| Vendor Total: | 1 928.47 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1 928.47 | |
| Vendor No.: | STR001 | Vendor Name: | STRUT-PRO | | | | | |
| Vendor Total: | 443 794.22 | 1 264 617.62 | 400.71 | 0.00 | 0.00 | 1 265 018.33 | 1 708 812.55 | |
| Vendor No.: | TEC003 | Vendor Name: | TECTRA AUTOMATION (RF)(PTY) LTD | | | | | |
| Vendor Total: | 48 923.23 | 202 091.34 | 0.00 | 0.00 | 0.00 | 202 091.34 | 251 014.57 | |
| Vendor No.: | THR001 | Vendor Name: | THREE D GROUP | | | | | |
| Vendor Total: | 11 779.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 11 779.05 | |
| Vendor No.: | TRE002 | Vendor Name: | TREADSAFE | | | | | |
| Vendor Total: | 0.00 | 36 546.45 | 0.00 | 0.00 | 0.00 | 36 546.45 | 36 546.45 | |
| Vendor No.: | UPA001 | Vendor Name: | U PAT | | | | | |
| Vendor Total: | 1 794.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1 794.00 | |
| Vendor No.: | VAN001 | Vendor Name: | VANGARD PROJECTS | | | | | |
| Vendor Total: | 0.00 | 0.00 | 0.00 | 0.00 | 106 193.30 | 106 193.30 | 106 193.30 | |
| Vendor No.: | VOL001 | Vendor Name: | VOLTEX BRIARDENE | | | | | |
| Vendor Total: | 101 805.84 | 140 189.63 | -1 433.59 | 0.00 | 0.00 | 138 756.04 | 240 561.88 | |
| Vendor No.: | VOL002 | Vendor Name: | VOLTEX PINETOWN | | | | | |
| Vendor Total: | 948.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 948.75 | |
| Vendor No.: | VOL004 | Vendor Name: | VOLTEX PIETERMARITZBURG | | | | | |
| Vendor Total: | 0.00 | 0.00 | -33 564.93 | 34 128.43 | 124 183.22 | 124 746.72 | 124 746.72 | |
| Vendor No.: | VOL005 | Vendor Name: | VOLTEX MV/LV SOLUTIONS | | | | | |
| Vendor Total: | 0.00 | 0.00 | 0.00 | 1 227 094.79 | 0.00 | 1 227 094.79 | 1 227 094.79 | |
| Vendor No.: | VRS001 | Vendor Name: | VRS ELECTRICAL WHOLESALERS | | | | | |
| Vendor Total: | 26 743.25 | -19 363.70 | 0.00 | 0.00 | 0.00 | -19 363.70 | 7 379.55 | |
| Vendor No.: | YEL001 | Vendor Name: | OMRON | | | | | |
| Vendor Total: | 96 971.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 96 971.24 | |
| Vendor No.: | ZES001 | Vendor Name: | ZEST WEG ELECTRIC (PTY) LTD | | | | | |
| Vendor Total: | 1 207 922.64 | 120 695.95 | 0.00 | 0.00 | 0.00 | 120 695.95 | 1 328 618.59 | |
| | | 7 392 305.56 | 4 165 518.00 | 1 913 261.64 | 4 544 438.23 | 4 509 321.61 | 15 132 539.48 | 22 524 845.04 |

Cape Town & Johannesburg

| Doc. Date | Current | 1 to 30 Days | 31 to 60 Days | 61 to 90 Days | Over 90 Days | Total Overdue | Total Payables |
|-------------|---------|--------------------------------------|---------------|---------------|--------------|---------------|----------------|
| Vendor No.: | AC0001 | Vendor Name: AC/DC DYNAMICS (PTY)LTD | | | | | |

| | | | | | | | | |
|---------------|------------|--------------|---|-----------|------------|------------|--------------|-----------|
| Vendor No.: | MA0001 | Vendor Name: | MAIN ELECTRICAL WHOLESALERS | | | | | |
| Vendor Total: | 10 562.30 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10 562.30 |
| Vendor No.: | MA0008 | Vendor Name: | MANALA BOLT & NUT | | | | | |
| Vendor Total: | 7 326.57 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 7 326.57 |
| Vendor No.: | ME0002 | Vendor Name: | EATON ELECTRIC (SOUTH AFRICA) (PTY) LTD | | | | | |
| Vendor Total: | 51 676.40 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 51 676.40 |
| Vendor No.: | NE0002 | Vendor Name: | NEW ELEC PRETORIA (PTY) LTD | | | | | |
| Vendor Total: | 61 255.90 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 61 255.90 |
| Vendor No.: | OX0001 | Vendor Name: | OXLEY INCORPORATED | | | | | |
| Vendor Total: | 0.00 | 127 072.70 | 0.00 | 0.00 | 0.00 | 127 072.70 | 127 072.70 | |
| Vendor No.: | PH0001 | Vendor Name: | PHOENIX CONTACT (PTY) LTD | | | | | |
| Vendor Total: | 1 196.05 | 34 792.41 | 0.00 | -5 980.22 | 0.00 | 28 812.19 | 30 008.24 | |
| Vendor No.: | PO0014 | Vendor Name: | POSTNET GRAYSTON | | | | | |
| Vendor Total: | 2 892.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2 892.00 | |
| Vendor No.: | PRE0001 | Vendor Name: | PRELEC MINING SUPPLIES (PTY) LTD | | | | | |
| Vendor Total: | 858.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 858.80 | |
| Vendor No.: | RA0002 | Vendor Name: | PHAMBILI INTERFACE (PTY) LTD | | | | | |
| Vendor Total: | 57 709.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 57 709.03 | |
| Vendor No.: | RE0003 | Vendor Name: | RENTOKIL INITIAL (PTY) Ltd | | | | | |
| Vendor Total: | 4 532.68 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4 532.68 | |
| Vendor No.: | RO0002 | Vendor Name: | ROCKWELL AUTOMATION (PTY) LTD | | | | | |
| Vendor Total: | 0.00 | 0.00 | 0.00 | 4 243.50 | 145 669.35 | 149 912.85 | 149 912.85 | |
| Vendor No.: | RS0001 | Vendor Name: | RS COMPONENTS SA | | | | | |
| Vendor Total: | 3 804.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3 804.57 | |
| Vendor No.: | SA0001 | Vendor Name: | SABELCO ELECTRICAL INDUSTRIES (PTY) LTD | | | | | |
| Vendor Total: | 189 306.81 | 347 405.80 | 487 526.02 | 0.00 | 0.00 | 834 931.82 | 1 024 238.63 | |
| Vendor No.: | SA0004 | Vendor Name: | SABS CERTIFICATION (PTY) LTD | | | | | |
| Vendor Total: | 3 115.35 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3 115.35 | |
| Vendor No.: | SC0001 | Vendor Name: | SCHNEIDER ELECTRIC S.A. (PTY) LTD | | | | | |
| Vendor Total: | 379 293.99 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 379 293.99 | |
| Vendor No.: | SI0001 | Vendor Name: | SIEMENS LIMITED | | | | | |

| | | | | | | | |
|---|------------|---|------|------|------------|------------|------------|
| Vendor Total: | 307 350.84 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 307 350.84 |
| Vendor No.: | SP0001 | Vendor Name: SPECTRUM COMMUNICATIONS (PTY) LTD | | | | | |
| Vendor Total: | 17 526.00 | 0.00 | 0.00 | 0.00 | 268 357.10 | 268 357.10 | 285 883.10 |
| Vendor No.: | ST0010 | Vendor Name: STRIKE TECHNOLOGIES (PTY) LTD | | | | | |
| Vendor Total: | 2 835.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2 835.91 |
| Vendor No.: | SU0002 | Vendor Name: SURGE TECHNOLOGY (PTY) LTD | | | | | |
| Vendor Total: | 0.00 | 55 464.96 | 0.00 | 0.00 | 0.00 | 55 464.96 | 55 464.96 |
| Vendor No.: | TI0001 | Vendor Name: TIFFY SAFETY (PTY) LTD | | | | | |
| Vendor Total: | 6 728.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6 728.65 |
| Vendor No.: | TI0003 | Vendor Name: TIPROW ELECTRICAL (PTY) LTD | | | | | |
| Vendor Total: | 98 104.38 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 98 104.38 |
| Vendor No.: | VA0003 | Vendor Name: V.A.C. ELECT SUPPLIERS | | | | | |
| Vendor Total: | 9 315.00 | -1 242.00 | 0.00 | 0.00 | 0.00 | -1 242.00 | 8 073.00 |
| Vendor No.: | VR0001 | Vendor Name: VR ELECTRICAL (PTY) LTD | | | | | |
| Vendor Total: | 8 400.00 | -9 660.00 | 0.00 | 0.00 | 0.00 | -9 660.00 | -1 260.00 |
| Vendor No.: | VS0001 | Vendor Name: VIRTUAL SENSE POWER | | | | | |
| Vendor Total: | 0.00 | 24 487.85 | 0.00 | 0.00 | 0.00 | 24 487.85 | 24 487.85 |
| 1 882 608.09 724 973.79 482 512.69 -1 736.72 389 716.60 1 595 466.36 3 478 074.45 | | | | | | | |
| 9 274 913.65 4 890 491.79 2 395 774.33 4 542 701.51 4 899 038.21 16 728 005.84 26 002 919.49 | | | | | | | |

ELECTRON TECHNOLOGIES (PTY) LTD**DIVIDEND CALCULATION IF LIQUIDATED**

| Assets | | | | | |
|----------------------------------|--|------------------|------------------|-------------------|--------------------------|
| Fixed Assets | | Cost | Acc Dep | NBV | Est Net Realisable Value |
| Buildings | | 650 000 | 132 708 | 517 292 | 600 000 |
| Leasehold improvements | | 177 195 | 126 989 | 50 205 | - |
| Plant & equipment | | 499 163 | 498 038 | 1 125 | 10 000 |
| Computer Equip | | 562 949 | 532 392 | 30 557 | 30 000 |
| Computer Software | | 324 082 | 324 082 | - | - |
| Furniture Fittings | | 311 130 | 307 974 | 3 156 | 10 000 |
| Motor Vehicles | | 3 373 907 | 3 031 208 | 342 700 | 710 000 |
| | | <u>5 898 425</u> | <u>4 953 391</u> | | |
| Current assets | | | | | |
| Stock | | | | 908 496 | 100 000 |
| Trade Debtors | | | | 30 794 516 | 23 095 887 |
| Collateral Deposits | | | | 495 723 | 495 723 |
| Retentions | | | | 14 296 199 | 9 927 381 |
| WIP | | | | 17 210 812 | |
| | | | | <u>47 439 968</u> | <u>34 978 991</u> |
| Secured Claims | | | | | |
| Standard Bank - Lease agreements | | | | 357573 | |
| Standard Bank Overdraft | | | | 3043828 | 3401401 |
| | | | | | <u>31 577 590</u> |
| Current Liabilities | | | | | |
| Shareholders loans | | | | 4 020 127 | |
| Trade creditors | | | | 26 549 077 | |
| Vehicle Lease | | | | 357 573 | |
| Provision Leavepay | | | | 1 210 548 | |
| 3rd party payments | | | | 1 653 509 | |
| VAT | | | | 1 732 734 | |
| Advance Payment | | | | 8 512 556 | 44 036 124 |
| | | | | | <u>44 036 124</u> |
| Dividend In cents | | | | | 72 |

Trade debtors have been valed at a 75% recovery due to outstanding work. The recovery could be lower

ELECTRON TECHNOLOGIES (PTY) LTD

Shareholding as t 27 September 2019

| Shareholder | No. of shares | %age held |
|--------------------|----------------------|------------------|
| A Bohnsack | 1080215 | 42.28 |
| Island Trust | 554985 | 21.72 |
| A Mokapela | 281050 | 11.00 |
| D Cafun | 127750 | 5.00 |
| J Heeralall | 127750 | 5.00 |
| N Blair | 127750 | 5.00 |
| P Hugentobler | 127750 | 5.00 |
| S Murugusan-Thaver | 127750 | 5.00 |
| | <u>2555000</u> | <u>100.00</u> |

Shares of no par value

Holboth Business Solutions (PTY) LTD (2008/020820/07)



168 Westlake Country & Safari Estate,
Hartbeespoort Dam,
Northwest Province,
PO Box 333,
Broederstroom
0240
Tel: 012 207 1716
Fax: 012 207 1716
Cell: 0728237727

30 September 2019

The Directors,
Electron Technologies (Pty) Ltd
EMAIL: andreasb@electron-sa.co.za.

Dear Sirs,

ENGAGEMENT AS BUSINESS RESCUE PRACTITIONER FOR ELECTRON TECHNOLOGIES (PTY) LTD

We appreciate the opportunity to offer our service to Electron Technologies (Pty) Ltd and are committed to providing you with high quality professional services in an efficient and timely manner. This letter sets out the terms under which we can provide business rescue services to your company.

Scope of work

The shareholders have chosen to place the company in business rescue in terms of sect. 129(1) of the Companies Act 71 of 2008 due to it being financially distressed. In terms of the law and regulations relating to Business rescue, the company is required to appoint a business rescue practitioner and we wish to offer the services of Mr Basil Anthony Holford M. Com., C.A. (SA) for the appointment. His abbreviated curriculum Vitae is attached for your perusal.

The scope of the work to be undertaken is set out in the aforementioned Companies Act 71 of 2008 and more especially as follows:

- 1) Call and convene all meetings of affected parties as prescribed by the Act
- 2) Investigation of affairs of the Company- Sect. 141
- 3) Preparation of business rescue plan- sect 150
- 4) Presentation of business rescue plan- sect 152
- 5) Discharge of debts and claims- sect 154

During the business rescue proceedings, the practitioner has full management control of the company in substitution for its owners and pre-existing board of directors and management structure - sect 140(1)(a). The board of directors will continue to act in their current positions and will continue in office but will be answerable to the business rescue practitioner and will provide the practitioner with any information about the company's affairs as may reasonably be required.

Directors: BA HOLFORD

Management

Management will continue to carry out their normal day to day functions for which they were employed and will assist the practitioner as requested and will be answerable to the practitioner. The members will provide all necessary information required by the business rescue practitioner to enable him to satisfactorily carry out his duties.

Fees

The practitioner's fees are regulated in terms of Sect. 143 and regulation 127 of the Companies Act.

In terms of Regulation 127 of the Act, and based on the annual financial statements for the year ended 28 February 2018 the company is categorised as a medium sized company. The public interest score in terms of Regulation 26, which determines the category of company, is as follows: -

| | |
|--|------------|
| 1 point for each employee based on average number for the year | 98 |
| 1 point for every R 1 Million in third party liability | 32 |
| 1 point for every R 1 Million or part thereof in turnover | 109 |
| Beneficial shareholders | 8 |
| Total points | 247 |

Therefore, in terms of regulation 128, the fee for the practitioner is R 1 500 per hour

Middle managers will be charged at R 800 per hour

Junior managers will be charged at R 650 per hour

(All fees are inclusive of VAT)

All extraneous expenses such as travelling, etc will be charged for separately

It is the intention that wherever possible the staff of Electron (Pty) Ltd will be used to reduce costs as it is not our intention to overburden the company with unnecessary costs when one of the main functions of the practitioner in the first place is to reduce costs and stop the leakage of funds from the company.

All employees utilised on the contract are suitably qualified.

Billing will be done on a weekly basis with payment to follow in seven days from billing. At the discretion of the practitioner, these terms may be varied to monthly.

Agreement of terms

We are available to discuss this letter with you should you so wish. Once agreed, the terms and conditions of this agreement will remain in force unless and until the agreement is replaced.

Should we be appointed we look forward to full cooperation from your staff and we trust that they will make available to us whatever records, documentation and other information is requested in connection with your company's business rescue.

Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of the arrangements for the provision of business rescue service.


Directors: BA HOLFORD

Yours Faithfully



BA Holford
Director

Accepted:



Electron Technologies (Pty) Ltd

Directors: BA HOLFORD

ELECTRON TECHNOLOGIES (PTY) LTD

PROJECTED FINANCIAL STATEMENTS

| BALANCE SHEET | As At 27 September 2019 | As At 28 February 2020 | As At 28 February 2021 | As At 28 February 2022 |
|---|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Shareholders Equity | | | | |
| Share capital | 990100 | 990100 | 990100 | 990100 |
| Non-distributable reserves | 139596 | 139586 | 139586 | 139586 |
| Retained earnings | 2215458 | 5716773 | 11531285 | 23643912 |
| | <u>3345154</u> | <u>6846459</u> | <u>12660971</u> | <u>24773598</u> |
| Long Term Loans and Deferred Tax | | | | |
| Long term lease | 357573 | 234285 | 110997 | 0 |
| Shareholders' Loans - pre business rescue | 4020127 | 4020127 | 4020127 | 4020127 |
| Deferred Tax | -1468248 | 0 | 0 | 0 |
| | <u>6254606</u> | <u>11100871</u> | <u>16792095</u> | <u>28793725</u> |
| Represented by: | | | | |
| Fixed Assets | | | | |
| At cost less accumulated depreciation | 1561065 | 1325686 | 1145686 | 965686 |
| Current Assets | 49409467 | 54475879 | 40651229 | 48648328 |
| Stock on hand | 908416 | 8762703 | 7074744 | 9118319 |
| Work in progress | 17210812 | 16430068 | 13265145 | 17096848 |
| Deposits | 495723 | 495723 | 495723 | 495723 |
| Accounts receivable | 30794516 | 21187615 | 14283300 | 18015645 |
| Bank balance | | 7599770 | 5532317 | 3921793 |
| | <u>50970532</u> | <u>55801565</u> | <u>41796915</u> | <u>49614014</u> |
| Current Liabilities | 44715926 | 44700695 | 25004821 | 20820289 |
| Pre-business rescue creditors | 32823746 | 32823746 | 16823746 | 11823746 |
| Post commencement creditors | | 3747144 | 3063826 | 3879114 |
| Provisions | 3379624 | 2617249 | 2617249 | 2617429 |
| Advance payments on contracts | 8512556 | 5512556 | 2500000 | 2500000 |
| Bank overdraft | | | | |
| | <u>6254606</u> | <u>11100871</u> | <u>16792094</u> | <u>28793725</u> |
| | 0 | 0 | 0 | 0 |

ELECTRON TECHNOLOGIES (PTY) LTD

PROJECTED FINANCIAL STATEMENTS

| INCOME STATEMENT | Forecast for year ending 29 Feb 2020 | Forecast for the year ending 28 Feb 2021 | Forecast for the year ending 28 Feb 2022 |
|--|---|---|---|
| Turnover | | | |
| Net sales | 128891325 | 110173747 | 146126906 |
| Cost of sales | <u>109533789</u> | <u>88434301</u> | <u>113978987</u> |
| | 19357537 | 21739446 | 32147919 |
| Sundry revenue | <u>271234</u> | | |
| | 19628771 | 21739446 | 32147919 |
| Administration costs | <u>15371000</u> | <u>13693232</u> | <u>15324826</u> |
| Net profit for the year | <u>4257771</u> | <u>8046214</u> | <u>16823093</u> |
| Taxation | <u>756456</u> | <u>2231702</u> | <u>4710466</u> |
| Net profit after tax | <u><u>3501315</u></u> | <u><u>5814512</u></u> | <u><u>12112627</u></u> |
| | | | |
| Includes Business Rescue Practitioner's fees | 310000 | 810000 | 810000 |

ELECTRON TECHNOLOGIES (PTY LTD)

ASSUMPTIONS ON WHICH BUSINESS RESCUE PLAN IS BASED

The business rescue plan has been prepared from the historical information of the company, the information provided by the directors and management and on estimates and assumptions made in good faith as set out herein.

1. The first full year of the plan, being the year ending 28 February 2021 is seeing a period of consolidation and re-marketing of the company together with significant cost cutting and re-positioning of the company. With concerns that there may be further civil construction companies becoming financially distressed, Electron will not become involved with such companies as sub-contractors and this will result in a reduction in turnover in 2021 as is shown in the business plan
2. All overheads have been reviewed and have been forecast at actual costs for the year ending 28 February 2021.
3. The year ending 28 February 2022 has allowed for a an increase in sales arising from the re-marketing and positioning of the company as well as anticipated renders coming up which will only commence work at the end of the 2021 financial year.
4. Overheads have been forecast to increase at the estimated inflation rate of 6% in the year ending 28 February 2022.
5. The business plan allows for repayment of pre- business rescue creditors from the beginning of the 2021 financial year, and will commence towards the end of the first quarter.
6. It is estimated that all creditors will be paid in full before the end of February 2023 subject to achieving the plan as set out.