

28 September 2023

CIRCULAR 07

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **MACHINECORP DIESEL (PTY) LTD T/A JEG DIESEL** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 3RD MEETING OF CREDITORS

The business rescue practitioners¹ wish to advise all the affected parties the outcome of the 3rd meeting of creditors of **MachineCorp Diesel (Pty) Ltd t/a JEG Diesel** (Herein after referred to as “JEG Diesel” or “The Business”) - held on 27 September 2023.

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

REASONS FOR THE FINANCIAL DISTRESS:

Mr. Masterton commenced the meeting and briefly confirmed per the first meeting and second meetings of creditors what the reasons were for the company experiencing financial distress. These are, amongst others:

1. COVID – 19 effects (Such as inability to obtain spares)
 - a. Availability of spares became a big problem. Resulting in purchasing from suppliers at above-average prices. Increase in operational costs as a result – declining margins (causing a cash flow problem).
2. Moved away from doing pumps & Injectors which used to be the core focus of the business – shifted to more focused-on servicing of vehicles.
 - a. Services provided smaller margins, continued cash flow problem.
3. Some operational issues which were identified and are in the process of being addressed.

¹ Jaco Durandt, Junior Business Rescue Practitioner and David Masterton, Experienced Business Rescue Practitioner.

INFORMATION PROVIDED:

Important Dates

Board Resolution Submitted	: 30 June 2023, (133 Protection date)
Practitioners Appointed	: 3 July 2023
1 st Meeting of Creditors	: 13 July 2023
2 nd Meeting of Creditors	: 23 August 2023
3 rd Meeting of Creditors	: 27 September 2023

RESCUE TO DATE:

Mr. Masterton did not spend much time re-iterating what has already been said in the previous meeting and should you wish to read the full extent thereof, same may be access on the website along with the other circulars.

What can be confirmed however is that Mr. Masterton and Mr. Durandt had met with various suppliers during the process to secure ongoing supply of materials in order to continue completing jobs in a timeous manner. Furthermore, that funds were made available by the shareholders for a specific purpose, being that of the upgrading of certain systems and machinery.

It was discussed in the meeting that the business had one or two minor staff related hiccups and that these were being addressed. Additional staff are also being actively recruited in an effort to keep up with the ramping up of productivity on the workshop floor and the greater throughput.

RESCUE GOING FORWARD:

As mentioned, the active recruiting of staff is ongoing, and we are currently in the search for a Technical Salesperson in an effort to deliver on some key factors and deliverables. The continued push for new work in an ongoing marketing campaign has so far proven very favourable as will be shown in the revenue increases as a result.

Improved performance can be seen in the improvements in the revenue lines:

July	R 518 883	
August	R 457 405	Taxi strike had a negative impact on the business
September	R 637 284	Forecast based information received

REQUEST FOR AN EXTENSION:

1. The practitioners did not ask for any further extensions for the business rescue plan to be published. The proposed business rescue plan will therefore be published as below:

Plan to be published: 17 October 2023

Voting date : 31 October 2023

PROOF OF CLAIMS

1. The practitioners confirmed that Jaco has sent out the proof of claim forms and these proof of claim forms must be completed and returned to him on the prescribed document. Same is also available – along with all other documentation relating to the business rescue – on the website of the practitioners at <https://pattinson.biz/> under the “Business Rescue” tab at the top right of the page. A final reminder will be sent out by the 6th of October 2023.

Kind Regards

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