

June 2022

CIRCULAR 20

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **UPAHLA CONSTRUCTION** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 7TH MEETING OF CREDITORS AND AFFECTED PERSONS

The practitioner wishes to inform all affected persons of the outcome of the 7th meeting of creditors and affected persons for Upahla Construction. The practitioner started the meeting with a brief introduction and overview of what the meeting would entail in the form of an agenda.

BR Cost to date:

Ongoing Expenses:

It was confirmed that the business rescue practitioner's¹ fees are as per the previous circulars and confirmed in the second meeting of creditors and amended in the third meeting of creditors. The practitioners are working for retainers as opposed to the hourly rate as agreed to previously.

The only other current cost is for Mr Jaco Durandt from PE Paralegal, as agreed to during the business rescue process.

New Expenses:

It was agreed in the meeting that the practitioner will use an independent valuator for the accurate valuation of all the assets of the business. A Liquidation and Distribution Account (to show probable dividends in a Liquidation) will also be prepared based on the valuation of the assets.

Income and Expenses:

	Mar-22	Apr-22	May-22	Total	AVE
Sales	2 363 490,70		5 733 878,33	8 097 369,03	2 699 123,01
Cost of Sales	1 318 074,66	892 869,48	2 872 274,93	5 083 219,07	1 694 406,36
Gross Profit	1 045 416,04	-892 869,48	2 861 603,40	3 014 149,96	1 004 716,65
GP%	44,2%	#DIV/0!	49,9%	37,2%	
Expenses	299 761,71	245 388,76	377 927,52	209 427,52	69 809,17
Net profit / (loss)	745 654	(1 138 258)	2 483 676	2 804 722	934 907

¹ Mr Quinton Pattinson, Senior Business Rescue Practitioner and Mr David Masterton, Experienced Business Rescue Practitioner

Based on the income and expenses shown above, the business is profitable. The biggest issue that the company is experiencing is one of cashflow. The business is buying on a COD basis and is then only receiving payments 60-90 days later which has left the business in a cash flow problem.

Adjudication:

The practitioner confirmed the following:

- The adjudication process between the department of Higher Education and Training and Upahla Construction has commenced
- Upahla submitted their documentation on the 12th of May
- The Department was supposed to submit theirs by the 27th of May, however they requested a 5 day extension (which was granted in terms of the procedures of adjudication)
- The department submitted on the 3rd of June
- Upahla has until the 10th of June to respond but have also requested a 5 day extension and will thus respond by the 17th of June.
- An outcome of this adjudication is expected by the 30th of June 2022.

Creditors:

The total creditors of the business currently total R32 230 817.14, up from the R24 888 229.08 but this is including all new claims received, of which the practitioner is confident, much will be reduced. This is also higher than what was originally anticipated for the business.

The practitioners are still hard at work busy scrutinising claims to ensure that amounts claimed for are not excessive and are in line with what was originally agreed upon. There are currently 84 creditors, after scrutiny, who have provided claims.

Next Meeting / Publication Date:

The current due date for the publication of the business rescue plan, should an extension not be given, is the 12th of June 2022.

Based on the discussions had in this meeting and other reasons including but not limited to the finalising of the creditor's lists, the valuation of the assets, the preparation of the LND account and feedback regarding the quantum of the various projects and pending the outcome of the adjudication process, it is proposed that another meeting similar to this one is held on the Friday 8th of July 2022 so that we can provide further feedback to assist in the drafting of a business rescue plan.

At the meeting of the 8th of July 2022, the practitioner will give an update on the business rescue process to date and will at that meeting request a further extension. Should the creditors not grant that extension, the business rescue plan will be published within a reasonable time period after the conclusion of that meeting.

A unanimous vote was achieved in this regard and therefore the next meeting will be on the 8th of July 2022 where a further update will be given.

Kind Regards

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