

**BONDPRO FINANCE (PTY) LIMITED**

**REGISTRATION NUMBER: 2002/027232/07**

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**BUSINESS RESCUE STATUS REPORT IN TERMS OF SECTIONS 132 AND 141 OF THE COMPANIES ACT, 2008 READ WITH REGULATION 125 OF COMPANIES ACT FILED BY THE BUSINESS RESCUE PRACTITIONER J F KLOPPER**

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|   | Company Name |
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| Board of directors passes resolution for Business Rescue on   | 2014-03-03   |
| File notice of resolution with CIPC on                        | 2014-03-04   |
| Publish notice to affected parties-within 5 days from Filing  | 2014-01-08   |
| Company nominates a BRP within 5 days of filing               | 2014-01-08   |
| CIPC confirms the appointment of BRP                          | 2014-03-10   |
| File notice to CIPC on BRP appointment within 2 days          | 2014-03-10   |
| Publish notice to affected parties of BRP within 5 days       | 0000-00-00   |
| First meeting of creditors-10 days from appointment           | 2014-03-18   |
| First meeting of employees-10 days from appointment           | 0000-00-00   |
| Publish Business Plan within 25 days of appointment of BRP on | 0000-00-00   |
| Notice of meeting to determine Business Plan                  | 0000-00-00   |
| Meeting to determine Business Plan 10 days after publication  | 0000-00-00   |
| Termination Date  | 0000-00-00   |

1. Bondpro Finance (Pty) Limited (“the company”) was placed under Business Rescue in terms of Section 129(1) of the Companies Act 2008 (“the Act”) on 4 March 2014.
2. The company complied with the requirements of Section 129(3)(a) and (b) of the Act.
3. Johannes Frederick Klopper was licensed by the Commission in respect of the company and appointed as Business Rescue Practitioner (BRP) to the company on 7 March 2014 in terms of Section 138 of the Act.
4. A First Meeting of Creditors was held in terms of Section 147 of the Act on 18 March 2014.
5. Previous reports contain the history of the settlement with the liquidators of Peg Solutions (Pty) Limited.
6. Various parties are still engaging with the Company with a view to utilising the Company’s corporate structure.
7. These discussions are all subject to very strict non-disclosure agreements.

8. Creditors with a majority voting interest have agreed to the extension of the date for publication of the business rescue plan until 30 May 2017.
9. Subsequent to the acquisition of the claim from the Peg Financial Solutions (Pty) Ltd (in liquidation) by a third party, management and its auditors obtained some advice as to the most appropriate way to give account of it in the financial statements of Bondpro.
10. This had to be done in conjunction with the accounting exercise of the third party entity that acquired the claim.
11. The scenarios of the various outcomes, had to be properly considered especially in light of both:
  - a. the re-capitalisation of the company's equity and
  - b. in order to obtain appropriate levels of liquidity.
12. Again, management obtained some expert advice especially on tax related aspects prior to soliciting prospective capital providers.
13. Negotiations with interested parties earlier in 2016 failed mainly due to reasons related to the state of the local economy or their lack of availability to suitable capital.
14. Discussions with a potential entity commenced prior to the festive season and has continued in January and February 2017 and is still continuing. During January 2017, two additional but unrelated entities expressed interest. The latter have both signed NDA's. Negotiations are under way and due diligences are currently being conducted.
15. Two of the due diligences were completed during May, the last week the last of which on 29 May 2017.
16. We understand that reports were submitted to the DD-teams to the respective interested parties during June.
17. Discussions have now been arranged, the first to take place during July. A proposed offer is expected at the beginning of August from the one entity whilst negotiations is still continuing with the other party.
18. The delayed proposed offer is now to be tabled by 31 August. A transaction facilitator has advised that a term sheet is also anticipated within the next week from the other party.
19. The nature of the proposed offer received on 4 September was impractical and not possible to execute and the terms and structure are now being reviewed. The term sheet received from another party was considered and a counter proposal/term sheet was submitted on 26 September for consideration.
20. Representatives of the first party have advised that their principals have structured a reviewed proposal, the content of which is still unknown, but expectant shortly. The counter proposal to the second party is still being considered.

21. Negotiations are proceeding with the first party and a meeting with decision makers of both KCI and the interested party is being arranged to take place before 15 December 2017. The second interested party has made further enquiries on the counter proposal and a reply is expectant shortly.
22. A follow-up to the meeting held in December is scheduled for 15 and 16 January 2018 with the first interested party. The other party has not submitted any further commentary on the counter proposal and will be engaged with as early as possible.
23. The follow-up discussions between KCI (Bondpro creditor) and the first interested party took place on 16<sup>th</sup> January and some further telephonic discussions thereafter. Much greater clarity has now been reached and new term sheets are now being drafted which we trust to receive shortly.
24. We still await the term sheets as some firm negotiations were required during February to keep the interested offeror in the transaction.
25. Two further discussions took place during March with the remaining interested party, the last of which took place on 28 March. We are expectant to receiving some feedback shortly.
26. The remaining party with whom KCI negotiates provided some feedback during April and confirmed that it remains interested and indicated that it now attends to a financial restructuring internally to facilitate a transaction and would advise shortly.
27. The interested party advised that its internal processes would be completed by end June and that they wish to proceed with the structuring of a potential KCI investment during July 2018.
28. With reference to the previous point, the discussions will proceed during July.
29. The representatives of KCI engaged with the representatives of the potential investor on 20 July and arrangements are being made to further pursue the matter as soon as a telecon discussions can be held with the decision-makers.



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**J F KLOPPER - BUSINESS RESCUE PRACTITIONER**

**Date: 31 July 2018**