PROPOSED BUSINESS RESCUE PLAN

PUBLISHED TO THE AFFECTED PERSONS OF

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as “SPEC”

BY QUINTON (PAT) PATTINSON
&
JACO DURANDT

ON

18 July 2023

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1. DEFINITIONS

1.1. "**Acquittance**" means a document executed by a creditor in terms of which that creditor advises the Business Rescue Practitioner/s that such creditor will not look to the Business or the Business Rescue Practitioner/s for any payment of benefit under the Business Rescue Plan, to the extent of the amount stated in the acquittance;

1.1. "**Act**" means the Companies Act 71 of 2008 as amended;

1.2. "**Affected Persons**" means affected persons as defined in Section 128 (1) of the Act and in relation to the Company means a shareholder, a creditor and the employees of the Company;

1.3. "**Assets**" means all assets of the Business as reflected in the books of account of the Business as at the commencement date;

1.4. "**Auction Value**" means an estimate of the realisable value of the Business assets on a public auction where a sale is concluded on a forced sale, upon the fall of the hammer, to the highest cash bidder during an auction which was reasonably well advertised and attended by members of the public;

1.5. "**BRP/s**" means Pat Pattinson and Jaco Durandt as defined in Regulation 126 to the Act;

1.6. "**BR360 C**" means Business Rescue 360 Cape (Pty) Ltd which contracts Pat Pattinson and Jaco Durandt as the Business Rescue Practitioner/s of the business;

1.7. "**Business Rescue**" means the proceedings in terms of Chapter 6 of the Act and as defined in Section 128 (1)(b);

1.8. "**Business Rescue Plan**" means this document which is a business rescue plan prepared in terms of Section 150 of the Act and published by the Business Rescue Practitioner/s on the 18th of July 2023.

1.9. "**Claims**" means secured, preferent or concurrent claims as envisaged in the Insolvency Act, against the Business, the cause of action in respect of which arose, prior to or on the commencement date, of whatsoever nature and from whatsoever cause, including claims, arising from contract or delict, actual and contingent, prospective, conditional and unconditional, liquidated and unliquidated, assessed and unassessed and whether or not due for payment of performance, specific or otherwise, and including all claims arising out of any agreements entered into by the Business on or prior to the commencement date, all such claims to be determined, calculated and admitted as secured, preferent or concurrent in accordance with the same ranking, as envisaged in the Insolvency Act, that attached to them upon the issue of a winding up order in respect of the Business, whether or not such claims are proved;

1.10. “**Creditor/s**” means all legal entities, including natural persons, having secured, preferent and/or concurrent claims against the Business as at the commencement date as envisaged in the Insolvency Act;

1.11. “**Concurrent Creditors**” means creditors having concurrent claims as envisaged in the Insolvency Act;

1.12. “**The Business**” means Surface Preparations Equipment and Coatings (Pty) Ltd t/a “SPEC” (in business rescue), a business duly incorporated in terms of the Laws of South Africa under registration number 1971 / 002640 / 07;

1.13. “**Commencement Date**” means 3 March 2023 being the date upon which the resolution to voluntarily begin with business rescue proceedings was filed with the Commission;

1.14. “**Commission**” means the Companies and Intellectual Property Commission of South Africa which is a division of the Department of Trade and Industry and is responsible for the register of companies in South Africa;

1.15. “**Disputed Claim**” means a claim that was submitted, but not approved by the practitioner/s. These claims will be confirmed or amended prior to distribution and are dealt with in terms of the included dispute resolution mechanism in this plan.

1.16. “**Factoring**” means that a creditor consents to accept a full and final settlement of its outstanding historic debts to an amount less than offered in the plan, but paid immediately upon acceptance between the Business and the Creditor;

1.17. “**Historic Debt**” means the debt owed by the Business as at the date of filing;

1.18. “**Independent Creditors**” means all Creditors having Claims against the Business other than creditors related to the Business and its subsidiaries and/or directors;

1.19. “**Insolvency Act**” means the Insolvency Act 24 of 1936 as amended;

1.20. “**Legal Moratorium**” means the moratorium granted by section 133 of the Act in terms of which no legal action against the Business can be commenced;

1.21. “**Moratorium period**” means the period after the publication of the business rescue plan during which the Business proposes to make no payments towards the historic debts;

1.22. “**PCF**” means Post Commencement Financing provided by a financier to the Company as envisaged in terms of section 135 of the Act;

1.23. “**Power of Attorney**” means the legal document that is received by a person to obtain the authority to act for another person in legal or financial matters, in the specified format provided by the BRP/S;

1.24. “**Preferent Creditors**” means creditors having preferent claims as envisaged in terms of the Insolvency Act;

1.25. “**Proceedings**” means business rescue proceedings as provided for in Chapter 6 of the Act;

1.26. “**Proof of Claim**” means the full and total claim of a Creditor against the Business, in the specified format provided by the BRP/S subject to the final approval by the BRP/S;

1.27. “**Related Parties**” means, as provided in Section 2 of the Act, all persons and/or companies and/or legal entities related either directly or indirectly to the Business as at the Commencement Date;

1.28. “**Secured Creditors**” means creditors having secured claims as envisaged in the Insolvency Act;

1.29. **“Statutory Obligations**” means, the legally mandated duties and responsibilities that directors must fulfill in their role as custodians of the company. These obligations are designed to promote good corporate governance, transparency, accountability, and the protection of the interests of the company, its shareholders, employees, and creditors. These obligations include, but are not limited to, any and all submissions to SARS, provident funds, bargaining councils and other statutory bodies;

1.30. “**Substantial Implementation**” means in terms of section 132(2)(c)(ii) of the Act, the notice that is to be filed by the BRP/S confirming that a Business Rescue Plan has been implemented;

1.31. “**The Final date**” means the date upon the last payment in respect of the adopted Business Rescue Plan at a meeting envisaged in terms of section 152 of the Act is made;

1.32. “**The Meeting**” means the meeting convened in terms of section 151 (1) of the Act;

2. EXECUTIVE SUMMARY

2.1. The Business, known as Surface Preparations Equipment and Coatings t/a "SPEC" (Hereinafter referred to as "SPEC" or "The Business")

2.1.1. SPEC provides specialist services in the field of water engineering and corrosion protection.

2.1.2. Established on 4 March 1971, on 17 November 1995 it was registered as "Surface Preparations Equipment and Coatings (Pty) Ltd t/a SPEC.

2.1.3. Currently, it's owned by the Avenant Familie Trust – 49% and SPEC Investco (Pty) Ltd – 51%.

2.2. The Business became financially distressed and had no other option but to file for business rescue in terms of the Act[1] on 3 March 2023.

2.3. The Business then timeously notified all the affected persons known to the practitioner/s of the business rescue proceedings as per the Act.[2]

2.4. The BRP/S received their notice of appointment on 8 March 2023.

2.5. Based on the information received from the Business, the BRP/S concluded that the business is in fact financially distressed and that a reasonable prospect of a successful Business Rescue does exist, especially when considering the 2nd part of the definition of a rescue and have prepared this proposed business rescue plan for consideration by the creditors of the business.

2.6. It was thus concluded in terms of the Act[3] as read with the judgment of *Carrol vs Michael Carrol* that a better outcome than immediate and traditional liquidation is possible and will be sought.

2.6.1. All of the assets not required for the current operations of the business will be sold on a public platform, for the benefit of the creditors. The business will not cease trading in its entirety but will retain limited assets to honor remaining warranties on limited projects.

[1] Section 129 of the Companies Act 71 of 2008.
[2] Section 129 (3)(a).
[3] Section 128 (1)(b)(iii).

2.6.1.1. Please note Annexure D.1 for the list of movable assets to be auctioned.

2.6.1.2. Please further note that Annexure D.2 for the list of immovable assets, belonging to The SPEC Holding Trust, that have been made available for this business rescue process, together with the desktop valuations as supplied by Michael James Organisation.

2.6.2. The processes set out in this proposed business rescue plan will provide a substantially better outcome for all parties when compared to traditional liquidation.

2.6.2.1. It will be a faster, more manageable, and more economically viable process.

2.7. The BRP/S convened and presided over a first meeting of creditors and staff on 15 March 2023.[4]

2.8. The affected persons will now have the opportunity to peruse the Proposed Business Rescue Plan before voting on it no later than **Tuesday the 25 of July 2023**.

2.9. The details pertaining to this vote will be sent out in a Circular shortly.

2.10. Please use the time provided to address any questions, queries and suggested amendments to the Business Rescue Practitioner/s, via email, before the meeting to vote on this plan. This will allow the Business Rescue Practitioner/s the time needed to consider any suggestions.

2.11. Further please note that unfortunately no further proof of claims can be accepted by the Business Rescue Practitioner/s as ample time and opportunity was provided and these claims form the basis of determining the voting rights of the affected persons.

2.12. This plan makes provision for full and final settlement to creditors from proceeds generated as a result of the sale of business assets, and as such there will be no further funds available for any claims not contained in this proposed plan. There will be no form of recourse from any creditor that is not included in this proposed Business Rescue Plan.

2.13. The Practitioner/s cannot accept liability for any late claims and/or post-business rescue debt

[4] Section 147 (1).

and/or any other matters that arise after the vote on this plan.

2.14. It is important to note that the person representing the creditor during the meeting to vote needs to be the appointed public officer or the appointed proxy of the creditor.

2.14.1. If a creditor appoints a proxy, then the proxy needs to be in possession of a Power of Attorney document and mandated to ensure they can vote on the proposed business rescue plan and be in a position to apply their own minds during the meeting, considering discussions and amendments that might take place during the meeting.

2.14.2. If you have not received a Power of Attorney document to complete, please contact the Business Rescue Practitioner/s.

2.15. The Business Rescue Practitioner/s are confident that this Proposed Business Rescue Plan will result in a far better outcome than that of an immediate and traditional liquidation but accept no liability for the outcome of the auction and eventualities after the adoption of the plan.

2.16. Calculations and projections provided are based on information provided by the owners, management, accounting statements and the affected persons.

2.17. Due to the limitations in law, the practitioner/s did not have the time nor the funds or the *locus standi* to perform a full investigation, due diligence or confirmation audit on the information received nor to employ third parties to verify and scrutinise same.

2.18. This Proposed Business Rescue Plan does not provide for the continuation of the business in its current format, and therefore limited financial information will be provided.

2.19. The Business is not being sold as a going concern, instead, the business is simply selling its assets that are no longer required to complete projects, on a public platform, and the largely scaled down SPEC will be returned to the shareholders for continued trading or the closure of the business.

2.20. The costs relating to the business rescue proceedings will be settled from the available proceeds in full prior to any distributions. These costs can be settled from any funds that become available during the rescue process at any time as and when these fees become due. These costs include but are not limited to practitioner’s fees and contingencies, short-term insurance, auctioneers and or brokers fees and expenses, accounting and other continued statutory obligations such as the full VAT due to SARS resulting from the auction.

2.21. The practitioner/s will file for substantial implementation as soon as is practicable after the proposed business rescue plan has been adopted, and the following milestones achieved:

2.21.1. All disputed claims resolved in terms of this plan and the dispute resolution mechanism.

2.21.2. The successful completion of the auctions and or sale of immovable properties, and the funds paid into a third-party trust account for disbursements.

2.21.3. The completion of the distribution calculations once the various assets have been sold.

3. SALIENT FEATURES

The salient features of this Proposed Business Rescue Plan are set out as follows:

3.1. PART A – BACKGROUND OF THE COMPANY[5]

3.1.1. The Business, known as Surface Preparations Equipment and Coatings t/a "SPEC" (Hereinafter referred to as "SPEC" or "The Business") is a company that to provides specialist services in the field of water engineering together with corrosion protection and maintenance service to industry. Established on 4 March 1971, SPEC has undergone a number of changes in name, ownership and functionality and on 17 November 1995 it was registered as "Surface Preparations Equipment and Coatings (Pty) Ltd t/a SPEC, Currently it's owned by the Avenant Familie Trust – 49% and SPEC Investco (Pty) Ltd – 51%.

3.1.2. Per the Act[6]; The assets of the Business are as per the attached Annexure D.1 containing a List of Material Assets.

3.1.2.1. Although the AFS for the period ending Feb 22 states the value of the assets at about R6.9m, it is the view of the writers that the more probable market value of the assets is about R4.1m based on the list of assets provided by the business.

3.1.2.2. The value of the immovable assets, that have been made available by The SPEC Holding Trust, have been estimated by the auctioneers at about R19m and the desktop valuation is included as Annexure D.2.

3.1.2.2.1. It must be stated that the bonds remaining on the immovable assets will need to be settled as part of this process and only the surplus will be made available to the secured creditors of the business in terms of this proposed business rescue plan.

3.1.3. Per the Act[7]; The liability of the business is based on the proof of claims received from 49 creditors (totaling 57 claims) and totals about R24.9m. A list of creditors with their respective claims is attached as Annexure B.

[5] Section 150 (2) of the Companies Act.
[6] Section 150(2)(a)(i).
[7] Section 150(2)(a)(ii).

3.1.3.1. These claims are then broken down into the following Classes:

Secured Claims	:	6 Claims	for about R10 900 000
Concurrent Claims	:	31 Claims	for about R3 500 000
Disputed Secured Claims	:	3 Claims	for about R242 000
Disputed Concurrent Claims	:	15 Claims	for about R5 600 000
Disputed PCF Claims	:	2 Claims	for about R4 500 000

3.1.3.2. It must be noted that the proof of claims submitted to the Business Rescue Practitioner/s does not automatically assure the Creditor that they will receive this amount as discrepancies might be found when comparing the amount in the books of the Business to the proof of claim received.

3.1.3.3. Disputed claims: These claims will be confirmed or amended prior to distribution and are dealt with in terms of the included dispute resolution mechanism.

3.1.3.4. Please further note that this plan refers to the fact that no legal fees, interest, collection fees or any cost other than the capital amounts can be provided for on the historic debts due to creditors. Only the capital amounts due will be considered in the dividend calculation if such debt is not specifically provided for in this proposed Business Rescue Plan.

3.1.4. It is evident that should the business be placed into traditional liquidation, the costs thereof will result in a situation where the income from liquidation proceedings would be substantially less than what is being proposed to all creditors in terms this plan – Creditors may well be liable for a cost contribution in such a scenario.

3.1.5. The Business Rescue Practitioner/s thus remain of the opinion that this proposed business rescue plan provides for a much better return to all the affected parties than could materialise in a traditional liquidation.

3.1.6. The probable dividend in Liquidation compared to the Business Rescue dividend is as stated below:

Creditor Class		Liquidation		Business Rescue
Secured	:	0.9 cents in the rand	:	100 cents in the rand
Preferent (in liquidation) and PCF (in Business Rescue)	:	+-30 cents in the rand (For SARS) Staff could potentially receive their R12 500 per employee	:	100 cents in the rand
Concurrent Claims	:	0 cents in the rand	:	19 cents in the rand

*Please note that these values are estimates made in good faith and based on information received from the business, the valuations on the assets, asset lists received, and a very brief explanation and rough calculations is made as Annexure M.

* Note further that the practitioners cannot guarantee the outcomes of the auctions to be held and thus the estimations made above are on a reasonable belief of what could potentially be expected from said auctions.

3.1.7. Below is a complete list of the holders of the Company's issued securities.[8]

Name		Issued Securities
Avenant Familie Trust	:	49%
SPEC Investco (Pty) Ltd	:	51%

3.1.8. Attached as Annexure F[9] is a copy of the written fee agreement of the practitioner/s as approved by the business and the directors.

3.1.8.1. With the adoption of this proposed business rescue plan, it will be considered that creditors have approved this fee agreement.

3.1.9. No creditor has made any representations to the Business Rescue Practitioner/s and this business rescue plan includes no proposal made by a creditor.[10]

[8] Section 150(2)(a)(iv).
[9] Section 150(2)(a)(v).
[10] Section 150(2)(a)(vi).

3.2. PART B – PROPOSAL BY THE PRACTITIONER/S[11]

3.2.1. This Proposed Business Rescue Plan does not make provision for a specific moratorium period[12] to be granted, payments will be made to the creditors of the business as soon as the funds are made available after the sale of the assets and the specific projects mentioned below are completed; and the business rescue costs settled and disputed claims resolved.

3.2.2. The immovable properties that have been made available to the business rescue practitioners will be auctioned within 40 days from the adoption of this proposed business rescue plan.

3.2.3. All offers received will be Subject To Confirmation (STC) by Nedbank, unless a value of 80% or more from the desktop valuation is received as per a previous agreement with Nedbank.

3.2.4. The immovable properties being made available by the SPEC Holding Trust[13] are described in detail in terms of Annexure D.2, they do however hold an approximate market value of R19.3m.

3.2.4.1. The auctioneer's proposal for the sale of the immovable properties is contained in Annexure J.1.

3.2.4.2. These properties will be sold to settle the SPEC Holding Trust (SHT) loan due to Surface Preparations Equipment and Coatings. This will result in SPEC Holding Trust no longer owing any money to Surface Preparations Equipment and Coatings.

3.2.4.2.1. Once the indebtedness in terms of the loan account is settled, SHT will continue to make the funds from the sale of its properties available to the business rescue process to settle secured creditors, with Nedbank being settled first.

3.2.4.2.2. As a condition, all debtors that remain due to SPEC (once Nedbank has

[11] Section 150 (2).
[12] Section 150(2)(b)(i).
[13] Registration number IT2287 / 1995.

been settled) will be ceded to SHT in return for these continued contributions.

3.2.4.2.2.1. The costs for the collection of these debtors will be borne by SHT, as Surface Preparations Equipment and Coatings does not have the funds required to continue with the required litigation on these matters.

3.2.4.2.2.2. SHT will continue with making some payment to secured creditors for assets not sold and/or surrendered.

3.2.5. Although the order and preference of payments is addressed later in this plan, it is important to note the following regarding the funds that will become available because of the sale of these properties.

3.2.5.1. The funds will be used in accordance with the instructions from the 3rd party (SHT) once its own loan is settled and will be distributed in the following preferential order:

3.2.5.2. The settling of any outstanding bonds due on any of the properties sold.

3.2.5.3. The settling of Nedbank's full exposure in terms of the overdraft which is secured in terms of a cession of book debt and securities over these properties.

3.2.5.4. Once Nedbank has been settled in full, any remaining proceeds from the sale of the immovable assets will be used to settle only other secured creditors, including but not limited to AVIS, BMW Finance, Wesbank Finance and VW Finance once amounts are agreed to by all parties.

3.2.6. The moveable assets of the business, that are no longer required, will be sold at auction within 30 days of the adoption of this proposed business rescue plan.

3.2.6.1. The material list of assets is provided in Annexure D.1.

3.2.6.2. The auctioneer's proposal for the sale of the movable properties is contained in Annexure J.2.

3.2.7. The proceeds from the auction of the movable assets will be for the benefit of the concurrent creditors of the business and disbursements will occur as per the Act[14] with

[14] Section 135.

the VAT Claw-Back being settled after the cost of the business rescue process and the indebtedness due to the staff.

3.2.8. All moveable assets not sold at this public auction will be dealt with as follows:

3.2.8.1. Secured assets - These assets will be surrendered/abandoned to those parties holding such assets as security for its debts, subject to the auctioneer's valuation, and they shall forthwith take such steps to remove the assets from the premises at their own costs.

3.2.8.2. They shall also be deemed to take control and the risk therein at the conclusion of the auction unless specific arrangements have been made with the practitioner/s in writing to the contrary.

3.2.8.3. Such secured creditors must immediately make the necessary arrangements for the removal and or storage of these assets still on the premises with the landlord at their own cost.

3.2.8.4. Residual assets - These assets will be surrendered/abandoned to SHT at the auctioneer's valuation in reduction of their claim against the business for arear rental.

3.2.9. The offer in terms of this plan and the payment that is to be made to all creditors shall be in full and final settlement of such debt and the creditors shall by acceptance of the Proposed Business Rescue Plan accede to the discharge of the whole of the debt in terms of the Act[15].

3.2.10. Dispute Resolution Mechanism:

3.2.11. In terms of the proposed business rescue plan, a dispute resolution mechanism is required for claim adjudication. This mechanism ensures that the practitioners will be informed in a timely manner of any disputes arising out of whatsoever nature, prior to the voting on the proposed plan – because once a plan is voted on and adopted, it is binding on all parties and there is no allowance for subsequent amendments resulting from arbitration.

[15] Section 154.

3.2.12. Only claims clearly stated as disputed in this proposed business rescue plan may be addressed after adoption. Should you not agree with your claim amount, its category, or if your claim is not included in the proposed plan, you must notify the practitioners prior to the vote on the plan.

3.2.13. The practitioners are required to engage in resolving any disputes related to claim amounts included in the plan which are brought to their attention prior to the vote taking place.

3.2.13.1. This may include, *inter alia,* facilitating negotiations or seeking expert opinions, as deemed necessary and appropriate by the practitioners in their sole discretion.

3.2.13.2. The aim is to reach a fair and equitable resolution that aligns with the objectives of the business rescue process and balances the rights of all affected persons.

3.2.14. Disputes may include, but are not limited to:

3.2.14.1. Discrepancy in amounts.
3.2.14.2. Discrepancy regarding securities claimed.
3.2.14.3. Whether or not the debt is in fact due.

3.2.15. By proactively acknowledging disputes before the plan's adoption, this dispute resolution mechanism ensures a transparent decision-making process, ensuring confidence and trust among all affected persons involved in the business rescue process of the entity in rescue.

3.2.16. If the disputed creditor does not follow the procedure set out in the dispute resolution contained in Annexure G, then the creditor will be deemed to have abandoned their claim/s. Any claim so abandoned will be deemed to have been expunged and not be enforceable in terms of the Act at a later date.[16]

3.2.17. The implication of the abovementioned is that the creditors shall have no further right of recourse and shall not be entitled to enforce the debt, or any balance thereof owed by the business immediately before the beginning of the Business Rescue Process as the Business Rescue Plan does not provide for the institution of any further action. An extract from the Act is given below for ease of reference:

[16] Section 154.

Section 154: Discharge of debts and claims

“A Business Rescue Plan may provide that, if it is implemented in accordance with its terms and conditions, a creditor who has acceded to the discharge of the whole or part of a debt owing to that creditor will lose the right to enforce the relevant debt or part of it.

If a Business Rescue Plan has been approved and implemented in accordance with this Chapter, a creditor is not entitled to enforce any debt owed by the Company immediately before the beginning of the Business Rescue Process, except to the extent provided for in the Business Rescue Plan.”

3.2.18. The order of payment of claims and costs for this business rescue will follow the parameters as set out in Section 134 and 135 of the Act[17] and is summarised as follows:

3.2.19. First - The fees and expenses still due to the practitioner in terms of the Act[18] will be paid in terms of the Act.[19] These expenses will include all costs to facilitate the business rescue process including but not limited to the accounting costs, broker fees, short-term insurance, banking fees and statutory obligations as defined hereinabove.

3.2.19.1. The practitioners’ fees are per the annexed agreement. Should there be any arrears in fees due to the practitioners, these will also enjoy preferences afforded by the Act for post-commencement finance.[20]

3.2.19.1.1. All practitioner’s fees must however be settled from any available funds as and when they are due.

3.2.20. Second - All creditors, including but not limited to staff, sub-contractors and or suppliers who have assisted the business with the completion of the ongoing trading of the business will be settled next from proceeds available, for any of the work done or goods supplied to complete this work completed post business rescue commencement.

3.2.21. Third – any party that provided post-commencement finance will be repaid their respective loans, but no interest or fees will be paid.

[17] Section 150(2)(b)(v).
[18] Section 143.
[19] Section 135 (3
[20] Section 135.

3.2.21.1. No post-commencement finance due at the time of publication.

3.2.22. Fourth – Secured Creditors:

3.2.22.1. The first secured creditor that requires mention is Nedbank. Nedbank has provided an overdraft facility (the overdraft was at the time of commencement, due in the amount of R10 240 915.38).

3.2.22.1.1. Nedbank also has exposure for corporate cards.

3.2.22.1.2. Further to the above, Nedbank holds valid securities for their debt in the form of various bonds over the immovable assets, a cession of book debt and valid securities over the assets it financed.

3.2.22.1.2.1. The practitioners recognize these securities, and this plan makes provision for the full settlement of the indebtedness to Nedbank from the sale of the assets over which they hold these securities.

3.2.22.1.2.2. This includes the collection of debtors of the business until such time that the total indebtedness of Nedbank is settled.

3.2.22.1.2.3. Although highly unlikely, should there be any shortfall to the settlement of Nedbank's debt from the sale of the immovable assets, Nedbank will retain the right to pursue any valid sureties they held prior to the filing of business rescue.

3.2.22.2. The second secured creditor that requires mention is Wesbank/VW Financial Services. Wesbank/VW have provided vehicle asset financing over various vehicles and the business also has "fleet" vehicles which are in use by the business.

3.2.22.2.1. The Wesbank Fleet vehicles are dealt with as follows:

3.2.22.2.1.1.1. The 3 fleet vehicles that have been retained by the business will continue to receive regular monthly payments of the instalments as and when they become due by SHT.

3.2.22.2.1.1.2. Any arrear instalments at the date of publication have been received in the form of a proof of claim document and will be settled over the same period as what remains in the original agreement by SHT, and this will not impact the dividends to be paid to creditors from the income of the auctions.

3.2.22.2.2. The VW finance agreement vehicles are dealt with as follows:

3.2.22.2.2.1. There are 2 vehicles subject to this agreement and as at the date of publication they are up to date with their payments.

3.2.22.2.2.2. As part of the agreement with SHT, they will continue to pay these instalments until such time that the full indebtedness can be settled.

3.2.22.3. The third secured creditor that requires mention is AVIS. AVIS has provided the business with “fleet” vehicles which were in use by the business.

3.2.22.3.1. All the fleet vehicles have been returned and a claim for any early termination, arrear instalments and fair wear and tear has been received.

3.2.22.3.1.1. This claim and the quantum thereof will be evaluated and adjudicated after the plan has been adopted, and will be added to the concurrent claims.

3.2.22.4. The fourth secured creditor that requires mention is BMW Financial Services. BMW has provided vehicle asset financing for various vehicles which are in use by the business.

3.2.22.4.1. These vehicles are in the process of being sold either by the business from offers made and accepted by BMW Financial Services, or they will be surrendered to BMW Financial Services to be sold by BMW Financial Services.

3.2.22.4.2. The shortfalls in both scenarios will be provided to the practitioners and will be considered concurrent claims.

3.2.23. Fifth – SARS will receive any of the post-business rescue funds that are due to them in terms of the ordinary course of business before any concurrent creditors, but after business rescue fees and staff dues.

3.2.23.1. SARS will further receive the full VAT on the assets sold during the auctions without any compromise.

3.2.23.2. SARS will be paid their VAT Claw-Back on the compromise with creditors after the settlement of the staff packages with all other concurrent claims terms of the Act.[21]

3.2.23.3. All remaining debt due to SARS will also be considered concurrent debt and paid in proportion with the rest of the concurrent creditors.

3.2.23.4. The calculation of any potential claw back will only be possible at the conclusion of the auction and once distribution calculations have been made.

3.2.24. Sixth – The staff would, in a liquidation, only receive a maximum of R12 500 (most will receive less) – This will also only be the case if the liquidation costs are not so excessive that only secured debt can be paid.

3.2.24.1. In terms of this plan, the staff will share in the proceeds from the sale of movable assets.

3.2.24.2. As the practitioners are not permitted to proceed with any retrenchment processes as per the SAA judgement[22], it is impossible to provide a conclusive claim for the staff.

3.2.24.2.1. It can be stated that as the business will no longer trade, that it is likely that all remaining staff will be retrenched.

3.2.24.2.2. The amount estimated for full retrenchment packages for all remaining staff is estimated to be about R 551 916.89, but this is an estimation only and

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[21] Section 135.
[22] *South African Airways (SOC) Limited (In Business Rescue) and Others v National Union of Metalworkers of South Africa obo Members and Others* (JA32/2020) [2020] ZALAC 34; [2020] 8 BLLR 756 (LAC); (2020) 41 ILJ 2113 (LAC); 2021 (2) SA 260 (LAC).

includes funds due to previous staff.

3.2.24.2.3. Deductions may still be made for relevant statutory provisions and relevant vehicle claims policies and other arrangements and agreements.

3.2.24.2.3.1. A list of all staff members, both previous and current, to be considered in terms of this rescue plan has been included as Annexure L.

3.2.24.3. Due process as per the Labour Relations Act[23] will be followed in this regard with the assistance of an independent HR specialist.

3.2.25. Seventh – The Concurrent Creditors will share in the remaining funds from the sale of the assets of the business and the proceeds as made available by The Spec Holding Trust.

3.2.25.1. It is impossible to predict the outcome of the auction and as such no formal dividend can be calculated/provided.

3.2.25.2. Although the Business Rescue Practitioners are confident that this Business Rescue Plan will result in a far better outcome than that of an immediate and traditional liquidation, they accept no liability for the outcome of the auction and eventualities after the adoption of the plan.

3.2.26. Eighth – The interconnected companies that form part of the SPEC Group of companies have also submitted their various claims against the business, along with the SPEC Holding Trust. These claims are recognised by the practitioners but will be subordinated for the benefit of the creditors.

3.2.27. The main benefits of adopting this business rescue plan are:[24]

3.2.27.1. There is no risk of a cost contribution in business rescue and creditors cannot be held liable to fund any part of the business rescue process should they lodge their claims.

[23] Labour Relations Act 66 of 1995.
[24] Section 150(2)(b)(vi).

3.2.27.2. The business rescue process will allow for disbursement to creditors much faster than would be possible in a traditional liquidation because;

3.2.27.2.1. The process is not subject to the cumbersome supervision of the Master of the High Court and provisions of the Companies Act and Insolvency Act relating to meetings of creditors, submissions and approvals of accounts and advertising thereof.

3.2.27.3. This proposed business rescue plan removes the attorneys fees associated with a liquidation and removes the costs of a liquidator and the Masters Fees.

3.3. **PART C – ASSUMPTIONS AND CONDITIONS USED**[25]

3.3.1. This Business Rescue Plan is based on the following assumptions. [26]

3.3.1.1. Firstly, based on the assumption that all the creditors have submitted their claims or are satisfied that the amounts contained in Annexure B are correct.

3.3.1.1.1. The Business Rescue Practitioner/s have contacted all the affected persons, known to them, that might have a claim against the Business via email and/or telephone.

3.3.1.1.2. The Business Rescue Practitioner/s have provided the creditors with ample time and opportunity to supply their proof of claims.

3.3.1.2. This Proposed Business Rescue Plan is based on the assumption that no liquidation proceedings have commenced against the business prior to the filing for Business Rescue.

3.3.1.3. It is further assumed that the business is in fact a legally registered business and is registered with the Commission as "in business" or alternatively "in business rescue".

3.3.1.4. While the Business Rescue Practitioner/s have taken every effort to secure the

[25] Section 150 (2).
[26] Section 150(2)(c)(i).

most reliable and accurate information, this plan is based on the information received from the relevant parties and although the Business Rescue Practitioner/s have endeavored to confirm its accuracy, the funds and time allotted to them during Business Rescue Proceedings in addition to the limitations in law did not allow for a full due diligence or confirmation audit to be performed.

3.3.1.4.1. This proposed business rescue plan is thus prepared based on the assumption that the information provided is accurate. The Business Rescue Practitioner/s and their associates make no representation as to its accuracy and cannot be held liable for any eventualities arising from the use of the information provided.

3.3.1.5. Irrespective of these assumptions, this proposed business rescue plan will be binding on all creditors should a successful vote on the plan be achieved in terms of the Companies Act.[27]

3.3.1.6. This Business Rescue Plan is based on the following conditions that need to be satisfied for it to be fully operational.[28]

3.3.1.6.1. The First condition is that a successful vote in favour of the Proposed Business Rescue Plan needs to take place in terms of the Act[29] for the plan to come into operation.

3.3.1.6.2. The second Condition is that no contracts, agreements or commitments have been entered into during the business rescue proceedings without the Business Rescue Practitioner's express consent and signature to any documentation during the business rescue proceedings.

3.3.1.6.2.1. This has the result that any such agreements are void and cannot be entertained or honoured by the business in terms of The Companies Act.[30]

[27] Section 152.
[28] Section 150(2)(c)(i).
[29] Section 151 and 152.
[30] Section 137(4).

3.3.1.6.3. The third condition is that a full freeze on all directors' loan accounts with the Business is put into place. Repayments of the members debit loan accounts (monies owed by the members to the business) will be actively pursued by the practitioner for the benefit of the creditors.

3.3.1.6.3.1. All credit loan accounts will be frozen, and no director/shareholder will receive any repayment on these loans until such time as all creditors have been paid in terms of this proposed business rescue plan.

3.3.1.6.4. The fourth condition relates to SARS obligations by the business - The business rescue practitioners undertake that the company shall ensure that all tax obligations will be met until proceedings have been terminated on any ground listed in terms of the Companies Act of 2008.[31]

3.3.1.6.4.1. Any deviation from this undertaking shall constitute a material breach of the provisions of this business rescue plan and proceedings will in such an instance be deemed to have been terminated.

3.3.1.6.4.2. VAT liability arising as a result of a compromise of debts in terms of this plan is not subject to compromise and is payable in full. The practitioners warrant that provision for any VAT liability triggered in terms of the VAT Act 89 of 1991[32] has been made in the plan.

3.3.1.6.4.3. Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa and will be forfeited in proportion to the debt compromise effected by the business rescue plan. Such a reduction shall be without prejudice to any rights that the taxpayer may have in terms of the Tax Administration Act.

3.3.1.6.4.4. The claw back provision is only applicable to debt not older than 12 months, should any debt be older than 12 months, those compromised amounts will remain subject to the VAT claw back provisions.

[31] Section 132.
[32] Section 22.

3.3.1.6.5. The fifth condition is that after the date of adoption of this Plan, the rights of all creditors against the Company shall be confined to the right to claim payment in terms of this plan.

3.3.1.6.6. The sixth condition is that any compromise contemplated in this business rescue plan is conditional upon the company fully meeting its obligations to creditors as set out in this business rescue plan. In the event of any breach by the company of its obligations to creditors in terms of the business rescue plan, the practitioners reserve the right to provide the creditors with a new or amended business rescue plan for consideration.

3.3.1.6.7. The seventh condition is that no directors, shareholder or surety will be permitted to claim against the business for any claims against them as a result of any compromise reached in this proposed business rescue plan.

3.3.1.7. These conditions will allow the BRP/S sufficient leverage while they implement the proposed business rescue plan to ensure a successful winding down of the business.

3.3.1.8. Once the following has been completed the plan will be considered as having been fully implemented:[33]

3.3.1.8.1. a successful vote on this proposed plan has been achieved and that disbursement to creditors is limited to the extent as allowed for in this proposed business rescue plan and no creditor will be permitted to pursue any remaining debt due by the business or sureties, other than as provided for in this business rescue plan.

3.3.1.8.2. all disputed claims are resolved in terms of this plan and the dispute resolution mechanism.

3.3.1.8.3. the successful completion of the auction and or sale of immovable assets, and the funds paid into a third-party trust account for disbursements.

[33] Section 150(2)(c)(i).

3.3.1.8.4. the completion of the distribution calculations once the various assets have been sold.

3.3.1.9. The BRP/S will, at this point and at their sole discretion, file a Notice of Substantial Implementation of the Business Rescue Plan in accordance with the Act.[34]

3.3.1.10. It is proposed that the Company will not continue trading in its current format after the implementation of this BR Plan[35] and therefore the projected income statement is not required.

3.3.1.11. The business is not being sold in its entirety, rather the assets of the business that are no longer required for the completion of projects will be sold, and the business "rolled back" and returned to the directors for its continued trading or final winding up.

3.3.1.12. Find attached as Annexure K the signed and duly completed Annual Financial Statements for the year ending February 2022.

4. MEETING TO DETERMINE THE FUTURE OF THE COMPANY[36]

4.1. This Proposed Business Rescue Plan is published to the affected persons on 18 July 2023 and a meeting to vote has been scheduled to take place on 25 July 2023, a circular will follow with details of the meeting to vote.

4.2. Should you not be in a position to attend the meeting you may appoint a proxy to vote on your behalf and the practitioner/s will accept such nominations.

5. CONSIDERATION OF THE BUSINESS RESCUE PLAN[37]

5.1. Two votes will take place during this meeting as per the Act;[38]

[34] Section 132(2)(c)(ii).
[35] Section 150(2)(c)(iii).
[36] Section 151.
[37] Section 152.
[38] Section 152 (1).

5.2. The first vote will be to determine if the affected persons wish to adjourn the meeting and have the Business Rescue Practitioner/s make amendments to the Proposed Business Rescue Plan.

5.3. The second vote will be to determine if the Proposed Business Rescue Plan will be approved and implemented subject to the rest of the conditions set out in the Act.[39]

5.4. This plan does not make provision to alter the rights of any class of holders of securities, thus a third vote by the holders of securities is not required.

6. QUALIFICATION OF BUSINESS RESCUE

6.1. Business Rescue is a process introduced by Chapter 6 of the Companies Act of 2008 and the aim of it is clearly stated in the Act.[40]

6.2. The first part of the definition of Business Rescue states that it is a process designed at rehabilitating financially distressed Businesses.

6.3. The second part of the definition is that if a turnaround of the Business is not possible that the Business Rescue Process must provide a better return to creditors and shareholders than what would be realised through the immediate and traditional liquidation of the Business.

6.3.1. This is further confirmed in the matter of *Carroll v Michael Carroll CC* (2018/22808) [2019] ZAGPPHC 74 (15 March 2019)) Re: Section 141(2) does not apply if a better return is received by creditors compared to the dividend to be received by creditors upon immediate liquidation.

6.4. This is done via a temporary supervision of the Business by a Business Rescue Practitioner or practitioners, where these practitioners must determine the exact financial position of the Business and prepare a Business Rescue Plan which the creditors will vote on.

6.5. In order for a Business to qualify for Business Rescue some conditions must exist as per the Act.[41]

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[39] Section 152.
[40] Section 128 (1)(b).
[41] Section 129 (1).

6.6. The first condition is that the Business must be financially distressed as defined in the Act.[42]

6.7. The second condition is that the Business Rescue Practitioners must believe that a reasonable prospect of a rescue exists as defined in the Act.[43]

6.8. Based on the initial investigation of the Business by the Business Rescue Practitioners, from the information provided to them, it was determined that the Business qualifies for both conditions as required by the Act.

6.9. The Business was indeed financially distressed as it could not pay all its expenses as and when they became due.

6.10. The Practitioners were at the time of the first creditors' meeting of the view, based on the information provided to them at that time, that a reasonable prospect of a successful rehabilitation of the business did exist.

6.11. Based on subsequent information and events, outside of the control of the business or the practitioners, the practitioner/s are no longer of the view that the business can be rehabilitated in the ordinary sense, but that a better outcome could be provided to the affected persons than that which they would receive in a traditional liquidation. Furthermore, allowing the business to continue trading in a scaled-down format.

7. OVERVIEW OF THE BUSINESS RESCUE PROCESS

7.1. The Business commenced Business Rescue Proceedings in terms of the Act[44] by virtue of passing a resolution stating that it is in financial distress and therefore needed to file for Business Rescue.

7.2. The process of business rescue as contained in Chapter 6 of the Companies Act was duly followed with the following milestones achieved:

[42] Section 129 (1)(a).
[43] Section 129 (1)(b).
[44] Section 129.

Action	Date
Business Rescue Resolution passed	3 March 2023
Resolution adopted by CIPC	5 March 2023
Business Rescue Practitioners Appointed	8 March 2023
Business Rescue notice submitted to affected persons	9 March 2023
First meeting of Creditors and Staff	15 March 2023
Second meeting of Creditors	5 April 2023
Third meeting of Creditors	11 May 2023
Fourth meeting of Creditors	26 May 2023
Business Rescue Plan published	18 July 2023
Vote on the proposed business rescue plan	25 July 2023

8. INVESTIGATION OF THE AFFAIRS OF THE COMPANY

8.1. The business rescue practitioner/s did investigate the affairs of the business in terms of the Act.[45]

8.2. Subsequent to this investigation the business rescue practitioner/s concluded that:

8.2.1. The practitioner/s still believe there to be a reasonable prospect to provide a better return to the affected persons than in a liquidation.

8.2.2. The company remains in financial distress and the business rescue process must continue.

8.2.3. Due to the limitations of the law, the practitioner/s did not have the time nor the funds to investigate all potential aspects of non-compliance.

8.2.4. The practitioner/s further found no evidence of any acts that could be considered as fraudulent.

8.2.5. This proposed Business Rescue Plan is published to the creditors of the Company without prejudice by the Business Rescue Practitioner/s and their associates.

[45] Section 141.

9. VOTING ON THE PLAN

9.1. The first vote

9.1.1. This vote will be to determine whether the creditors wish for the Business Rescue Practitioner/s to end the meeting, amend this Business Rescue Plan and then present an amended plan at a follow-up meeting.

9.1.2. The Business Rescue Practitioner/s request that these amendments are received before the meeting so as to include these in the discussions of the voting meeting with the creditors.

9.2. The second vote

9.2.1. This vote will be to determine whether the creditors accept or reject the Proposed Business Rescue Plan.

10. ANNEXURES TO THE BUSINESS RESCUE PLAN

10.1. The following annexures are attached to this Proposed Business Rescue Plan:

Annexure A:	Outcome of 1st Creditors Meetings
Annexure B:	List of Creditors of the Business
Annexure C:	Company Registration Documents
Annexure D.1:	Material list of Moveable Assets of the Business
Annexure D.2:	Immovable Property – Descriptions and Valuations
Annexure E:	Certificate of the Business Rescue Practitioners
Annexure F:	Written Fee Agreement (Proposal)
Annexure G:	Dispute Resolution
Annexure H:	Disclaimer
Annexure I:	Retrenchment document
Annexure J.1:	Immovable Assets Auction Proposal
Annexure J.2:	Movable Assets Auction Proposal
Annexure K:	2022 AFS
Annexure L:	List of Staff
Annexure M:	Rough Calculation of Liquidation vs Business Rescue Returns

We thank you for your time offered to determine the future of this Business Rescue process for **Surface Preparations Equipment and Coatings (Pty) Ltd t/a SPEC.**

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure A : Outcome of 1st Creditors Meeting

Building 5 | Waterfront Business Park | 9 Pommern Street | Humerail | Port Elizabeth | 6070 | South Africa
P O Box 28302 | Sunridge Park | 6008 | Port Elizabeth | South Africa
T (+27) 41 008 5073 **E** patp@businessrescue360.co.za **W** www.businessrescue360.co.za

16 March 2022

CIRCULAR 03

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY) LTD** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 1ST MEETING OF CREDITORS

The business rescue practitioners wish to advise all the affected parties the outcome of the 1st meeting of creditors of **Surface Preparations Equipment and Coatings** (Pty) Ltd (Herein after referred to as "SPEC" or "The Business") - held on 15th of March 2023.

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

<u>CONDITIONS FOR BUSINESS RESCUE</u>

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.

1.2. Had the directors decided not to file for business rescue, they would be compelled in terms of Section 129(7) of the Act to deliver a formal written notice to every affected person detailing:

1.2.1. That the business is in financial distress.

1.2.2. The reasons for the financial distress.

1.2.3. The reasons for the company's decision to not file for business rescue.

1.3. In short, and as a very high-level interpretation of the facts – the company found itself in a position where a substantial security has been requested. The full details of same will be addressed at the next meeting when the practitioners have done a further investigation and has taken the necessary opinions on the matter. However, it was clear that should the company have settled this security in full, the company would have had no option but to liquidate. The circular events relating to this security are currently being looked at but it is clear that the security is intended as a performance guarantee against potential future contingent liabilities and therefore the debate as to whether this is seen as an indebtedness and currently due and payable.

1.4. Further, should the amount referred to above have been paid in full and the business subsequently liquidated, it is in all likelihood that a liquidator, once appointed, would consider the facts and would determine that the payment of such a security for a contingent liability would be an undue preference and a disposition without value and the monies would be returned to the liquidator in any event for the service of the creditors of the business – essentially resulting in the unnecessary liquidation of a business that would otherwise continue to employ many staff.

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

2.1. Based on the information provided to the practitioner to date.

2.1.1. At minimum a better outcome than traditional liquidation will be sought.

2.2. The practitioner believes that there is a reasonable prospect of success as will be discussed later in the meeting regarding the business' current operations.

2.2.1. Further, should a rehabilitation of the business not be possible, the practitioners will be required to at the very least seek a better outcome for the affected persons than that which they would receive in an immediate and traditional liquidation. As in terms of Section 128(1)(b)(ii) of the Companies Act and the judgment of Carrol v Michael Carrol.

Information Provided

*The practitioners hereby would like to confirm that the company went into business resuce on the 3rd of March 2023. The practitioners only received their confirmation of appointments on the 8th of March 2023. The practitioners have had less than a full week to evaluate, scrutinise, confirm and consider the full events leading up to the business rescue process. Therefore, based on these initial and very high-level investigations into the affairs of the company, the practitioners present the following:

- **Liabilities** R 4 170 620 Trade Creditors + R 10 000 000 Overdraft + Disputed Claim R 6 500 000 (security only – continued negotiation)
- **Debtors** R 1 231 172
- **Bad debt to collect / Litigation and other possible collections** R 28 240 939,29 (in excess of 14 current litigation matters)
  - Please note that there is at no point any guarantee that all this debt is recoverable – there is however a possiblity.
- **Assets** R 13 068 717,31 (vehicles not included)
- **Security for liabilities** (immovable property) R 29 685 000 (Encumbered - R 10 405 758 = R 19 915 508,74 as a potential)
- **Future work** R 66 000 000 (R 36 000 000 already awarded or in process)

  The practitioners will at the next meeting be in a position to provide more detail regarding the above and to confirm the accuracy thereof.

REASONS FOR THE FINANCIAL DISTRESS:

1. **The difficulties**
    a. R 6,5m in cash security demanded by a customer of the business.
    b. **Options available**
        i. Pay security and liquidate the business.
        ii. If liquidated, security would be paid back to liquidator (disposition without value)
        iii. Submit to Business Rescue and balance the rights of all affected persons.
            1. Per the Companies Act and being the responsible decision made by the directors of the business.
            2. All other options were considered before the decision to submit to business rescue.
    c. **We will continue to seek out options to cover the security and continue to work towards profitability of the business.**

Important Dates

Board Resolution Submitted	:	3 March 2023, (133 Protection date)
Practitioners Appointed	:	8 March 2023
1st Meeting of Creditors	:	15 March 2023

FORMING A COMMITTEE

1. The Business Rescue Practitioners advised the attendees that they can form a committee of creditors in terms of section 147 of the Act.

    1.1. The attendees voted against this proposal.

    1.1.1. The business rescue practitioner will thus interact with all the creditors of the business directly.

REQUEST FOR AN EXTENSION

1. The plan is currently due to be published on the 14th of April 2023 – not having given consideration to the *dies non days* in terms of upcoming public holidays.

2. Based on the discussions had in this meeting, it is proposed that another meeting similar to this one is held on the 5th of April 2023 so that we can provide further feedback to the creditors. Should this not be granted, the plan will be due on the 20th of April 2023.

3. A unanimous vote was achieved in this regard and therefore the next meeting will be on the 5th of April 2023 where a further update will be given, and further extensions be given should it be necessary.

PROOF OF CLAIMS

1. 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. Same is also available – along with all other documentation relating to the business rescue – on the website of the practitioner at https://pattinson.biz/ under the "Business Rescue" tab at the top right of the page.

QUESTIONS / COMMENTS

1. The bad debt / litigation portion, this seems like it would be sufficient to cover the indebtedness of the business.
    - **a.** The practitioners confirmed that yes, should all those funds be available it would be possible to resolve the current financial distress. It was again confirmed that it is in no way guaranteed that the funds would be recoverable but all attempts are being made.

2. Regarding the current debtors of the business, do those debtors not have insurance or other means of paying the company the money?
    - **a.** The practitioners confirmed that the debtors (of roughly R1.2m as above) are not yet beyond their ordinary payment terms and thus not yet needed to consider such steps. The R1.2m mentioned above is what is currently due in the ordinary course of business and the ordinary collection procedures will follow. Should these debts however become overdue outside of the ordinary course, the practitioners will investigate all manner of collection including the likes of CGIC and other insurers, should same be applicable.

Kind Regards

Quinton Pattinson	Jaco Durandt
patp@businessrescue360.co.za	jacod@businessrescue360.co.za
082 749 6462	076 773 4595

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure B : List of Creditors of the Business

It must be noted that the proof of claims submitted to the Business Rescue Practitioners does not automatically assure the creditor that they will receive this amount as discrepancies might be found when comparing the amount in the books of the business to the proof of claims received.

Due to the limitations in law, the practitioners did not have the time nor the funds or the *locus standi* to perform a full investigation, due diligence or confirmation audit on the information received nor to employ third parties to verify and scrutinize same.

Please further note that this plan refers to the fact that no legal fees, interest, collection fees or any cost other than the capital amounts can be provided for on the historic debts due to creditors. Only the capital amounts due will be considered in the dividend calculation if such debt is not specifically provided for in this proposed Business Rescue Plan.

Surface Preparations Equipment and Coatings (Pty) Ltd			FINANCE SHEET				
Nr	Creditor	Acronym	Capital Amount	Interest & Admin Fees	Legal Fees	Amount Due	% Voting Interest
1	African Overalls	CC	R 5 781,04			R 5 781,04	0,02%
2	Ainsworth Valves Manufacturing	D-CC	R 850 450,30			R 850 450,30	3,38%
3	Atlanta Instruments	CC	R 623 120,69			R 623 120,69	2,47%
4	AVIS	D-CC	R 677 882,23			R 677 882,23	2,69%
5	BAMR	CC	R 6 194,48			R 6 194,48	0,02%
6	BDO Tax Services	CC	R 20 286,00			R 20 286,00	0,08%
7	BDO-SA Inc	CC	R 118 450,00			R 118 450,00	0,47%
8	Beka-Schreder	D-SC	R 19 791,25			R 19 791,25	0,08%
9	Bo's plant and tool hire	CC	R 11 204,89			R 11 204,89	0,04%
10	Busu Trading	CC	R 45 267,45			R 45 267,45	0,18%
11	CA Du Toit	CC	R 186 415,00			R 186 415,00	0,74%
12	Cape Armature Winders	CC	R 123 970,00			R 123 970,00	0,49%
13	Chapman Brothers	D-CC	R 10 963,18			R 10 963,18	0,04%
14	Clive Moore Precision Engineering (Lexmor)	CC	R 15 812,50			R 15 812,50	0,06%
15	Cyclone Reinforcing Steel	D-CC	R 50 000,00			R 50 000,00	0,20%
16	Diveworx	CC	R 179 411,00			R 179 411,00	0,71%
17	Dynamic Express Services	CC	R 11 767,07			R 11 767,07	0,05%
18	Energo plant & tool hire	CC	R 60 605,00			R 60 605,00	0,24%
19	Engeli Enterprise Development	CC	R 143 014,00			R 143 014,00	0,57%
20	EP Electrical Distributors	D-SC	R 134 397,66			R 134 397,66	0,53%
21	Euro Steel SA	CC	R 139 805,50			R 139 805,50	0,56%
22	Greyvensteins	D-CC	R 431 078,08			R 431 078,08	1,71%
23	Industrial Welding Supplies & Plant Hire	D-CC	R 14 076,00			R 14 076,00	0,06%
24	Macsteel Services Centres S.A.	D-SC	R 88 418,90			R 88 418,90	0,35%
25	Nedbank Corporate Card Acc No: 5898460003247590	SC	R 28 006,95			R 28 006,95	0,11%
26	Nedbank Corporate Card Acc No: 5898461048885105	SC	R -			R -	0,00%
27	Nedbank Current Account Overdraft 1217039821	SC	R 10 240 915,38			R 10 240 915,38	40,67%
28	Nedbank Instalment Sale Agreement Account Number 35909840098	SC	R 104 766,57			R 104 766,57	0,42%
29	Nelson Mandela Bay Municipality	D-CC	R 131 433,60			R 131 433,60	0,52%
30	Neptune Engineering	CC	R 29 244,50			R 29 244,50	0,12%
31	Olivier Survey Group	D-CC	R 7 636,00			R 7 636,00	0,03%
32	Omni Technologies	CC	R 16 571,55			R 16 571,55	0,07%
33	Pax Stationers	CC	R 5 575,42			R 5 575,42	0,02%
34	Premier Pipe Supply	CC	R 229 632,00			R 229 632,00	0,91%
35	Robust Engineering and Maintenance	CC	R 147 789,95			R 147 789,95	0,59%
36	SARS - Income Tax	D-CC	R 1 963 609,87	R 219 269,74		R 2 182 879,61	8,67%
37	SARS - PAYE	D-CC	R 57 816,42	R 99,84	R 5 784,38	R 63 700,64	0,25%
38	SARS - SDL	D-CC	R 5 917,53	R 10,24	R 593,25	R 6 521,02	0,03%
39	SARS - UIF	D-CC	R 9 451,98	R 16,31	R 945,20	R 10 413,49	0,04%
40	SARS - VAT	D-CC	R -	R -	R -	R -	0,00%
41	Sasfin Bank	CC	R 79 550,63			R 79 550,63	0,32%
42	Servelec	D-CC	R 48 596,75			R 48 596,75	0,19%
43	South African Securitisation Programme	CC	R 6 428,57			R 6 428,57	0,03%
44	SPEC Corrosion Protection (Pty) Ltd	CC	R 357 644,66			R 357 644,66	1,42%
45	SPEC Group Services (PTY) Ltd	CC	R 30 265,46			R 30 265,46	0,12%
46	SPEC Hardware (PTY) Ltd	CC	R 192 153,45			R 192 153,45	0,76%
47	SPEC Holding Trust	CC	R 88 341,49			R 88 341,49	0,35%
48	SPEC Holding Trust (Loan - Property provided)	D-PC	R 4 000 000,00			R 4 000 000,00	15,89%
49	STAFF CLAIM TOTAL (Estimated)	D-PC	R 551 916,89			R 551 916,89	2,19%
50	Steel Pipes and Projects	CC	R 11 298,75			R 11 298,75	0,04%
51	Subtech South Africa	CC	R 467 742,73			R 467 742,73	1,86%
52	Supa Quick (William Moffett)	CC	R 8 540,00			R 8 540,00	0,03%
53	Turner Morris	CC	R 21 850,00			R 21 850,00	0,09%
54	Volkswagen Financial Services Acc no 87017400821	SC	R 377 409,30			R 377 409,30	1,50%
55	Volkswagen Financial Services Acc no 87019338503	SC	R 224 495,15			R 224 495,15	0,89%
56	Wesbank Fleet (Balance of vehicles) Acc no 5000778	D-CC	R 1 415 313,57			R 1 415 313,57	5,62%
57	Zenzele Valves Manufacturing	CC	R 125 604,15			R 125 604,15	0,50%
TOTAL		**57**	**R 24 953 681,49**	**R 219 396,13**	**R 7 322,83**	**R 25 180 400,45**	**100,00%**

SUMMARY BY CREDITOR ACRONYM		Count	Capital Amount	Interest & Admin Fees	Legal Fees	Amount Due	%
SC	Secured Creditors	6	R 10 975 593,35	R -	R -	R 10 975 593,35	43,59%
CC	Concurrent Creditors	31	R 3 509 337,93	R -	R -	R 3 509 337,93	13,94%
PC	Post Commencement Finance	-	R -	R -	R -	R -	0,00%
D-SC	Disputed Secured Creditors	3	R 242 607,81	R -	R -	R 242 607,81	0,96%
D-CC	Disputed Concurrent Creditors	15	R 5 674 225,51	R 219 396,13	R 7 322,83	R 5 900 944,47	23,43%
D-PC	Disputed Post Commencement Finance	2	R 4 551 916,89	R -	R -	R 4 551 916,89	18,08%
TOTAL		**37**	**R 24 953 681,49**	**R 219 396,13**	**R 7 322,83**	**R 25 180 400,45**	**100,00%**

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure C : Company Registration Documents (CoR123.1)

Companies and Intellectual Property Commission
a member of the dtic group

COMPANIES AND INTELLECTUAL PROPERTY COMMISSION REPUBLIC OF SOUTH AFRICA

Date:	**05/03/2023**
Customer name:	**JACO DURANDT**
Customer code:	**JA2976**
E-mail address:	**JACO@PE-PARALEGAL.CO.ZA**
Rereference Number:	**60000699167**

The Commission has received a form CoR123.1 Notice to Commence Business Rescue Proceedings in terms of section 129 or court order commencing business rescue proceedings in terms of section 131 of the Companies Act, 71 of 2008, dated 03/03/2023 for:

Company / Close Corporation Name:	**SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY) LTD**
Registration Number:	**1971/002640/07**
Company / Close Corporation Status:	**BUSINESS RESCUE**

The application was duly registered on 05/03/2023 and the effective date of commencement of business rescue proceedings is recorded as 03/03/2023.

Yours sincerely,

Commissioner: CIPC

Companies and Intellectual Property Commission
a member of the dtic group

Certificate of Confirmation

Registration Number:	**1971/002640/07**
Enterprise Name:	**SURFACE PREPARATIONS EQUIPMENT AND COATINGS**

ENTERPRISE INFORMATION

Registration number:	**1971/002640/07**	
Enterprise Name:	**SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY) LTD**	
Registration Date:	**04/03/1971**	
Business Start:	**04/03/1971**	
Enterprise Type:	**PRIVATE COMPANY**	
Enterprise Status:	**BUSINESS RESCUE**	
Financial Year End:	**FEBRUARY**	
Main business/Main object	**CORROSION PROTECTION CONCRETE AND MECHANICAL REHABILITATION AND SITE-BASED CONTRACTS IN ALL ASPECTS**	
Tax number:	**9551056071**	
Addresses:	Postal Address **P O BOX 2986** **NORTH END** **3363** **6056**	Address Of Registered Office **19 KURLAND ROAD** **PERSEVERANCE** **PORT ELIZABETH** **3363** **6000**
Company Records Location:		

Registration Number: **1971/002640/07**

Enterprise Name: **SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY) LTD**

AUDITORS

Name

Postal Address

ACTIVE MEMBERS / DIRECTORS

Full Name	Director Type	ID Number	Appoint. Date	Cellphone Number	Address
DE BOD FREDERIK JACOBUS	DIRECTOR	6309085075082	01/04/2013	0845743643	Postal:P O BOX 2986,NORTH END,PORT ELIZABETH,3363, 6056 Residential Address: 19 KURLAND ROAD, PERSEVERANCE, PORT ELIZABETH,3363, 6001
AVENANT ARNOLD PETRUS	DIRECTOR	6808305126088	01/07/2001	0845237901	Postal:P O BOX 2986,NORTH END,PORT ELIZABETH,3363, 6056 Residential Address: 19 KURLAND ROAD, PERSEVERANCE, PORT ELIZABETH,3363, 6001

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure D.1 : Material list of Assets of the Business (Movables)

ASSET LIST OF SURFACE PREPARATION EQUIPMENT AND COATINGS (Pty) Ltd t/a SPEC @ JULY 2023

Description	Plant no	Description	Identification	Date acquired	BOOK VALUE 2022	Estimated aution value
		AUTOMOTIVE MACHINERY				
Trailer KARET BOX TRAILER	P0058	Trailer KARET BOX TRAILER	CBY652EC	01/02/2008	5 000	R 2 500,00
3/4 ton Venter Trailer	P0113	3/4 ton Venter Trailer	HDD577EC	25/10/2013	5 000	R 3 000,00
Quad Bike (army green) LTF	P0077	Quad Bike		28/02/2010	5 250	R 1 000,00
Hp washer on Trailer- Red	P0136	Fire Trailor - Vencedor water tanker	FJM720EC	26/04/2013	10 238	R 10 000,00
Boxed (A Zeelie)	P0125	Trailor - Karet Box		*	8 750	R 2 000,00
Trailer (4*4 box)	P0114	Loadstar 4x4 trailer box	DWC636EC	23/04/2014	3 832	R 10 000,00
Trailer	P0151	Box Trailer 4x4	DNH816EC	09/12/2015	4 132	R 10 000,00
Alluminium canopy (Ford bakkie)	P0408	Ranger S/Cab Canopy		25/05/2016	10 520	R 5 000,00
Trailer (Compactor/water tanks) 4x4	P0024	Trailer (Compactor/water tanks) Home build single axle			12 153	R 7 500,00
Hp washer Diesel (On trailer)	P0013	Hp washer Diesel (On trailer) 450 Bar			18 667	R 20 000,00
Hp washer Diesel (on trailer)	P0014	Hp washer Diesel (on trailer) 300 Bar			2 769	R 5 000,00
Water Tank (mobile)	P0175	Water Bowser/Trailer 2000L		23/08/2017	28 459	R 10 000,00
Diesel bowsers (mobile)-blue	P0173	Diesel Bowser/Trailer 1000L		23/08/2017	18 360	R 5 000,00
Diesel bowsers (mobile)-Yellow	P0174	Diesel Bowser/Trailer 1000L		23/08/2017	18 360	R 5 000,00
Barge	P0083	Barge home built		11/08/2014	48 508	R 5 000,00
Small boat motor (Elec)	P0256	Small boat motor (Elec) 12V Osapian			1 997	R 150,00
Small boat motor (Elec)	P0309	Small boat motor (Elec) 12V Watersnake			820	R 150,00
		BLASTING POTS				
#N/A		Blast pots X5 (blue)		*	360	R 2 500,00
#N/A		1 X Blasting pot (green)		01/05/2001	77	R 500,00
		COMPRESSORS				
GA 132 (Factory)	P0001	Atlas Copco GA - 132 Compressor		31/08/2010	73 388	R 80 000,00
CSC50/8 Elec (Cabin)	P0007	Compressor CSC50/8 Cekado		22/03/2011	51 970	R 60 000,00
Elec (Greybox)	P0002	Elec (Greybox) 500cfm Demag			25 433	R 20 000,00
Hydrovane	P0004	Hydrovane 10 bar, 198cfm Comp air			46 120	R 30 000,00
XA136 diesel tow behind	P0005	XA136 diesel tow behind 8 Bar Atlas Copco			34 813	R 35 000,00
XA137Kd diesel tow behind	P0008	XA137Kd diesel tow behind 8 Bar Atlas Copco		2015??	62 614	R 40 000,00
Compressor (elec)	P0010	Compressor (elec) Home built			525	R 500,00
Compressors no 2	P1001	Compressors no 2 6cfm EURE			2 607	R 2 500,00
Compressors no 1	P1005	Compressors no 1 6cfm EURE			2 607	R 500,00
atlas XATS156 diesel tow behind	P0142	XATS156 ATLAS Mobile compressor		06/06/2014	143 053	R 70 000,00
Variable speed 12,63m3	P0423	New Compressor 75kw 9bar		30/05/2019	517 965	
Refridgerant dryer F180HS	P0425	Compressor Refrigerant Dryer F0180HS		30/05/2019	90 518	
Pre-filter (ZS1087912)	P0427	Compressor Filter CF0132G2B		30/05/2019	6 260	R 300 000,00
Pre-filter (ZS1087912)	P0428	Compressor Filter CF0132G2B		30/05/2019	6 260	
Water Seperator (ZS1088151)	P0431	Compressor Water Separator X210G2		30/05/2019	4 408	
Variable speed 9,51m3	P0424	New Compressor 55kw 9bar		30/05/2019	356 645	
Refridgerant dryer F140HS	P0426	Compressor Refrigerant Dryer F0140HS		30/05/2019	67 048	
After filter (ZS1087912)	P0429	Compressor Filter CF0132G2C		30/05/2019	6 260	R 200 000,00
After filter (ZS1087912)	P0430	Compressor Filter CF0132G2C		30/05/2019	6 260	
Water Seperator (ZS1088151)	P0432	Compressor Water Separator X210G2		30/05/2019	4 408	
Doosan Compressor	P0163	Doosan Compressor with receiver		03/07/2017	234 688	R 75 000,00
		CONCRETE MIXERS/EQUIPMENT				
Concrete mixer (Blue)	P0050	Concrete mixer (Blue) 330L Winget		22/11/2002	1 949	R 1 500,00
		CONTAINERS				
Site Office unit+ Aircone	SC04	Container: Site office + aircon			24 770	R 30 000,00
Store container	SC16	Container: Storage	**AT Despatch**	03/08/2009	11 733	R 15 000,00
Office Container -with board	SC32	6m Container: Site office		03/05/2012	25 575	R 25 000,00
Store container	SC36	Container - Store	**AT Despatch**		12 115	R 12 000,00
Store container	SC37	Container - Store	**AT Despatch**		12 115	R 25 000,00
Toilet,basin,2 x showers and kitchen	SC40	6M Container - TTNU3259077		04/07/2013	29 183	R 30 000,00
Newly bought (Storage)	SC48	6M Container		2019	12 536	R 25 000,00
Store container	SC52	6M Container	**AT Despatch**	2019	12 536	R 25 000,00
		DRILLS & HAMMERS				
Drill pedestal	P0190	Drill Pedestal		01/10/1998	134	R 500,00
Flex core drill	P0196	Core drill / mag base			3 500	R 1 000,00
Drill Ped Gear driven	P0212	Drill Ped Gear driven - cnc machine			11 085	R 5 000,00
Pedestal drilling machine	P0354	Pedestal drilling machine			2 676	R 2 000,00
#N/A	P0060	Drill hammer (Air impact wrench)			4 449	R 2 000,00
Coring machine	P0406	Coring machine			3 301	
Drill (coring) No.1	P0146	Hilti - Coring tool/stand		11/02/2016	40 189	R 30 000,00
Drill (coring) No.2	P0184	Hilti - Coring tool/stand		11/02/2016	40 189	R 30 000,00
Breaker	P0177	Hilti Combihammer Breaker drill (2)		19/08/2017	7 410	R 5 000,00
Magnetic drill	P0179	Mag Base + Drill		19/08/2017	6 680	R 500,00
		FANS AND HEATERS				
Extractor fan (Portable) 3/phase	P0091	Extractor fan (Portable) 3/phase Donkin P15168			8 186	R 5 000,00
Fan (3 phase)	P0368	Fan (3 phase) 630mm Luft Industries			3 907	R 2 500,00
		GAUGES				
#N/A		ELCOmeter R8800			5 429	R 500,00

ASSET LIST OF SURFACE PREPARATION EQUIPMENT AND COATINGS (Pty) Ltd t/a SPEC @ JULY 2023							
Description	**Plant no**	**Description**	**Identification**	**Date acquired**	**BOOK VALUE 2022**	**Estimated aution value**	
#N/A		Dry Film Thickness gauge R12300			5 429	R	500,00
#N/A		Separate Unit456/1500mic probe		15/11/2016	8 182	R	500,00
#N/A		Digital dewmeter		26/01/2017	4 821	R	500,00
#N/A		Drager Alcotest with portable printer		06/02/2017	6 206	R	500,00
#N/A		Drager Alcotest		20/09/2017	6 303	R	500,00
		GENERAL MACHINERY					
#N/A	P0327	Round portable toilet - AP Hut	3 units	19/09/2013	1 313	R	1 500,00
		Blue portable toilet	2 units			R	1 000,00
		Green portable toilet	1 unit			R	500,00
HP Washer (petrol)	P0145	HP Washer		08/05/2015	5 403	R	4 000,00
Regtangular plate	P0115	Regtangular plate Cimar			2 827	R	1 500,00
Motor	P0326	Motor Lister			5 437	R	3 000,00
Hp washer Elec (on frame)	P0015	Hp washer Elec (on frame) 250 Bar			3 759	R	2 500,00
Man cage	P0167	Man cage			2 590	R	500,00
Man cage	P0308	Man cage			2 590	R	500,00
Man cage (round & certified)	P0308	Man cage			2 590	R	1 000,00
Receiver	P0037	Receiver 2500L			3 624	R	3 500,00
Receiver (Portable)	P0094	Receiver (Portable) 200L			1	R	500,00
Receiver (Portable) - Cecado	P0095	Receiver (Portable) - Cecado 1000L			10 504	R	3 500,00
#N/A	S12	High pressure gun/nozzle		27/01/2017	10 103	R	2 000,00
Roller compactor	P0110	Dbl Drum Vibratory Roller C/W		24/05/2013	14 000	R	7 500,00
HP Washer 6/14c	P0436	Karcher HDS 6/14C Classic		23/10/2019	44 600	R	20 000,00
Platform Scale	P0437	Platform Scale 1.2mx1.2m		14/11/2019	10 750	R	2 000,00
Wet dipping plant	P0154	Wet Dipping Plant	**QC Room**	14/12/2016	211 372	R	75 000,00
Electric hoist		Demag elec cable hoist	**QC Room**			R	75 000,00
Hydraulic Press (big)		Alpha Hydraulic press	**QC Room**			R	50 000,00
		GENERATORS					
Genset	P0120	Lovol 1004TG 100KVA Genset		22/11/2012	86 923	R	75 000,00
#N/A		Genset Honda 6KVA 220V		17/02/2020	2 500	R	50,00
#N/A	S3	Petrol Generator		15/11/2019	-	R	100,00
Genset	P0170	Honda Genset Petrol (1)		19/08/2017	5 299	R	100,00
Genset	P0171	Honda Genset Petrol (2)		19/08/2017	5 310	R	1 000,00
		JACKS					
#N/A	P0072	Hydraulic Jack		05/06/2006	5 534	R	1 000,00
#N/A	P0350	Jack (4x4) 2267 kg Hi-lift	scode		1 167	R	250,00
#N/A	P0351	Jack (4x4) 2267 kg Hi-lift	scode		1 167	R	250,00
#N/A	P0378	Pallet Jack 2 Ton			2 048	R	250,00
#N/A	P0379	Pallet Jack			630	R	500,00
#N/A		Pallet Jack		29/04/2019	2 337	R	500,00
		PUMPS					
#N/A	P103	pump		13/09/2002	1	R	50,00
Submersible Pump (3Phase)	P0123	Submersible Pump (3Phase) 50mm Zenith			8 313	R	2 000,00
#N/A	S4	Pump hydraulic		06/02/2008	1	R	500,00
#N/A	S1	Submersible pump 50mm		10/07/2008	1	R	2 000,00
Pump on Trailer (Diesel)	P0065	Turro Egger 6" sludge pump		25/01/2005	4 470	R	25 000,00
Pump on Trailer (Electric)	P0064	Pump centrifugal (Elec) 150mm			3 780	R	10 000,00
Pump submersible elec	P0069	Pump submersible elec 75mm ABS			7 832	R	5 000,00
		SAWS					
Band saw Horizontal	P0203	Horizontal Band Saw		03/10/2002	1 152	R	2 500,00
#N/A	P0320	Pnuematic Saw cut			2 180	R	2 500,00
#N/A	P0299	Circular saw- steel			1 512	R	1 000,00
		SCAFFOLDING					
#N/A		Scaffolding - various		27/02/2017	66 494	R	20 000,00
#N/A		Scaffolding - various		27/02/2017	66 494	R	20 000,00
		SHOT BLAST SYSTEM					
Extractor fan (Blasting booth)	P0089	Shot Blast Extraction & Rec System		09/02/2012	343 093	R	-
FBE-powder coat oven container	P0152	Oven - boards/blankets		10/02/2016	1 756		
FBE-powder coat oven container	P0152	Oven - gas burner		10/02/2016	7 952		
FBE-powder coat oven container	P0152	Oven - gas burner installation		29/02/2016	28 290	R	-
FBE-powder coat oven container	P0152	Oven - boards		16/03/2016	842		
FBE-powder coat oven container	P0152	Oven - commissioning		30/03/2016	2 384		
		PAINT SPRAY GUNS & POTS					
Airless spray	P0153	Airless Sprayer 63:1 (Wagner)	In 12m Store	17/05/2016	11 435	R	250,00
Pump with fitting trolley	P0168	Airless pump with fitting on trolley (1)		19/08/2017	24 924	R	250,00
Pump with fitting trolley	P0169	Airless pump with fitting on trolley (2)		19/08/2017	24 924	R	250,00
	P0074	Airless 30:1				R	250,00
		WELDING MACHINES					

ASSET LIST OF SURFACE PREPARATION EQUIPMENT AND COATINGS (Pty) Ltd t/a SPEC @ JULY 2023

Description	Plant no	Description	Identification	Date acquired	BOOK VALUE 2022		Estimated aution value
#N/A	P0192	Arc Welder (portable blue) 300 Amp National		30/09/2009	154	R	500,00
#N/A	P0194	Welder / Genset (Blue) Kohler		05/10/2006	700	R	100,00
Welder (blue)	P0205	Welder (blue) 300 Amp on frame		26/06/2007	1 649	R	100,00
#N/A	P0191	450 INNI MIC Welding Machine		05/08/2010	3 733	R	2 000,00
#N/A	P0353	420 Miller Welding Machine		05/08/2010	3 733	R	2 000,00
Welder invertor	P0188	Welder invertor 220V Unipower	In 12m Store		1 400	R	1 000,00
#N/A		200A Maxweld portable	In 12m Store		1 050	R	1 000,00
Mig welder	P0156	Thermamax 300 welder		13/01/2017	3 982	R	2 000,00
#N/A	P0335	Oil portable welder	In 12m Store			R	250,00
Plasma Cutter	P0047	Plasma cutter Thermal Dynamic 03107436			3 500	R	3 000,00
		WINCHES AND CHAINS (safety to confirm)					
Winch (Elec) - Person lifting	P0031	Manual M3 Winch		25/10/2003	9 917	R	5 000,00
Winch (Elec) - Person lifting	P0032	Manual M3 winch		19/11/2003	9 917	R	5 000,00
#N/A	S7	Elec Winch 6XL 400Volt		15/11/2012	1	R	1 000,00
Winch (Elec) - Goods lifting		Winch (Elec) - Goods lifting 500kg Tirak 6509			6 927	R	500,00
Winch (S/phase)		Winch (S/phase)	In 12m Store		6 650	R	2 500,00
Winch		Winch 1 Ton	In 12m Store		7 758	R	2 500,00
		SMALLS & OTHER LOOSE ITEMS					
Small tools/equipment		Baby grinders/drills, shackles, chain blocks, heat guns etc				R	40 000,00
Smalls		items such as safety belts, slings, PPE, cables etc				R	20 000,00
		OFFICE AND IT					
		TV - 2 off various size				R	3 000,00
		Dell Screen 49cm – 19"				R	400,00
		Side Tables x2	R300 each			R	600,00
		Couches Single	R1000 each			R	2 000,00
		Couch 2 Seater				R	1 500,00
		Linx Miro High Back Chair - Black				R	1 000,00
		Small/others				R	2 000,00
		Stationary				R	2 500,00
		Laptops x15 off	R1500each			R	22 500,00
		Other IT / Broken Equipment (Printers,UPS's etc)				R	2 000,00
		6 drawer cabinet				R	400,00
		LG Bar Fridge White				R	800,00
		Notice Board				R	500,00
		Office Chair Black				R	900,00
		Visitors Chair Black x2	R400 each			R	800,00
		visitors chair - red				R	100,00
		Cabinet loose				R	500,00
		Plastic Black Chair x2	R50 each			R	100,00
		Office Chair Black x2	R400 each			R	800,00
		Defy Microwave				R	700,00
		Salton Kettle White				R	150,00
		Defy Bar Fridge White				R	1 000,00
		FIRST AID BOXES x4	R250 each			R	1 000,00
		Parrot Whiteboard 900cm x 1.2m				R	500,00
		Office Chair Black				R	300,00
		Notice Board				R	400,00
		Linx Miro High Back Chair - Black				R	1 000,00
		Parrot Whiteboard 1m x 1.2m				R	400,00
		Office Chair Black x7	R400 each			R	2 800,00
		Computer Screen				R	400,00
		Map (Whiteboard)				R	400,00
		Rexel Shredder RSS2434				R	2 100,00
		Proline UPS				R	1 000,00
		Dahle Paper Guillotine				R	300,00
		Chair				R	50,00
		Executive Visitor Chair Black Size:59.5*52*96cm x10	R700 each			R	7 000,00
Y4NM4ACF100179K		Samsung Wine Refrigerator Model: RW33EBSS Black				R	2 000,00
Y4NM4ACDA00136B		Samsung wine Refrigerator Model: RW33EBSS Black				R	2 000,00
1610000132		Russell Hobbs Ice-Maker Model:RHIM12				R	500,00
JDSHL 06156160		Hot & Cold Water Dispenser 220-240V 50/60Hz				R	1 000,00
		Parrot Whiteboard Flip Chart Stand				R	500,00
		Linx Miro High Back Chair - Black				R	1 000,00
		Red Flower Pot with décor				R	500,00
		Wall Clock				R	150,00
		Cabinet				R	400,00
		Visitors Chair Black				R	300,00
		Whiteboard 120 x 100				R	400,00
		Notice Board				R	500,00
		Visitors Chairs x2	R700 each			R	1 400,00

ASSET LIST OF SURFACE PREPARATION EQUIPMENT AND COATINGS (Pty) Ltd t/a SPEC @ JULY 2023

Description	Plant no	Description	Identification	Date acquired	BOOK VALUE 2022	Estimated aution value
		Whiteboard 120 x 100				R 400,00
		Black Chair				R 500,00
		Kambrook Coffee Maker				R 150,00
		Defy Bar Fridge Silver				R 1 000,00
		Boardroom table (Round)				R 1 000,00
		Aim Sandwich Press Model: ASP18 230V 50Hz 2000W				R 50,00
		Pineware Kettle Black 230V 50Hz 2000W Model:PSCK845B				R 100,00
		Essentials Cordless Kettle 1.7L Model: FK-0901 Black				R 100,00
		Mercury Sandwich Toaster White Model S1 3001 MB 240V 50Hz 640W				R 150,00
		Pineware Electric Fry Pan 230V 50Hz 1200W Model: FPP80				R 150,00
		Sugar, Coffee, Tea, Rooibos Tea Pots				R 100,00
		Plastic Drying Rack Grey				R 50,00
		Wooden Serving Trays x3	R80 each			R 240,00
		Urn				R 300,00
		Cutlery (Butter knives, forks, teaspoons, steak knifes)				R 200,00
		Crockery (plates, bowls, cups)				R 400,00
		Trash Can Plastic Grey				R 100,00
					R 3 370 965,53	**R 1 884 340,00**
		TOOLS AND EQUIPMENT CURRENTLY ON SITE @ OGUNJINI - +-50KM FROM DURBAN				
Buzzard overland Trailer	P0562	Buzzard Overland Trailer 4x4	HDM384EC	2020/07/16	26 500	R 15 000,00
		Roller compactor		2022		R 50 000,00
BELL TLB	P0147	Bell TLB		14/10/2015	310 377	R 500 000,00
#N/A	P0275	Grease pump Bell			2 682	
Store container	SC11	6M Container: Storage		03/08/2009	11 733	R 20 000,00
Site office with sliding door + aircon	SC22	6M office container rebuild with sliding door			27 858	R 30 000,00
Kitchen & Toilet & Shower	SC24	6M Container: Kitc/Toil/Shower		29/08/2011	28 671	R 20 000,00
Site Office container	SC42	3M Container (remodelled)		08/11/2013		R 10 000,00
New units for Ogunjini site	n/a	Park home site office (3*4m)		2022/06/01	70 000	R 35 000,00
New units for Ogunjini site	n/a	Park home board room (5*4m)		2022/06/02	60 000	R 30 000,00
Breaker drill	P0375	Hand held 1350W Bosch 990001960			5 259	R 2 000,00
#N/A	P0376	Hand held 1500W Bosch 683000735			5 259	R 2 000,00
#N/A	P0377	Hand held 1500W Bosch 006003144			5 259	R 2 000,00
Heavy duty Breaker	P0312	Bosch Heavy Duty Breaker				R 2 000,00
Breaker	P0176	Hilti Combihammer Breaker drill (1)		19/08/2017	7 410	R 5 000,00
		Bosch Jig saw				R 100,00
		AFG jig saw				R 100,00
		Hilti drill				R 500,00
		Bosch skill saw				R 250,00
		Dewalt big grinder				R 250,00
		Ingco baby grinder				R 100,00
		Bosch baby grinder				R 150,00
		Bosch drill				R 250,00
Smalls		items such as safety belts, slings, PPE, cables etc				R 10 000,00
					R 561 009,04	**R 734 700,00**
		Grand total			3 931 975	**R 2 619 040,00**

Surface Preparations Equipment and Coatings (Pty) Ltd

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Annexure D.2 : Material list of Assets of the Business (Immovables)

DESKTOP VALUATION OF IMMOVABLE PROPERTY
ON BEHALF OF
MR JACO DURANDT
C/O BR360 INTEGRATED BUSINESS RESCUE
IN THE MATTER OF:
SPEC HOLDING TRUST

Acting upon instructions from Mr.Jaco Durandt, the immovable property described below was ***valued on a desktop basis*** and this report was compiled.

BRIEF:	To establish the forced sale value
VAT:	This valuation does not include Value Added Tax.
DATE OF DESKTOP VALUATION:	14 July 2023

VALUATION CONDITIONS:

Neither all nor any part of this report shall be conveyed to the public or anybody/person other than the addressee or his principals through advertising, public relations, news sales or any other media, without the written consent of:

MICHAEL JAMES ORGANISATION

This particularly pertains to the valuation conclusion, the identity of the appraiser/s or any reference to the professional appraisal organisation to which I/we belong. No responsibility is assumed for matters legal in nature. Information provided by property owners, parties to sales and others is assumed to be reliable but its accuracy is not guaranteed. This valuation has been prepared on the basis that full disclosure of all information and factors, which we may affect the valuation, has been made to ourselves, and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made. We emphasize that we have not carried out a structural survey of the improvements, nor have we examined them for signs of timber infestation, and accordingly, cannot be responsible for possible defects.

Open Market valuation means the price at which an interest in real estate might reasonably be expected to have sold unconditionally for cash consideration on the date of valuation, assuming:

{ A willing and informed seller and a willing and informed buyer

{ That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest for the agreement of price and terms and for the completion of the sale.

GENERAL REPORTS

ERF NUMBER:	**814**
PHYSICAL ADDRESS:	8 Makepeace Crescent, Redhouse
SIZE:	2000 Square Meters in Extent
REGISTERED IN THE NAME OF:	Spec Holding Trust
TITLE DEED NUMBER:	T56379/2014CTN
ENDORSEMENTS:	Nedbank R4,000,000.00 B29690/2014CTN
MUNICIPAL VALUATION:	R2,800.000.00
ESTIMATED MONTHLY RATES:	R6676.00
MARKET VALUE:	**R3,500,000.00**
ERF NUMBER:	**781**
PHYSICAL ADDRESS:	18 Kurland Road, Redhouse
SIZE:	5307 Square Meters in Extent
REGISTERED IN THE NAME OF:	Spec Holding Trust
TITLE DEED NUMBER:	T103161/1996CTN
ENDORSEMENTS:	Nedbank R1,500,000.00 B38405/2011CTN Nedbank R1,100,000.00 B69150/2008CTN Nedbank R1,000,000.0 B6421/2008CTN Nedbank R2,000,000.00 B103644/2004CTN
MUNICIPAL VALUATION:	R4,250.000.00
ESTIMATED MONTHLY RATES:	R10133.00
MARKET VALUE:	**R7,900,000.00**
ERF NUMBER:	**11636**
PHYSICAL ADDRESS:	N/A
SIZE:	8136 Square Meters in Extent
REGISTERED IN THE NAME OF:	Spec Holding Trust

TITLE DEED NUMBER:	T9251/2019
ENDORSEMENTS:	None
MUNICIPAL VALUATION:	R1,300.000.00
ESTIMATED MONTHLY RATES:	R3099.00
MARKET VALUE:	**R4,500,000.00**
ERF NUMBER:	**11635**
PHYSICAL ADDRESS:	N/A
SIZE:	1.5471 Hectares in Extent
REGISTERED IN THE NAME OF:	Spec Holding Trust
TITLE DEED NUMBER:	T9253/2019
ENDORSEMENTS:	Nedbank R7,200,000.00 B6420/2008CTN
MUNICIPAL VALUATION:	R4,450.000.00
ESTIMATED MONTHLY RATES:	R10610.00
MARKET VALUE:	**R1,500,000.00**
ERF NUMBER:	**11634**
PHYSICAL ADDRESS:	N/A
SIZE:	1.1876 Hectares in Extent
REGISTERED IN THE NAME OF:	Spec Holding Trust
TITLE DEED NUMBER:	T9252/2019
ENDORSEMENTS:	Nedbank R7,200,000.00 B6420/2008CTN
MUNICIPAL VALUATION:	R1,100.000.00
ESTIMATED MONTHLY RATES:	R2623.00
MARKET VALUE:	**R1,900,000.00**

CONSTRUCTION

Properties were not inspected

COMPRISES

Properties were not inspected

ANDREW JAMES
MICHAEL JAMES ORGANISATION

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure E : Certificate of the Business Rescue Practitioners

Building 5 | Waterfront Business Park | Pommern Street | Humerail | Port Elizabeth | 6001 | South Africa
PO Box 28302 | Sunridge Park | 6008 | Port Elizabeth | South Africa
C (+27) 82 749 6462 | **E** info@businessrescue360.co.za | **W** www.businessrescue360.co.za

18 July 2023

BUSINESS RESCUE CERTIFICATE

In terms of Chapter 6 of the Companies Act, No 71 of 2008

for

Surface Preparations Equipment and Coatings (Pty) Ltd

With Reg nr: 1971 / 002640 / 07

Trading as SPEC

Herewith we, the undersigned appointed Business Rescue Practitioners for the abovementioned company, certify the following with regards to the proposed Business Rescue Plan as published to the affected persons on 18 July 2023:

1. Any and all actual information provided in the plan appears to be accurate, complete, and up to date.

2. The financial statement projections are estimates made in good faith on the basis of factual information and assumptions provided by the directors, staff or external service providers of the company, and as set out in the statements.

3. Due to the limitations in law, the practitioners did however not have the time nor the funds to perform a full due diligence, confirmation audit on the information received, nor employ third parties to verify and update any outstanding annual financial statements and accompanying tax returns.

Quinton (Pat) Pattinson
Snr Business Rescue Practitioner
patp@businessrescue360.co.za

Jaco Durandt
Junior Business Rescue Practitioner
jacod@businessrescue360.co.za

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
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Annexure F : Written Fee Agreement

Building 5 | Waterfront Business Park | 9 Pommern Street | Humerail | Port Elizabeth | 6070 | South Africa
P O Box 28302 | Sunridge Park | 6008 | Port Elizabeth | South Africa
T (+27) 41 008 5073 E patp@businessrescue360.co.za W www.businessrescue360.co.za

BR360
INTEGRATED BUSINESS RESCUE

PROPOSAL MADE BY:

Business Rescue 360 (PTY) LTD t/a BR360

2021 / 534306 / 07

(duly represented by Quinton Pattinson and Jaco Durandt)
(hereinafter referred to as the "Consultancy")

AND

Business Trading Name	: SPEC
Business Registered Name	: Surface Preparations Equipment and Coatings (Pty) Ltd
Business Registration No	: 1971 / 002640 / 07
Contact	: Arnold Avenant and Frederik de Bod
Email Address	:

(duly represented by Arnold Avenant and Frederik de Bod)
(hereinafter, referred to as ""the Client")

WHEREAS The Client wishes to enter into a professional working agreement with ***BR360***, and

WHEREAS ***BR360*** accepts this request based on the terms as set out in this proposal, and

The parties hereby agree as follows:

PROJECT SCOPE AND FEES

Herewith the proposal of the terms and objectives of our engagement and the nature and limitations of the services that BR360 will provide.

BR360 proposes to perform the following services as requested by the client and report to the client the outcomes resulting from our work. The client upon signature hereof will have agreed to accept the terms as set out for this project by BR360.

PROJECT PURPOSE

To submit the business to voluntary business rescue proceedings in order to facilitate the rehabilitation of the business by providing for the temporary supervision of the business and the development and implementation of a business rescue plan to restructure the affairs and liabilities of the business in a manner that maximises the likelihood of the company continuing in existence on a solvent basis or alternatively provide for a better return to the affected parties than would result from the immediate and traditional liquidation of the business.

PROJECT DESIRED OUTCOME

The desired outcome is the successful implementation of a business rescue process, achieving the goals as set out in the definition of business rescue contained in section 128(1)(b)(i) to (iii) of the Companies Act (the Act).

Where "Business Rescue" means the proceedings as set out in Chapter 6 of (the Act) to facilitate the rehabilitation of the company that is financially distressed.

PROJECT COSTING

BR360 proposes the following fee structure for the completion of the abovementioned project.

The terms of which are as follows:

The Primary Business Rescue Practitioner has agreed to be paid a retainer of R80 000 (Excl VAT) per month for the duration of the business rescue process.

1	Hourly rate (or part there-of) for secondary practitioner:	R850 (Excl VAT) (Capped at R20 000/month)
2	Overnight charges (per night plus expenses):	R1 000
3	Professional Indemnity Cover	To be quoted once business is in rescue (Note that the BRP's make no profit on this PI Cover amount – the funds will be paid by the business directly to the broker).

Contingencies:

In terms of the Companies Act Section 143(2), the consultancy will be entitled to contingencies, the consultancy hereby proposes the following:

1. Although the business and the consultancy may reach an agreement in relation to terms for payments and fee structures, it is a requirement in terms of the Companies Act, that the agreed to fees must be approved by creditors at a meeting called for that purpose.

2. The Business Rescue Practitioners will be entitled to receive a success fee equal to 25 hours' worth of fees on the adoption of the proposed business rescue plan.

3. The Business Rescue Practitioners will be entitled to receive a success fee equal to 25 hours' worth of fees as soon as they file for substantial implementation of the business rescue process.

4. The Business Rescue Practitioners will be entitled to receive a 10% dividend on all immovable assets sold as part of the Business Rescue of the Company to be shared with the agent/s who assisted with the sale.

5. The Business Rescue Practitioners will be entitled to receive a 10 % dividend on all movable assets sold as part of the Business Rescue of the Company to be shared with the agent/s who assisted with the sale.

6. Should the business be sold as a going concern and or the shares or members' interest or part thereof be disposed of the Business Rescue Practitioners shall be entitled to a commission of 10% to be shared with the agent/s who assisted with the sale.

7. The Business Rescue Practitioners shall be entitled to 10% of any post commencement finance that is raised for the business during the business rescue process or thereafter to be shared with the agent/s who assisted with the raising of same.

LIQUIDATION DEPOSIT

The consultancy requires a liquidation deposit to be paid into the trust account of an attorney nominated by the business rescue practitioners. This deposit is required to cover the costs should the company have to enter liquidation proceedings for whatever reason. Confirmation of such liquidation deposit is required before commencement of the business rescue proceedings.

AGREEMENT OF TERMS

1. This fee agreement must be read with the terms and conditions as set out in the letter of engagement, memorandum of agreement and any other agreement that may be concluded between the client and the consultancy.

2. All third party and sub-contractor's fees are for the account of the client.

3. Penalty interest equal to the maximum Mora Interest allowed as per the Prescribed Rate of Interest Act (Act No. 55 of 1975) will be levied on all outstanding invoices.

4. The client shall within five (5) working days of receipt of invoices raise any queries it may have in respect of such invoices, whereafter the amounts reflected will be accepted as correct and the client will be barred from raising any further queries.

5. All attorney's debt collectors' costs will also be recovered from the client on the attorney-and-client scale or on the official tariffs applicable to registered debt collectors. This is inclusive of the collection commission costs of the debt collector at a rate of no more than 15% on the full amount outstanding.

6. The client will place all the equipment, not yet secured with any other party of the business, as security and all invoices raised will be considered as secured on this basis.

7. The solvency or insolvency of the client shall have no effect upon the terms of payment of these fees. Reliance will be placed on the security over the assets as per point 6 above and should it not be possible to attach any such items, a deposit will be required to commence work and to secure fees at the onset of the project.

8. The client will be responsible for the payment of the costs relating to the professional indemnity cover for the appointed business rescue practitioner/s. It is a requirement in law that practitioners obtain professional indemnity cover for each individual rescue appointment.

    a. It is a requirement of our Professional Indemnity Insurance that we limit our liability in regard to professional engagement services provided, to a maximum of two times fees billed for a specific project or matter. The client and BR360, therefore agree and accept that BR360's liability in respect of professional engagements, shall be limited in this way.

9. The submission and payment of any statutory obligations remains the responsibility of the directors/shareholders of the company.

Signature	A.P. Avenant Name	03/03/2023 Date	Perseverance Signed at

By signing this document, the client confirms that this letter and the contents herein have been brought to their attention, and that the signatories have been duly authorized by the relevant parties to sign this letter on their behalf and the signature confirm the accuracy of the information provided and that BR360 may use this information for invoicing, referencing and marketing purposes.

Surface Preparations Equipment and Coatings (Pty) Ltd

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Annexure G : **Dispute Resolution Mechanism**

A well-designed and effective dispute-resolution mechanism is crucial for the successful implementation of a business rescue plan. By providing a structured framework for resolving conflicts and disagreements with regards to claims, this mechanism ensures fairness, promotes collaboration, and safeguards the interests of all affected persons involved.

Definitions:

“**Act**” means the Companies Act 71 of 2008 as amended;

“Affected Persons” means affected persons as defined in Section 128 (1) of the Act and in relation to the Company means a shareholder, a creditor and the employees of the Company;

“Business Rescue” means the proceedings in terms of Chapter 6 of the Act and as defined in Section 128 (1)(b);

“**Claims**” means secured, preferent or concurrent claims as envisaged in the Insolvency Act, against the Business, the cause of action in respect of which arose, prior to or on the commencement date, of whatsoever nature and from whatsoever cause, including claims, arising from contract or delict, actual and contingent, prospective, conditional and unconditional, liquidated and unliquidated, assessed and unassessed and whether or not due for payment of performance, specific or otherwise, and including all claims arising out of any agreements entered into by the Business on or prior to the commencement date, all such claims to be determined, calculated and admitted as secured, preferent or concurrent in accordance with the same ranking, as envisaged in the Insolvency Act, that attached to them upon the issue of a winding up order in respect of the Business, whether or not such claims are proved;

“Creditor/s” means all legal entities, including natural persons, having secured, preferent and/or concurrent claims against the Business as at the commencement date as envisaged in the Insolvency Act;

“Disputed Claim” means a claim that was submitted, but not approved by the practitioner/s. These claims will be confirmed or amended prior to distribution and are dealt with in terms of the included dispute resolution mechanism in this plan;

“Historic Debt” means the debt owed by the Business as at the date of filing for business rescue;

“Insolvency Act” means the Insolvency Act 24 of 1936 as amended;

“Legal Moratorium” means the moratorium granted by section 133 of the Act in terms of which no legal action against the Business can be commenced;

“Proof of Claim” means the full and total claim of a Creditor against the Business, in the specified format provided by the BRP/S subject to the final approval by the BRP/S;

Introduction:

In order to timeously resolve Disputed Claims as contained in this Proposed Business Rescue Plan, this Proposed Business Rescue Plan makes provision for the below Dispute Resolution Mechanism to be followed by all creditors, affected persons and staff or their respective representatives.

The implementation of a business rescue plan can be a complex process, involving various affected persons with differing interests and objectives. Disputes and disagreements may arise among these affected persons, potentially jeopardising the successful implementation of the rescue plan and the company's chances of a "successful" business rescue.

To address these challenges, it is essential to establish a robust and efficient dispute resolution mechanism as an integral part of the business rescue plan. This mechanism serves as a safeguard, ensuring that disputes are resolved fairly, and expeditiously in a manner that balances the rights and interests of all relevant stakeholders.[1]

Purpose and Objectives:

The primary purpose of the dispute resolution mechanism is to provide a structured and impartial process for resolving disputed claims that may arise during the business rescue process. It aims to foster open communication and encourage negotiation and compromise to enable a harmonious collaboration among affected persons.

Process:

In terms of this Dispute Resolution Mechanism, all creditors must notify the BRPs of their dispute in writing prior to the vote on the proposed business rescue plan.

This is as a result of the precedent set in the recent judgment of *Arqomanzi Proprietary Limited v Vantage Goldfields (Pty) Limited and Others,*[2] that a plan may not be amended after its adoption. It is thus crucial for all affected persons to be aware of any potential disputes, prior to their respective votes on a proposed business rescue plan.

If a plan is adopted, it is binding on all parties and no further claims or amendments may be entertained, other than as provided for in the plan. Thus, if a claim is not

[1] Section 7(k).

[2] *Arqomanzi Proprietary Limited v Vantage Goldfields (Pty) Limited and Others* (11/11/2019) [2019] ZAMPMBHC 10; Roelofse AJ (4 December 2019).

contained in the plan, it may not be submitted after its adoption, and if a claim is not identified as disputed, it may not be disputed after the adoption of the plan.

The following process is only available to those claims identified as disputed in the adopted business rescue plan.

Disputes may be in relation to any of the below matters:

- The quantum of the claim
- The security claimed by creditors
- The validity of the claim as a whole
- Claims with regards to future damages
- Post Commencement Finance Claims not agreed to by the practitioners
- Ranking of claims and classes of claims

All claims as contained in this Proposed Business Rescue Plan will be accepted as correct where no notification of a dispute is stated in the proposed business rescue plan, and all claims not provided for in the Business Rescue Plan will be deemed to have been expunged and not be enforceable in terms of the Act[3] at a later date, this is again confirmed in the matter of *Eravin Construction CC v Bekker NO and Others*[4].

Lodging your dispute and the manner in which it will be resolved:

The resolving of disputed claims will only commence after the adoption of the Proposed Business Rescue Plan in order to not delay the process unnecessarily.

No class of creditor will be paid until such a time as all disputes in that class have been resolved.

The business rescue practitioners will make contact with disputing creditors as soon as practically possible after the adoption of the plan, stating the reason for the dispute and requesting all source documents in order to resolve these respective disputes.

The practitioners, together with the disputing creditor and/or their representatives, shall meet and will negotiate to resolve the Disputed Claim in good faith.

Should the parties to the Dispute fail to resolve such dispute within (5) five Business Days of their final meeting or such longer period as the Parties may agree to in writing,

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[3] Section 154 of the Companies Act 71 of 2008.
[4] *Eravin Construction CC v Bekker NO and Others* (20736/2014) [2016] ZASCA 30; 2016 (6) SA 589 (SCA) (23 March 2016).

the parties shall submit the dispute, via their respective legal representatives to an independent Attorney and/or Chartered accountant, familiar with the process of business rescue, and with more than 10 years experience, in the form of affidavits to consider the matter.

Should this second attempt to resolve the dispute fail, the matter will be forwarded to the President of the Arbitration Foundation of South Africa ("AFSA") to appoint an arbitrator, and this appointment will be binding on all parties.

The dispute if arbitral in law shall be finally resolved in accordance with the Rules of AFSA by an arbitrator appointed by AFSA.

The Arbitrator will endeavour to complete his mandate within 30 days of his appointment or within such further time period as the BRP's in their sole discretion may determine. To the extent that the Arbitrator as nominated refuses to act or is not available to act, the President of AFSA will appoint another Arbitrator.

The appointed arbitrator shall be, if the matter in dispute is principally:

- a legal matter, a practising advocate of at least 10 (ten) years standing as such, or a retired judge:
- an accounting matter, a practising-chartered accountant of at least 10 (ten) years standing.

The Arbitrator will in his sole and absolute discretion determine:

- the rules, regulations and procedures that will govern the determination of the dispute;
- the date/s for the determination of the dispute;
- will give his determination within five days of the completion of the process as determined by him.

Confidentiality:

Any affected person who is party to a dispute resolution in terms of this mechanism agrees to maintain strict confidentiality regarding the details, discussions, and outcomes of the dispute resolution process. This confidentiality obligation extends to all related documents, information, and communications shared during the process, other than as what may be legally required.

The aim of this is to ensure that the outcome of any individual dispute does not influence or impact the resolution of any other disputes. Parties shall refrain from disclosing any confidential information to any third party. This confidentiality obligation shall survive the conclusion or termination of the dispute resolution process, furthermore, it is applicable to both the disputing parties, and any breach of this clause may result in legal remedies and damages as deemed appropriate by the governing law.

Conclusion:

It is agreed that the determination of the Arbitrator will be final and binding on all parties.

There shall be no appeal against such decision.

The disputing creditor acknowledges and agrees that the business in rescue is not in a financial position to be held liable for the costs incurred to settle the Disputed Claim nor is it just or equitable to other creditors of the business in rescue.

For that reason, the disputing creditor acknowledges and agrees to be liable for all costs, including the fees of the practitioner and its legal representatives, to resolve the Disputed Claim, including the costs of arbitration as the business in rescue is simply not in a position to incur such costs and it would be biased and detrimental to all other creditors of the business to incur costs for selected creditors in this manner.

It will further prevent disputing creditors to use the lack of funds to secure a favourable outcome for them. This is in an effort to deter protracted litigation and arbitration matters costing the business and the other affected persons' unnecessary expenses.

All parties agree to use their utmost endeavours to ensure that a dispute is determined by the Arbitrator within the 30-day period as set out above, thereby agreeing to make available to the arbitrator any information he may deem necessary in order to make the determination in terms of his mandate.

Alternatively, should the disputed creditor not follow the procedure set out herein, or if the creditor unduly delays the process, the claim, as contained in the adopted business rescue plan will be used for the purposes of potential disbursements. Should the plan not contain a claim for such a creditor, it will be accepted that no such claim exists and it cannot be collected at a later stage.

Surface Preparations Equipment and Coatings (Pty) Ltd

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Annexure H : Disclaimer

DISCLAIMER

All the affected parties' attention is specifically drawn to the disclaimer provisions set out hereunder:

1. The business rescue practitioners have compiled this proposed business rescue plan[1] based on the information provided to them by, *inter alia* the directors, creditors and third parties which information the business rescue practitioners will endeavour to confirm its accuracy.

2. The BRPs have relied on the information provided and accepted all documents delivered to them as being authentic and a true reflection of the business, its property and its financial situation.

3. However, as a result of the limitations in law and availability of funds and time, the practitioners have not carried out a full confirmation audit of the company's documents as provided, nor have the practitioners had adequate time and/or opportunity to independently verify all the information provided.

    a. This does not deter from the fact that the practitioners present the information as contained in the proposed business rescue plan as 'reasonable' and 'fair'. Where estimates are made,[2] these are estimates only, but are made in good faith[3] and the practitioners acknowledge that the affected persons must be able to adequately apply their minds when considering the proposed rescue plan and to determine whether or not to vote in favour of the adoption of such plan.[4]

    b. The business rescue practitioners have taken all reasonable and necessary steps to verify information and data provided to them within the time constraints and resources available to them and the company as provided for in the Act.[5]

[1] Section 150 of the Companies Act 71 of 2008.
[2] Where forecasts - specifically financial forecasts - are made, they are based on the data made available to the BRPs and in good faith.
[3] Section 150 (4) (b) of the Act.
[4] Section 150 (2) of the Companies Act 71 of 2008.
[5] Chapter 6 of the Companies Act.

c. Business rescue is inherently a public affair and the BRPs have a duty to disclose to any affected persons sufficient and accurate information for such affected person and/or creditor to make an informed decision as to the affairs of the company and to vote on the plan. This implies that certain trade secrets, client data and other information will inevitably be made available to affected persons.[6]

4. The BRPs have, where relevant, engaged expert third party professionals such as legal advisors, accountants, valuators and financial advisors and have relied on such professional opinions in compiling this proposed business rescue plan.

5. The BRPs do not express an opinion outside of their expertise and where relevant, such opinions are informed by advice received from the relevant professional.

    a. Any such statement of opinions expressed by the BRPs are so given in good faith and based on the information the BRPs believe to be true and correct.

6. The BRPs do not accept any responsibility, in any way whatsoever, to any party in respect of any errors that may be the result of incorrect information that was provided to them and used in this proposed business rescue plan.

7. All affected parties are advised to obtain independent legal opinion in respect of the content of this plan. Should they require such opinions, the BRPs cannot advise an affected person, as such action may be deemed to be prejudicial.

    a. Nothing contained in this proposed business rescue plan shall be deemed to constitute legal 'advice'. Although reference is made to the Companies Act and various other forms of legislation, the BRPs hereby confirm that they are not attorneys and the opinions given and statements made are simply their understanding of the law and such statements/opinions are given without prejudice.

[6] The Protection of Personal Information (POPI) Act, as an essential data protection legislation, acknowledges the need for businesses to safeguard personal information and trade secrets. In compliance with the Act's requirements, balanced with the Companies Act requirements, certain elements of personal information or proprietary knowledge may be included within the business rescue plan to ensure its validity and efficacy.

8. The Act[7] compels the BRPs to investigate the affairs of the company, however the BRPs do not have powers like that of a liquidator to subpoena witnesses and interrogate them. The investigations into the affairs of the company are based on the information provided and the documents made available to the BRPs, by those willing to provide such information.

9. All notifications made to affected parties and particularly the creditors, are based on the information provided to the BRPs by the directors and as extracted from the accounting records made available to the BRPs. The BRPs have taken all reasonable and necessary steps to determine who are affected persons and given such persons due notice.

10. The BRPs have contacted all the affected persons, known to them, that might have a claim against the business via email and/or telephone.

11. This proposed business rescue plan will be binding on all creditors should a successful vote on the plan be achieved in terms of the Act.[8]

[7] Section 141 of the Companies Act 71 of 2008.
[8] Section 152 of the Companies Act 71 of 2008.

Surface Preparations Equipment and Coatings (Pty) Ltd

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Trading as SPEC

Annexure I : **Staff Retrenchment in Business Rescue**

This Annexure provides details regarding the staff retrenchment process should it be part of a business rescue plan. The retrenchment process will commence formally upon the adoption of the plan as per the provision of the SAA Judgement in this regard.

It must be stated that until the business rescue plan is formally adopted, that there is no finality or conclusion if staff will in fact be retrenched and if staff are to be retrenched, no staff have been identified to be retrenched and no retrenchment packages could as such be calculated.

Any mention of this process in the proposed business rescue plan is purely hypothetical until such time that the plan is adopted and the formal retrenchment process is commenced.

Table of Contents

DEFINITIONS:

“**Act**” means the Companies Act 71 of 2008 as amended;

“Affected Persons” means affected persons as defined in Section 128 (1) of the Act and in relation to the Company means a shareholder, a creditor and the employees of the Company;

“Business Rescue” means the proceedings in terms of Chapter 6 of the Act and as defined in Section 128 (1)(b);

“Creditor/s” means all legal entities, including natural persons, having secured, preferent and/or concurrent claims against the Business as at the commencement date as envisaged in the Insolvency Act;

“Disputed Claim” means a claim that was submitted, but not approved by the practitioner/s. These claims will be confirmed or amended prior to distribution and are dealt with in terms of the included dispute resolution mechanism in this plan;

“Historic Debt” means the debt owed by the Business as at the date of filing for business rescue;

“Insolvency Act” means the Insolvency Act 24 of 1936 as amended;

“Legal Moratorium” means the moratorium granted by section 133 of the Act in terms of which no legal action against the Business can be commenced;

“Proof of Claim” means the full and total claim of a Creditor against the Business, in the specified format provided by the BRP/S subject to the final approval by the BRP/S;

“Labour relations Act” means the Labour Relations Act 66 of 1995 as amended;

“Basic Conditions of Employment Act” means the Basic Conditions of Employment Act 75 of 1997 as amended;

“Sectoral Determination Agreements” means agreements that set minim terms and conditions of employment, including minimum rates of remuneration and providing for the manner is which such remunerations may be adjusted;

“Bargaining Council” means councils that are established when employer and workers bodies such as unions, in a particular sector, and geographical area agree to come together to engage in collective bargaining;

“Unions” means an organization formed by workers who join together and use their strength to have a voice in their workplace. Through their union, workers have the ability to negotiate from a position of strength with employers over wages, benefits, workplace health and safety, job training and other work-related issues.

RETRENCHMENT PROCESS DURING BUSINESS RESCUE

In terms of s 136(1)(b), retrenchments during Business Rescue must take place in line with the requirements of s189 and 189A of the Labour Relations Act.

The Notice

The content of the Notice, the manner in which it is served and the process to be followed once served remains as per the requirements of s189 and 189A of the Labour Relations Act, with only the necessary additions as required by the process of Business Rescue.

The information as required by the labour relations act will be shared with them including but not necessarily limited to:

1. The reasons for the possible retrenchments,
2. Any alternatives the employer considered before the notice and why they were rejected,
3. the number of employees likely to be affected and the job categories in which they are employed,
4. the proposed method for selecting the individual employees that might be retrenched,
5. the likelihood of future re-employment, and
6. the number of employees the employer have retrenched during the preceding 12 months.

When

The court found that in terms of s136 of the Companies Act, the Business Rescue Plan must be finalised and accepted before the s189(3) notice in terms of the Labour Relations Act can be served on employees or a retrenchment consultation process be embarked upon.

Who

It then follows from the above that the Notice of possible retrenchments as required by s189 (3) of the Labour Relations Act should be served on employees by the Business Rescue Practitioner [BRP], or in the alternative by the employer with prior approval from the BRP.

It is the intention of the BRP, should retrenchments be required, to employ the services of a professional in the field to oversee the process, insuring independence, good governance and transparency.

Process

As soon as the plan has been adopted and the allotted time period for objections to the plan has passed, the BRP's will call for a meeting with staff that might be affected by the retrenchments, together with their respective and permitted representatives.

The notice to employees, will be in writing, complete with all information to insure that the notice is sufficient and in compliance with the LRA.

A follow up date for future consultations will be set and the remaining process as per the LRA will be followed until its conclusion.

Severance Packages:

The retrenchment packages will be calculated in terms of the LRA and will be presented to the respective employees only. The respective packages will not be shared with affected persons as this information remains confidential.

The total value of all of the retrenchment packages will be shared with affected persons in the spirit of transparency and the provisions of the Companies Act (Section 150 all information reasonably required)

The severance packages will include statutory entitlements, such as notice pay, leave pay, and any outstanding remuneration.

Benefit to employees

In addition to statutory entitlements, employees will receive benefit in terms of the business rescue process as it will result in a better return than in an immediate and traditional liquidation.

Liquidation of course regulates the amount due to an employee and only about R12 500 will be paid as a secured amount. Any potential remaining remuneration will be added to the concurrent creditors claim and staff would then have to share in this concurrent funds in proportion.

The business rescue process is substantially faster process than that of liquidation process, meaning that the staff will be able to claim unemployment benefits sooner.

Objective

The objectives of this annexure, and the adopted process as contained therein, is to ensure that the staff retrenchment processes during business rescue are fair and equitable treatment of affected employees and that the practitioners provide comprehensive and transparent retrenchment process, without impeding the rights of the employees.

CONCLUSION

The staff retrenchment process outlined in this Annexure is an integral part of the business rescue plan. It aims to facilitate the retrenchment of staff whilst balancing the rights of all affected persons with specific emphasis on the affected employees.

This process further provides a guide to ensure that all steps are adhered to in accordance with applicable laws, regulations as provided in the various Acts, including but not limited to the Basic Conditions of Employment Act, the Labour Relations Act and the Companies Act.

Please note that this Annexure is subject to amendments, modifications, or adjustments as required by relevant authorities or as mutually agreed upon during the consultation process, this annexure does not remove the right to any party to negotiate alternatives, should any party wish to engage in such alternative, provided these alternatives fall within the parameters of the applicable laws.

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure J.1 : Auction Proposal (Immovables)

Auctioneers, Valuers and Appraisers - Established 1964

Michael James Organisation

CAPE TOWN – JOHANNESBURG – PORT ELIZABETH

Michael James Organisation - Schedule Of Advertising

P O BOX 269
SOMERSET WEST, 7129

TEL: 021 851 7007
EMAIL: accounts@michaeljames.co.za

AUCTION	SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY)LTD
CLIENT NAME	JACO DURANDT & PAT PATTINSON
FILE NO	BUSINESS RESCUE
DATE	TO BE SET
TIME	11H00

PUBLICATION	SIZE CODE	AD SIZE	INSERT DATE	INSERT	PUB CODE	AMOUNT	
ON LINE MARKETING			3 WEEKS PRIOR TO AUCTION			R	12 000,00
WEEKEND POST	48	16x3	SATURDAY			R	5 328,00
WEEKEND POST	48	16x3	SATURDAY			R	5 472,00
AUCTION BOARD PER PROPERTY						R	3 500,00

Additional Advertising Portals

Auction Information Sheets & Flyers

www.property24.com

www.theauctioneer.co.za

www.michaeljames.co.za

Bulk sms portal - Sms notifications will be sent out to our well established property data base without any additional charge

SUB TOTAL	R	26 300,00
PLUS VAT @ 15%	R	3 945,00
GRAND TOTAL INCLUSIVE OF VAT	**R**	**30 245,00**

PLEASE NOTE THAT THESE RATES ARE SUBJECT TO CHANGE

PLEASE CONFIRM ACCEPTANCE HEREOF, SIGN & RETURN

I HEREBY ACCEPT AND CONFIRM THAT THE ABOVE COSTS ARE PAYABLE WITHIN 7 CALENDAR DAYS OF INVOICE BY MICHAEL JAMES ORGANISATION

SIGNATURE SELLER: ____________________

FULL NAME: ____________________

DATE: ____________________

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure J.2 : Auction Proposals (Movables)

Auctioneers, Valuers and Appraisers - Established 1964

Michael James Organisation

CAPE TOWN – JOHANNESBURG – PORT ELIZABETH

Michael James Organisation - Schedule Of Advertising

P O BOX 269
SOMERSET WEST, 7129

TEL: 021 851 7007
EMAIL: accounts@michaeljames.co.za

AUCTION	MOVABLES
CLIENT NAME	SURFACE PREPARATIONS EQUIPMENT AND COATINGS (IN BUSINESS RESCUE)
FILE NO	PATTINSON/DURANDT
DATE	TO BE SET
TIME	10H00

PUBLICATION	SIZE CODE	AD SIZE	INSERT DATE	INSERT	PUB CODE	AMOUNT
ON LINE MARKETING			3 WEEKS ADVERTISING PRIOR TO AUCTION			R 8 500,00
WEEKEND POST	48	16x3	SATURDAY	24		R 5 328,00

Additional Advertising Portals

Auction Information Sheets & Flyers

www.property24.com

www.theauctioneer.co.za

www.michaeljames.co.za

Bulk sms portal - Sms notifications will be sent out to our well established property data base without any additional charge

SUB TOTAL	R	13 828,00
PLUS VAT @ 15%	R	2 074,20
GRAND TOTAL INCLUSIVE OF VAT	**R**	**15 902,20**

PLEASE NOTE THAT THESE RATES ARE SUBJECT TO CHANGE

PLEASE CONFIRM ACCEPTANCE HEREOF, SIGN & RETURN

I HEREBY ACCEPT AND CONFIRM THAT THE ABOVE COSTS ARE PAYABLE WITHIN 7 CALENDAR DAYS OF INVOICE BY MICHAEL JAMES ORGANISATION

SIGNATURE SELLER: ____________________

FULL NAME: ____________________

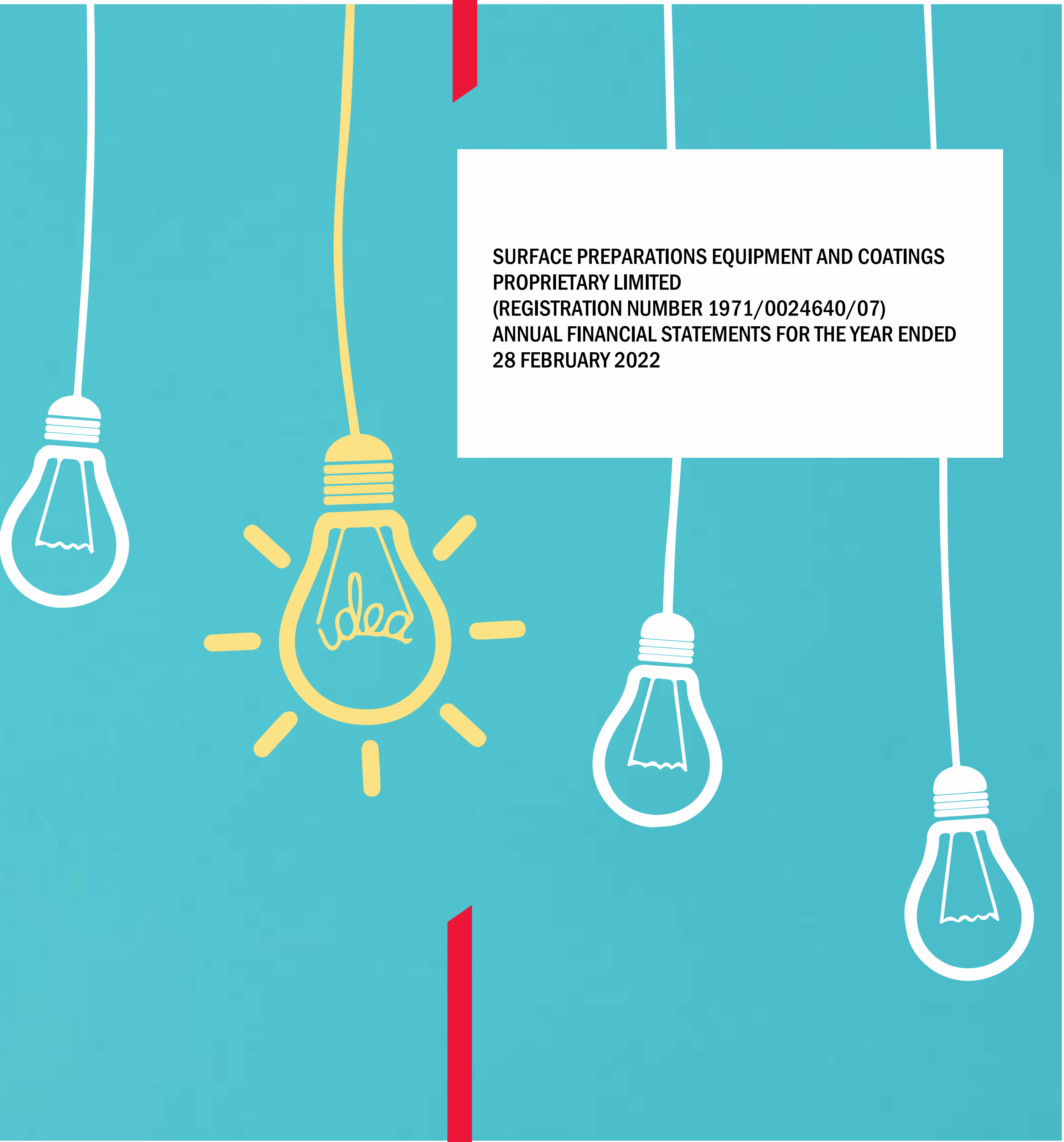
DATE: ____________________

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure K : Annual Financial Statements (year Ending 2022) www.bdo.co.za

Audit • Advisory • Tax



SURFACE PREPARATIONS EQUIPMENT AND COATINGS PROPRIETARY LIMITED
(REGISTRATION NUMBER 1971/0024640/07)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Corrosion protection, concrete and mechanical rehabilitation and site-based contracts in all aspects
Directors	A.P. Avenant F.J. de Bod
Registered office	19 Kurland Road Perseverance Gqeberha 6000
Business address	19 Kurland Road Perseverance Gqeberha 6000
Postal address	P O Box 2986 North End Gqeberha 6056
Bankers	First National Bank Limited Nedbank Limited
Reviewers	BDO South Africa Incorporated Chartered Accountants (S.A.) Registered Auditors
Company registration number	1971/0024640/07
Tax reference number	9551056071
Level of assurance	These financial statements have been independently reviewed in compliance with Section 30(2)(b)(ii)(bb) of the Companies Act as read with Regulation 29(4)
Preparer	The annual financial statements were independently compiled by: BDO South Africa Services Proprietary Limited
Issued	19/4/2023

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's independent reviewer and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 29, which have been prepared on the going concern basis, were approved by the directors on 13/04/2023 and were signed by:

A.P. Avenant

F.J. de Bod

Date: 13/04/2023

Gqeberha

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Surface Preparations Equipment and Coatings Proprietary Limited for the year ended 28 February 2022.

1. Nature of business

Surface Preparations Equipment and Coatings Proprietary Limited was incorporated in South Africa with interests in corrosion, protection, concrete and mechanical rehabilitation and site-based contracts. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

	2022	2021
Authorised	Number of shares	
Ordinary shares	4,000	4,000

	2022	2021	2022	2021
Issued	R	R	Number of shares	
Ordinary shares	1,000	1,000	1,000	1,000

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declared for the year.

5. Directors

The directors in office at the date of this report are as follows:

Directors	**Nationality**
A.P. Avenant	South African
F.J. de Bod	South African

There have been no changes to the directorate for the period under review.

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 28 February 2022 the company's investment in property, plant and equipment amounted to R6,997,806 (2021:R8,707,752), of which R566,060 (2021: R65,796) was added in the current year through additions.

Directors' Report

7. Events after the reporting period

Change in the tax rate

On 23 February 2022, the South African Minister of Finance announced a change in the corporate tax rate from 28% to 27% for the years of assessment ending on or after 31 March 2023.

Linked to the corporate tax rate change certain measures were put in place by the Minister to broaden the tax base to ensure the rate change is fiscally neutral. The measures that were promulgated on 19 January 2022 relate to limiting the assessed losses that are set off against taxable income to the higher of R1 million or 80% of the taxable income and further limiting of interest deductions in respect of debts owed to persons not subject to tax.

The changes in corporate tax rate, limiting assessed losses and interest deductions arose after 28 February 2022 and are considered non-adjusting post balance sheet events.

Contingent Liability

As at the end of the reporting period, the company had a contingent liability in respect of a suretyship through Nedbank.

In accordance with the requirements of International Financial Reporting Standards for Small and Medium-sized Entities, the contingent liability has been disclosed in note 26 to the financial statements.

8. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has been undergoing a business rescue process since 3 March 2023 as provided for in the Companies Act of South Africa. The business rescue plan is pending, and the directors believe that it will result in the successful turnaround of the Company's operations.

However, the implementation of the business rescue plan may take longer than anticipated and there may be uncertainties and risks associated with the process. The Company's ability to continue as a going concern is therefore dependent on the successful implementation of the business rescue plan and the continued support of its creditors.

In addition, the Company's ability to continue as a going concern is subject to certain financial and operational risks, including the Company's ability to generate sufficient cash flows to meet its obligations as they fall due, the Company's ability to maintain its relationships with customers and suppliers, and the impact of changes in economic and market conditions.

The directors are closely monitoring the Company's financial position and cash flows, and are taking steps to mitigate the risks associated with the business rescue process. These steps include reducing costs, improving operational efficiencies, and renegotiating contracts with suppliers.

Based on the above, the directors have concluded that the going concern basis of accounting is appropriate for the preparation of the financial statements.

9. Review

The annual financial statements are subject to an independent review and have been reviewed by BDO South Africa Incorporated.

10. Secretary

The company had no secretary during the year.

Tel: +27 41 374 3222
Fax: +27 41 374 3232
www.bdo.co.za

106 Park Drive,
St Georges Park,
Gqeberha
PO Box 63814,
Greenacres, 6057

Independent Reviewer's Report

To the shareholders of

Surface Preparations Equipment and Coatings Proprietary Limited

We have reviewed the financial statements of Surface Preparations Equipment and Coatings Proprietary Limited set out on pages 8 to 29, which comprise the statement of financial position as at 28 February 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entitiesand the requirements of the Companies Act of South Africa, and for such internal control as the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements (ISRE 2400 (Revised))*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Surface Preparations Equipment and Coatings Proprietary Limited as at 28 February 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

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Other Reports required by the Companies Act of South Africa

The annual financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Melanie van Wyk
Partner
Chartered Accountant (S.A.)
Registered Auditor

Date: 19/4/2023

106 Park Drive
Central
Gqeberha
6001

Statement of Financial Position as at 28 February 2022

Figures in Rand	Notes	2022 R	2021 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	6,997,806	8,707,752
Loans to related entities	3	12,579,763	12,543,791
Loans to shareholders	4	1,417,427	954,808
		20,994,996	**22,206,351**
Current Assets			
Inventories	5	69,768	58,419
Trade and other receivables	6	15,339,761	13,917,163
Other financial assets	7	35,000	35,000
Cash and cash equivalents	8	1,838,432	1,877,323
Current tax receivable		892,539	891,301
		18,175,500	**16,779,206**
Total Assets		**39,170,496**	**38,985,557**
Equity and Liabilities			
Equity			
Reserves	2	3,676,131	3,676,131
Retained income		15,840,467	17,751,055
Share capital	9	1,000	1,000
		19,517,598	**21,428,186**
Liabilities			
Non-Current Liabilities			
Deferred tax	10	2,104,046	2,913,441
Instalment sale agreements	11	1,004,799	1,161,590
		3,108,845	**4,075,031**
Current Liabilities			
Bank overdraft	8	10,017,151	10,038,244
Instalment sale agreements	11	621,999	538,816
Trade and other payables	12	5,904,903	2,905,280
		16,544,053	**13,482,340**
Total Liabilities		**19,652,898**	**17,557,371**
Total Equity and Liabilities		**39,170,496**	**38,985,557**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2022 R	2021 R
Revenue	13	42,824,158	49,466,726
Cost of sales	14	(19,865,635)	(16,349,676)
Gross profit		**22,958,523**	**33,117,050**
Other income	15	163,372	(7,439)
Operating expenses		(25,637,078)	(27,880,296)
Operating (loss) profit	16	**(2,515,183)**	**5,229,315**
Investment revenue	17	670,942	778,684
Finance costs	18	(875,742)	(1,025,100)
(Loss) profit before taxation		**(2,719,983)**	**4,982,899**
Taxation	19	809,395	(1,379,798)
Total comprehensive (loss) income for the year		**(1,910,588)**	**3,603,101**

Statement of Changes in Equity

Figures in Rand	Share capital R	Revaluation reserve R	Retained income R	Total equity R
Balance at 01 March 2020	**1,000**	**3,676,131**	**14,147,954**	**17,825,085**
Total comprehensive income for the year	**-**	**-**	**3,603,101**	**3,603,101**
Balance at 01 March 2021	**1,000**	**3,676,131**	**17,751,055**	**21,428,186**
Total comprehensive loss for the year	**-**	**-**	**(1,910,588)**	**(1,910,588)**
Balance at 28 February 2022	**1,000**	**3,676,131**	**15,840,467**	**19,517,598**
Note	9	2		

Statement of Cash Flows

Figures in Rand	Notes	2022 R	2021 R
Cash flows from (used in) operating activities			
Cash generated from operations	20	1,244,964	5,448
Interest income		65,901	778,684
Finance costs		(746,821)	(847,907)
Tax paid	21	(1,238)	(1,561,702)
Net cash from (used in) operating activities		**562,806**	**(1,625,477)**
Cash flows used in investing activities			
Purchase of property, plant and equipment	2	(67,185)	(65,796)
Sale of property, plant and equipment	2	9,547	209,239
Loans to related entities repaid		113,028	-
Loans advanced to related entities		-	(684,176)
Net cash used in investing activities		**55,390**	**(540,733)**
Cash flows used in financing activities			
Repayment of shareholders loan		(433,465)	43,597
Instalment sales agreement payments		(202,529)	(1,074,090)
Net cash used in financing activities		**(635,994)**	**(1,030,493)**
Total cash movement for the year		**(17,798)**	**(3,196,703)**
Cash at the beginning of the year		(8,160,921)	(4,964,218)
Total cash at end of the year	8	**(8,178,719)**	**(8,160,921)**

Accounting Policies

General information

Surface Preparations Equipment and Coatings Proprietary Limited is a private company incorporated and domiciled in South Africa.

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection is derecognised.

Property, plant and equipment is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

1.2 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the net revalued carrying amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any remaining decrease in excess of such credit is recognised in profit or loss in the current year.

The revaluation surplus related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 - 10 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 - 5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	20 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss, equal to the excess of the carrying amount over the recoverable amount, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity against any existing credit relating to the same asset. Any remaining impairment loss is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases - lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.9 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Accounting Policies

1.10 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2022 R	2021 R

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	684,084	(623,226)	60,858	644,313	(590,387)	53,926
IT equipment	669,453	(626,261)	43,192	669,453	(596,383)	73,070
Leasehold improvement	273,106	(111,996)	161,110	273,106	(98,368)	174,738
Motor vehicles	2,434,948	(1,186,300)	1,248,648	2,159,340	(802,087)	1,357,253
Office equipment	374,799	(352,558)	22,241	374,799	(337,855)	36,944
Plant and machinery	11,257,495	(5,795,738)	5,461,757	12,437,628	(5,425,807)	7,011,821
Total	**15,693,885**	**(8,696,079)**	**6,997,806**	**16,558,639**	**(7,850,887)**	**8,707,752**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Carrying value
Furniture and fixtures	53,926	39,771	-	(32,839)	60,858
IT equipment	73,070	-	-	(29,878)	43,192
Leasehold improvement	174,738	-	-	(13,628)	161,110
Motor vehicles	1,357,253	513,125	(84,499)	(537,231)	1,248,648
Office equipment	36,944	-	-	(14,703)	22,241
Plant and machinery	7,011,821	13,164	(621,978)	(941,250)	5,461,757
	8,707,752	**566,060**	**(706,477)**	**(1,569,529)**	**6,997,806**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Assets scrapped	Depreciation	Carrying value
Furniture and fixtures	87,610	-	-	(33,684)	53,926
IT equipment	72,246	39,296	-	(38,472)	73,070
Leasehold improvement	188,366	-	-	(13,628)	174,738
Motor vehicles	1,722,298	-	(217,000)	(148,045)	1,357,253
Office equipment	62,051	-	-	(25,107)	36,944
Plant and machinery	8,091,084	26,500	(205,794)	(899,969)	7,011,821
	10,223,655	**65,796**	**(422,794)**	**(1,158,905)**	**8,707,752**

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings 11:

Motor vehicles	724,122	801,508
Plant and machinery	1,489,437	1,424,057

Notes to the Annual Financial Statements

	2022 R	2021 R

2. Property, plant and equipment (continued)

Revaluations

The company's plant and machinery and motor vehicles are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the assets differs materially from their fair value.

The fair value measurements as of were performed by the director Mr. A. Avenant. Mr. A. Avenant is member of the ECSA, Corrosion Institute of Southern Africa and Chamber of Engineering Technology and have the appropriate qualifications and recent experience in the fair value measurement of assets in the relevant industry. The fair value of assets have been derived by the open market value.

The carrying value of the revalued assets under the cost model would have been:

	2022 R	2021 R
Plant and machinery	3,219,617	3,351,208
Motor vehicles	1,355,191	1,006,271
	4,574,808	**4,357,479**

3. Loans to (from) related entities

	2022 R	2021 R
SPEC Hardware Proprietary Limited The loan is unsecured, bears interest at the official rate and has no fixed terms of repayment.	442,178	1,480,664
SPEC Holding Trust The loan is unsecured, bears interest at the official rate and has no fixed terms of repayment.	9,066,413	8,941,055
SPEC Corrosion Protection Proprietary Limited The loan is unsecured, bears interest at the official rate and has no fixed terms of repayment.	1,171,207	-
SPEC Group Services Proprietary Limited The loan is unsecured, bears interest at the official rate and has no fixed terms of repayment.	1,899,965	2,122,072
	12,579,763	**12,543,791**

Fair value of loans to/(from) related entities

The carrying value of loans to/(from) related entities approximates its fair value.

4. Loans to shareholders

	2022 R	2021 R
Avenant Familie Trust The loan is unsecured, bears interest at the official rate and has no fixed terms of repayment.	1,417,427	954,808

Fair value of loans to shareholders

The carrying value of loans to shareholders approximates its fair value.

Notes to the Annual Financial Statements

	2022 R	2021 R

5. Inventories

Work in progress	69,768	58,419

6. Trade and other receivables

Trade receivables	12,369,644	5,155,377
Accrued income	2,176,738	8,041,622
Prepayments	73,215	-
Deposits	720,164	720,164
	15,339,761	**13,917,163**

Fair value of trade and other receivables

The carrying value of trade and other receivables approximates its fair value.

7. Other financial assets

At amortised cost		
Engeli Enterprise Development Proprietary Limited The loan is unsecured, interest free and had a fixed term of repayment of 1 year from the date of entering into the loan agreement.	35,000	35,000
Current assets		
At amortised cost	35,000	35,000

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	11,099	51,146
Bank balances	1,827,333	1,826,177
Bank overdraft	(10,017,151)	(10,038,244)
	(8,178,719)	**(8,160,921)**
Current assets	1,838,432	1,877,323
Current liabilities	(10,017,151)	(10,038,244)
	(8,178,719)	**(8,160,921)**

Notes to the Annual Financial Statements

	2022 R	2021 R

8. Cash and cash equivalents (continued)

Facilities:
1) Overdraft facility R10 000 000
2) Nedfleet facility R 220 000

Securities:
1) limited suretyship (incorporating cession of claims), limited to R12 300 000, by AP Avenant
2) limited suretyship (incorporating cession of claims), limited to R15 750 000, by Spec Holding Trust, supported by:
   a) first covering mortgage bond over remainder Erf 2054 Despatch by Spec Holding Trust of R7 200 000
   b) first covering mortgage bond over Erf 814 Redhouse by Spec Holding Trust of R4 000 000
   c) first to forth covering mortgage bonds over remainder Erf 871 Redhouse by Spec Holding Trust of R5 600 000
   d) security cession of any insurance policy required in terms of the covering mortgage bond referred to in a - c above
3) a security cession of all present and future debtors
4) pledge and cession of Nedbank Call Account number 037263008122 in the name of Surface Preparations Equipment and Coatings Proprietary Limited.

Covenants:
1) no dividends to be paid without the prior authorisation by Nedbank
2) any unsecured portion of the overdraft facilities are to be covered at all times as a ratio of 2:1 of Surface Preparations Equipment and Coatings Proprietary Limited's debtors after deduction of any debtors outstanding for 120 days or longer, intercompany debtors and any other exclusions specified by Nedbank.
3) net equity (excluding the loans to Engeli Enterprise Development, Avenant Family Trust and staff asset financing) will not fall below R8 000 000.

9. Share capital

	2022 R	2021 R
Authorised		
4,000 Ordinary shares of R1 each	4,000	4,000
Reconciliation of number of shares issued:		
Reported as at 01 March 2021	1,000	1,000
Issued		
1,000 Ordinary shares of R1 each	1,000	1,000

Notes to the Annual Financial Statements

	2022 R	2021 R
10. Deferred tax		
Deferred tax liability	(2,167,694)	(3,961,006)
Deferred tax asset	63,648	1,047,565
Total net deferred tax liability	**(2,104,046)**	**(2,913,441)**

The major components of the deferred tax balance are as follows:

	2022 R	2021 R
Deferred tax liability		
Arising as a result of temporary differences on:		
Property, plant and equipment	(1,567,151)	(1,709,352)
Accrued income	(600,542)	(2,251,654)
Total deferred tax liability	**(2,167,693)**	**(3,961,006)**
Deferred tax asset		
Arising as a result of temporary differences on:		
Provisions	63,648	90,260
Deferred tax balance from temporary differences other than unused tax losses	63,648	90,260
Tax losses available for set off against future taxable income	-	957,305
Total deferred tax asset	**63,648**	**1,047,565**

Reconciliation of deferred tax asset/(liability)

	2022 R	2021 R
At beginning of year	(2,913,441)	(1,533,643)
Recognised in profit or loss:		
Increases (decrease) in tax loss available for set off against future taxable income	(957,305)	955,910
Movement in temporary differences on property, plant and equipment	142,200	(20,147)
Movement in temporary differences on provision for income	1,651,112	(2,251,654)
Movement in temporary differences on provisions and accruals	(26,612)	(63,907)
	809,395	**(1,379,798)**
At end of year	**(2,104,046)**	**(2,913,441)**

Notes to the Annual Financial Statements

	2022 R	2021 R

11. Instalment sale agreements

Minimum lease payments which fall due		
- within one year	757,854	771,919
- in second to fifth year inclusive	1,082,579	1,161,590
	1,840,433	1,933,509
Less: future finance charges	(213,635)	(233,103)
Present value of minimum lease payments	**1,626,798**	**1,700,406**
Non-current liabilities	1,004,799	1,161,590
Current liabilities	621,999	538,816
	1,626,798	**1,700,406**

It is company policy to lease certain motor vehicles and equipment under instalment sale agreement.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for renewal clauses, purchase options, escalation clauses, contingent rent or subleases. There are no restrictions imposed by the leases.

The company's obligations under instalment sale agreement are secured by the assets. Refer note 2.

12. Trade and other payables

Trade payables	3,239,104	1,400,251
Accruals	131,311	84,995
Accrued bonus	13,531	35,466
Accrued leave pay	120,067	193,175
Other accrued expenses	1,062,145	115,723
Provision for reviewers fee	93,715	93,715
VAT	1,245,030	981,955
	5,904,903	**2,905,280**

Fair value of trade and other payables

The carrying value of trade and other payables approximates its fair value

13. Revenue

Contract works	42,824,158	49,466,726

14. Cost of sales

Contract works	19,865,635	16,349,676

15. Other income

Administration and management fees received	-	(384,783)
Discount received	35,379	39,321
Gains on exchange differences	-	180,339
Grants received	8,593	23,414
Insurance refunds	118,427	133,874
Sundry income	973	396
	163,372	**(7,439)**

Notes to the Annual Financial Statements

	2022 R	2021 R

16. Operating (loss) profit

Operating (loss) profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Contractual amounts	1,574,903	2,005,829
Equipment		
• Contractual amounts	8,760	15,330
	1,583,663	**2,021,159**

Property, plant and equipment	(19,897)	(213,555)
Depreciation on property, plant and equipment	1,569,529	1,158,905
Employee costs	10,482,457	16,730,122

17. Investment revenue

Interest revenue		
Bank	63,811	111,407
Other interest	3	79,317
Related entities	605,042	587,960
SARS	2,086	-
	670,942	**778,684**

18. Finance costs

Bank	701,583	792,135
Instalment sale agreement	128,921	177,193
Interest paid Nedfleet	5,980	4,533
Late payment of tax	36,078	41,325
Related entities	-	7,985
Trade and other payables	3,180	1,929
	875,742	**1,025,100**

Notes to the Annual Financial Statements

	2022 R	2021 R

19. Taxation

Major components of the tax (income) expense

Deferred taxation		
South African deferred tax - current year	(809,395)	1,379,798

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	(2,719,983)	4,982,899
Tax at the applicable tax rate of 28% (2021: 28%)	(761,595)	1,395,212
Non-deductible expenses		
Fines and interest on fines	16,867	-
	16,867	**-**
Other		
Capital gain taxable	(3,650)	-
Deferred tax expense on PPE revaluations	(41,260)	(15,414)
S6 quat allowance	(19,757)	-
	(64,667)	**(15,414)**
	(809,395)	**1,379,798**

20. Cash generated from operations

(Loss) profit before taxation	(2,719,983)	4,982,899
Adjustments for:		
Depreciation and amortisation	1,569,529	1,158,905
Gain on disposal of assets	19,897	213,555
Interest received	(65,901)	(778,684)
Finance costs	875,742	1,025,100
Changes in working capital:		
Inventories	(11,349)	(29,961)
Trade and other receivables	(1,422,598)	(5,324,757)
Trade and other payables	2,999,627	(1,241,609)
	1,244,964	**5,448**

21. Tax paid

Balance at beginning of the year	891,301	(670,401)
Balance at end of the year	(892,539)	(891,301)
	(1,238)	**(1,561,702)**

Notes to the Annual Financial Statements

	2022 R	2021 R

22. Related parties

Relationships	
Shareholders	Avenant Familie Trust SPEC Investco Proprietary Limited
Directors	A.P. Avenant F.J. de Bod
Entities under common control	SPEC Group Services Proprietary Limited SPEC Holding Trust SPEC Hardware Proprietary Limited SPEC Corrosion Protection Proprietary Limited A Avenant Trading CC t/a Milkwood Accommodation

Related party balances

	2022 R	2021 R
Loan accounts - Owing (to) by related parties		
Avenant Familie Trust	1,417,427	954,808
SPEC Corrosion Protection Proprietary Limited	1,171,207	-
SPEC Group Services Proprietary Limited	1,899,965	2,122,072
SPEC Hardware Proprietary Limited	442,178	1,480,664
SPEC Holding Trust	9,066,413	8,941,055
	13,997,190	**13,498,599**
Amounts included in Trade Receivables (Trade Payables) regarding related parties		
SPEC Hardware Proprietary Limited	-	(128,684)

Related party transactions

	2022 R	2021 R
Interest paid to (received from) related parties		
Avenant Familie Trust	(52,201)	(42,980)
SPEC Corrosion Protection Proprietary Limited	(25,772)	7,985
SPEC Group Services Proprietary Limited	(88,504)	(46,696)
SPEC Hardware Proprietary Limited	(42,312)	(57,106)
SPEC Holding Trust	(396,252)	(441,178)
	(605,041)	**(579,975)**
Rent paid to related parties		
SPEC Holding Trust	1,574,903	2,005,829
Management fees paid to (received from) related parties		
SPEC Group Services Proprietary Limited	6,000,000	-
SPEC Hardware Proprietary Limited	-	(250,000)
SPEC Holding Trust	800,000	(800,000)
	6,800,000	**(1,050,000)**
Assets (sold to) related parties		
SPEC Group Services Proprietary Limited	(149,000)	-
SPEC Holding Trust	(363,408)	-

Notes to the Annual Financial Statements

	2022	2021
	R	R

23. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

Executive

2021

	Emoluments	Total
For services as directors	1,322,638	1,322,638

24. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has been undergoing a business rescue process since 3 March 2023 as provided for in the Companies Act of South Africa. The business rescue plan is pending, and the directors believe that it will result in the successful turnaround of the Company's operations.

However, the implementation of the business rescue plan may take longer than anticipated and there may be uncertainties and risks associated with the process. The Company's ability to continue as a going concern is therefore dependent on the successful implementation of the business rescue plan and the continued support of its creditors.

In addition, the Company's ability to continue as a going concern is subject to certain financial and operational risks, including the Company's ability to generate sufficient cash flows to meet its obligations as they fall due, the Company's ability to maintain its relationships with customers and suppliers, and the impact of changes in economic and market conditions.

The directors are closely monitoring the Company's financial position and cash flows, and are taking steps to mitigate the risks associated with the business rescue process. These steps include reducing costs, improving operational efficiencies, and renegotiating contracts with suppliers.

Based on the above, the directors have concluded that the going concern basis of accounting is appropriate for the preparation of the financial statements.

	2022	2021
	R	R

25. Events after the reporting period

Change in the tax rate

On 23 February 2022, the South African Minister of Finance announced a change in the corporate tax rate from 28% to 27% for the years of assessment ending on or after 31 March 2023.

Linked to the corporate tax rate change certain measures were put in place by the Minister to broaden the tax base to ensure the rate change is fiscally neutral. The measures that were promulgated on 19 January 2022 relate to limiting the assessed losses that are set off against taxable income to the higher of R1 million or 80% of the taxable income and further limiting of interest deductions in respect of debts owed to persons not subject to tax.

The changes in corporate tax rate, limiting assessed losses and interest deductions arose after 28 February 2022 and are considered non-adjusting post balance sheet events.

Contingent Liability

As at the end of the reporting period, the company had a contingent liability in respect of a suretyship through Nedbank.

In accordance with the requirements of International Financial Reporting Standards for Small and Medium-sized Entities, the contingent liability has been disclosed in note 26 to the financial statements.

26. Contingent Liability

The contingent liability is estimated at 126,577.82 USD, which represents the outstanding balance on the debt obligation as at the reporting date. The company is currently in litigation with Nedbank to resolve the matter and mitigate any potential loss arising from the suretyship.

It should be noted that a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Therefore, the ultimate outcome of the negotiations cannot be predicted with certainty, and the company may be required to make a payment to the creditor.

Detailed Income Statement

Figures in Rand	Notes	2022 R	2021 R
Revenue	13	**42,824,158**	**49,466,726**
Cost of sales			
Purchases	14	(19,865,635)	(16,349,676)
Gross profit		**22,958,523**	**33,117,050**
Other income			
Administration and management fees received	15	-	(384,783)
Discount received	15	35,379	39,321
Gains on exchange differences	15	-	180,339
Grants received	15	8,593	23,414
Insurance refund	15	118,427	133,874
Interest received	17	670,942	778,684
Sundry income	15	973	396
		834,314	**771,245**
Expenses (Refer to page 29)		**(25,637,078)**	**(27,880,296)**
Operating (loss) profit	16	**(1,844,241)**	**6,007,999**
Finance costs	18	(875,742)	(1,025,100)
(Loss) profit before taxation		**(2,719,983)**	**4,982,899**
Taxation	19	809,395	(1,379,798)
Total comprehensive (loss) income for the year		**(1,910,588)**	**3,603,101**

Detailed Income Statement

	Notes	2022 R	2021 R
Operating expenses			
Administration and management fees		(6,000,000)	-
Advertising		(90,738)	(107,524)
Assest less than R7000		(987)	-
Bad debts		304,597	(332,097)
Bank charges		(119,796)	(191,309)
Computer expenses		(68,742)	(76,943)
Consulting and professional fees		-	(111,792)
Depreciation, amortisation and impairments		(1,569,529)	(1,158,905)
Discount allowed		(3,896)	(2,205)
Employee costs		(10,482,457)	(16,730,122)
Fines and penalties		(24,160)	(29,719)
Insurance		(938,899)	(1,164,947)
Lease rentals on operating lease		(1,583,663)	(2,021,159)
Legal expenses		(971,289)	(1,351,875)
Loss on sale of assets		(19,897)	(213,555)
Motor vehicle expenses		(2,281,208)	(3,077,358)
Municipal expenses		(720,227)	(449,337)
Printing and stationery		(67,129)	(74,083)
Rental printers		(39,155)	(39,548)
Repairs and maintenance		(42,340)	(38,463)
Reviewers remuneration		(15,649)	(14,295)
Security		(11,823)	(13,787)
Staff welfare		(11,390)	(7,957)
Subscriptions		(675,468)	(522,586)
Telephone and fax		(74,092)	(82,450)
Training		(129,141)	(68,280)
		(25,637,078)	**(27,880,296)**

Surface Preparations Equipment and Coatings (Pty) Ltd

Registration nr: 1971 / 002640 / 07
Trading as SPEC

Annexure L : List of Staff

	Name	Surname	Job Description	Employment Date	Years Employed
1	Sizwe	Bangeni	Semi-Skilled General Worker	2019/05/06	4
2	Deny	Christians	Skilled Electrical Apprentice	2015/09/09	7
3	Mvuseleli	Dyonashe	Mechanical Assistant	2009/01/12	14
4	Danny Ahtenkosi	Gili	General Assistant	2018/10/03	4
5	Cameron	Hendricks	Boilermaker Apprentice	2018/11/14	4
6	Benjamin	Kookwater	Semi-Skilled Mason	2019/09/05	3
7	Fergus Elton-Jeremiah	Matthews	Gardener	2021/04/06	2
8	Siyabulela	Ngqokoma	General Assistant	2013/01/30	10
9	Mlulami Sylvester	Sojola	General Assistant	2005/05/06	18
10	Gerhardus Marthinus	Vermaak	Artisan	2008/10/07	14
11	Jason Franklin	Williams	General Assistant	2017/01/25	6
12	David Jacque	Williams	Gardener	2022/04/11	1
13	John	Tois	General Assistant	2012/05/07	11
14	Senzo	Ntuli	General Assistant	2022/03/31	1
15	Phiwayinkosi	Ngcobo	General Assistant	2022/03/31	1
16	Buhlebezwe	Ngcobo	General Assistant	2022/03/31	1
17	Phuthaliyenzeka	Mthuli	General Assistant	2022/03/31	1
18	Lucky	Myeni	General Assistant	2022/08/01	1
19	Siyabonga	Khumalo	General Assistant	2022/08/01	1
20	Lindokuhle	Nxumalo	General Assistant	2023/02/23	0
21	Thembelani	Maphumulo	General Assistant	2023/02/23	0
22	Siyabonga	Mdlala	General Assistant	2023/02/23	0
23	Nelisiwe	Dlamini	General Assistant	2023/02/23	0
24	Siphenathi	Klaas	General Assistant	2019/09/09	3
25	Riaan	Hough	Foreman	2007/04/01	16
26	Lukas	Bosman	Junior Foreman	2015/09/01	7

27	Shiane Erish	Barnes	Foreman	2012/05/07	11
28	Conrad	Bekker	Executive Operations Manager	2011/03/01	12
29	Wikus	van Wyk	Junior Project Manager	2015/09/01	7
30	Jason	McNeil	Senior Site Agent	2010/10/11	12
31	Aubrey	Mbaliso	Junior Foreman	2013/11/06	9
32	Paul	Marais	Senior Foreman	2017/05/01	6
33	Yolanda	Mphatja	Project Manager	2017/11/13	5
34	Khululiwe	Mbili	Client Liaison Officer	2022/02/28	1
35	June	Mahlala	Foreman	1995/05/01	

Surface Preparations Equipment and Coatings (Pty) Ltd

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Annexure M : Liquidation vs Business Rescue Estimations

Business Rescue

Income	Expense	Reason
R15 400 000		Sale of immovable property at 80% of desktop valuation
	R3 400 000	Settle of bonds still due on the properties
R2 100 000		Sale of moveable assets belonging to SPEC
	R210 000	10% auctioneers commission
	R1 312 000	Cost of BR - Fees + contingencies and expenses incurred
R17 500 000	4922000	
Funds Available		R12 578 000

Payments to Creditors

	R10 240 000	Nedbank Secured Creditor
	R551 916	Staff PCF (Packages)
	R10 791 916	Total paid to Secured Creditors + PCF Creditors
R12 578 000 funds avalaible less R10 791 916 paid to Secured and PCF Creditors		
	Is Equal to -	R1 786 084
		This is available to Concurrent Creditors
	This equates to roughly 19c in the Rand	

Liquidation		

Income	Expense	Reason
R2 100 000		Sale of moveable assets belonging to SPEC
	R210 000	10% auctioneers commission
	R45 000	Cost of Attorney to liquidate
	R240 000	Liquidators Fee (10% of Moveables)
	R300 000	Minimum rental due to landlord for occupation during liquidation
	R100 000	Additional Storage
R300 000		*Potential income from persuit of debtors
	R200 000	* Litigation expenses for collection of debtors
R2 400 000	1095000	
Funds Available		R1 305 000

Payments to Creditors		

	R100 000	Nedbank Secured Creditor (cession of book debt)
	R437 500	Staff (Packages) - Max of R12 500/employee
	R767 500	SARS
	R1 305 000	Total paid to Secured Creditors + Staff
R1 305 000 funds avalaible less R537 500 paid to Secured Creditors + Staff		
	Is Equal to -	R0
		This is available to Concurrent Creditors
	This equates to roughly 0c in the Rand	