



17 November 2022

CIRCULAR 07

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **BEE PACKAGING (PTY) LTD** WITH REGISTRATION NUMBER **2014 / 283042 / 07** IN TERMS OF SECTION 129 OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE 3RD MEETING OF CREDITORS

The business rescue practitioner wishes to advise all the affected parties the outcome of the 3rd meeting of creditors held on **10th of November 2022**.

The practitioner gave a brief agenda regarding the meeting and having no further items to add, the 2nd meeting of creditors commenced.

STATEMENT OF PROFIT AND LOSS

	Sep-22 Actual	Oct-22 Actual
Sales	267 230	214 705
Cost of Sales - RM	151 293	122 483
Gross Profit - RM	115 937	92 222
Gross Profit % - RM	43%	43%
Cost of Sales - Other	36 791	40 470
GROSS PROFIT / (LOSS)	79 145	51 751
GROSS PROFIT %	30%	24%
Other Income	950	(950)
TOTAL INCOME	80 095	50 801
Expenses	239 210	131 671
EBITDA	(159 115)	(80 869)
Depreciation	10 037	10 037
EBIT	(169 152)	(90 906)
Interest Paid (received)	51 184	38 071
NETT PROFIT (LOSS)	(220 336)	(128 978)
	-82%	-60%

The business rescue practitioner detailed the profit and loss statement since the business commenced business rescue. The figures still depict an operating loss, but the loss is significantly less. This is due to the significant reduction in rental expenses, and other expenses being reduced, and the operational improvements being implemented to ensure that there is no irregular expenditure.

It is expected that for November, there will be a very small profit, or a far smaller loss. Alternatively, we expect to start showing a profit very soon with the measures implemented.



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Another reason for October not being such a positive month has to do with the significant amount of days lost to the move. With the move to the new premises, there were a handful of days where the business was not trading.

OPERATIONAL IMPROVEMENTS

Since the practitioner has been appointed, he has consulted with the director on many occasions, and it has become clear that certain operating procedures need to be put in place to ensure the longevity of this business.

Some of the operational improvements implemented thus far in the process are detailed below:

- **Management** of the company's bank accounts
- Implementation of a **payment requisition** system
- Negotiated a **new lease** agreement for substantially less price (equating to an overall reduction in the expenses of the business by 26%)
 - Are now fully operational at the new premises
- Additional measures are being put in place to **further reduce** the overall expenses of the business by a further 4 - 6%, such as:
 - Cost of raw materials savings due to **buying in bulk** (have started negotiations with new suppliers to attain the materials cheaper)
 - Cash buying and therefore will ask for **settlement discounts** – have also started discussion with same new supplier to possibly start buying on account which will assist in the cash flow problem
 - Have **increased** our **selling prices** by around 5% across the board, approximately 45% of customers have sent formal responses acknowledging and expressing no reservations.

CREDITORS INFORMATION PROVIDED

The practitioner confirms that he has received a few additional proof of claim documents. The information provided to the practitioner does not however paint a complete picture of the Company's indebtedness and the practitioner therefore requests again that ALL creditors of the business please fill



in the prescribed claim form (attached) and return it to the practitioner ASAP. The current list of claims received is as detailed below:¹

Nr	Creditor	Acronym	Capital Amount	Interest & Admin Fees	Legal Fees	Amount Due
1	Redfern	CC	R 2 006,97			R 2 006,97
2	SARS VAT	CC	R 18 614,29			R 18 614,29
3	SARS PAYE	CC	R 3 640,48	R 399,86	R 100,47	R 4 140,81
4	SARS UIF	CC	R 7 911,70	R 791,17	R 306,76	R 9 009,63
5	SARS SDL	CC	R 5 292,00	R 529,21	R 208,08	R 6 029,29
6	SANHA	CC	R 1 279,95			R 1 279,95
7	Peters Papers	CC	R 57 684,12			R 57 684,12
8	OTC Papers	CC	R 1 608 463,23		R 111 171,78	R 1 719 635,01
9	Heideveld Development	CC	R 1 299 624,25	R 112 188,12	R 116 345,12	R 1 528 157,49
10	Sompisi IT Solutions	CC	R 47 201,16			R 47 201,16
11	SEFA 1	SC	R 1 555 945,70			R 1 555 945,70
12	SEFA 2	SC	R 1 291 635,47			R 1 291 635,47
13	Covid	SC	R 527 576,58			R 527 576,58
14	BVP	SC	R 572 971,65			R 572 971,65
15	BVP	SC	R 634 732,28			R 634 732,28
16	Director's Loan Account	CC	R 260 156,00			R 260 156,00
17						R -
18						R -
TOTAL			16 R 7 894 735,83	R 113 908,36	R 228 132,21	R 8 236 776,40

SUMMARY BY CREDITOR ACRONYM		Count	Capital Amount	Interest & Admin Fees	Legal Fees	Amount Due
SC	Secured Creditors	5	R 4 582 861,68	R -	R -	R 4 582 861,68
CC	Concurrent Creditors	11	R 3 311 874,15	R 113 908,36	R 228 132,21	R 3 653 914,72
PC	Post Commencement Finance	-	R -	R -	R -	R -
D-SC	Disputed Secured Creditors	-	R -	R -	R -	R -
D-CC	Disputed Concurrent Creditors	-	R -	R -	R -	R -
D-PC	Disputed Post Commencement Finance	-	R -	R -	R -	R -
TOTAL			16 R 7 894 735,83	R 113 908,36	R 228 132,21	R 8 236 776,40

The practitioner is aware that there is far more debt than is depicted by the proof of claims received.

PROOF OF CLAIMS

1. The practitioner confirmed that he has sent out the proof of claim forms and these proof of claim forms must be completed and returned to him on the prescribed document.
2. No fixed deadline for these submissions was provided during the meeting, but the practitioner will provide this deadline once the publication date of the proposed plan is confirmed.
 - 2.1. It was stated that all proof of claims must be provided at least 5 days prior to the publication of the proposed business rescue plan, allowing sufficient time to incorporate all the details into the plan.

¹ Please note that the SEFA claim is highlighted in yellow as these claims are yet to be confirmed by SEFA and the Director.



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REQUEST FOR AN EXTENSION

The current due date for the publication of the business rescue plan, should an extension not be given, is the 24th of November 2022.

Based on the discussions had in this meeting, it is proposed that another meeting like this one is held on the 1st of February 2023 so that we can provide further feedback to assist in the drafting of a business rescue plan.

At this meeting, if required, the practitioner will ask for further extension on the publication date for the business rescue plan. Should that extension not be granted, the business rescue plan will be due for publication no later than 10 business days after the meeting (15th of Feb 2023).

A unanimous vote was achieved in this regard and therefore the next meeting will be on the 1st of February 2023 where a further update will be given.

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

Kind Regards

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