

22 June 2022

CIRCULAR 04

THIS IS A CIRCULAR TO ALL THE AFFECTED PERSONS OF **DIXOTIME PTY LTD** RELATING TO THE OUTCOME OF THE 1ST MEETING OF CREDITORS, HELD IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE MEETING HELD IN TERMS OF SECTION 147 OF THE ACT

The business rescue practitioner wishes to advise all the affected parties the outcome of the 1st meeting of creditors held on **17th of June 2022**.

Mr Pattinson gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting.

CONDITIONS FOR BUSINESS RESCUE

The practitioner explained the process of filing for business rescue and why a business would consider business rescue and the conditions of filing for business rescue.

1. The first question - Is the Company Financially distressed?

YES

1.1. Based on information at hand, yes, the business cannot pay its debts as and when they become due and payable, therefore it is clear that the business is in financial distress in terms of Section 128(1)(f) of the Companies Act and has filed for Business Rescue in terms of Section 129 of the Companies Act.

2. Second Question - Does a reasonable prospect of a rescue exist?

YES

2.1. Based on the information provided to the practitioner to date, the total debt of the business is about R 4.2m

2.2. The practitioner believes that there is a reasonable prospect of success because of the work that is currently in progress and tied up in litigation

2.3. The practitioner also confirmed the position in the Carrol v Carrol judgement and stated that a reasonable prospect also means that a better return must be given to the affected persons than in a liquidation, which is also a reality in this case. Should the business not be organically turned around, a better outcome will be sought than traditional liquidation.

3. Reason for Financial Distress

Trade Creditors	: R 4 248 033,29 (including Bank and other accounts not in arrears)
Debtors	: R 3 925 812
Assets	: R 33 7421 (28 February 2021)

3.1. The company has approximately R3.9m worth of debtors that still owe the company money for work that the company has completed.

3.2. Should the debtors settle their debt in full, we should be able to settle the creditors of the business and to continue trading in a profitable manner.

3.3. Work on some sites has commenced but the business is still owed monies for work started and not yet completed.

3.4. The value of the assets above is as per the AFS of the business, an independent valuation will be done during the business rescue process.

3.5. The rapid rise in the cost of materials and fuel.

3.6. The continued impact of the Covid-19 pandemic cannot be overlooked

About the Business

	2022	2021	2020
2020 - Turnover	R 27 335 187,42	R 23 668 722,00	R 42 713 650,00
2020 - Cost of Sales	R 23 685 077,30	R 20 186 070,00	R 38 059 730,00
2020 - Expenses	R 3 716 273,99	R 3 723 898,00	R 4 094 678,00
2020 - Profit / loss before Tax	- R 42 739,23	- R 303 283,00	R 379 896,00
	Year end February		

BUSINESS RESCUE PROCESS TO DATE

4. The Business became financially distressed and had no option, but to file for Business Rescue on the 2nd of June 2022, the stamped confirmation was received back from the CIPC on even date. This is when the Section 133 protection takes effect.
5. The practitioner applied to the CIPC for the confirmation of his appointment as the business rescue practitioner for this matter on the 2nd of June 2022 and received confirmation of his appointment from the CIPC on the 2nd of June 2022.
6. The first meeting of creditors as well as the second creditors meeting, were both held on the 17th of June 2022.
7. The first meeting of staff representatives was held on the 14th of June 2022.

FORMING A COMMITTEE

8. The Business Rescue Practitioner advised the attendees that they can form a committee of creditors in terms of section 147 of the Act.
 - 8.1. The attendees voted against this proposal.
 - 8.1.1. The business rescue practitioner will thus interact with all the creditors of the business directly.
 - 8.2. The practitioner is however open to the formation of a creditors committee in the future.

REQUEST FOR AN EXTENSION

9. The plan is currently due to be published on the 7th of July 2022, but the practitioner has asked for an extension until 10 days after the next meeting to be held on the 25th of July 2022.
- 9.1. The reason for the publication date is because of the various steps that need to be considered and completed before a plan can be published.
10. The practitioner confirmed that he will ask for an extension of the publication date, if needed, on a month-to-month basis, contrary to the traditional request by practitioners for extensions of up to a year at a time.
11. The practitioner will hold and preside over a creditor's meeting on a monthly basis where he will provide details of the progress made including but not limited to:
 - 11.1. a basic summary of the Income and expenses
 - 11.2. the costs of the business rescue to date
 - 11.3. the collection of the debtor's book
 - 11.4. and the stance on work in progress.
12. The practitioner will then at this meeting request an extension for a further month, should it be needed.
13. The attendees to the meeting discussed the matter and voted in favour of this proposal and agreed to have the next meeting on the 25th of July 2022.

PROOF OF CLAIMS

14. The practitioner confirmed that Jaco Durandt has sent out the proof of claim forms and these proof of claim forms must be completed and returned to Jaco Durandt on the prescribed document.

15. No fixed deadline for these submissions was provided during the meeting, but the practitioner will provide this deadline once the publication date of the proposed plan is confirmed.

- 15.1. It was stated that all proof of claims must be provided at least 5 days prior to the publication of the proposed business rescue plan, allowing sufficient time to incorporate all the details into the plan.

PROJECT BASED FINANCE

The practitioner gave a brief explanation of what project-based finance is and how it would work should any of the creditors wish to assist the business during the business rescue process.

16. The practitioner confirmed that the business is in a favourable position with projects and that if completed, could result in the successful rehabilitation of the business.

17. The practitioner did confirm however that co-operation from suppliers will be required for timeous and successful rehabilitation of the business.

18. The practitioner is aware that some suppliers are hesitant to continue supplying the business due to the absence of payment.

- 18.1. The practitioner will however communicate with these key suppliers after the meeting to explore options available to all parties during business rescue such as:

- 18.1.1. Post Commencement Finance
- 18.1.2. Project Based Finance
- 18.1.3. Additional securities and or sureties.

COMMENTS AND QUESTIONS FROM THE ATTENDEES

A question was asked whether there will still be a second meeting of creditors today.

The practitioner confirmed that the second meeting of creditors that will be held today will be for the specific purpose of confirming the fees of the practitioner and that attendance to that meeting is encouraged and can be accessed via the separate link that was sent out.

The practitioner did remind the creditors and affected persons that should there be any questions at any stage that they are welcome to contact him directly or Mr Durandt (both details reflected below)

All forms and circulars relating to the Business Rescue process for Dixotime Pty Ltd can be accessed at <https://pattinson.biz/document-library>

Quinton Pattinson

patp@businessrescue360.co.za

082 749 6462

Jaco Durandt (Assistant)

jaco@pe-paralegal.co.za

076 773 4595