

I N D E P E N D E N T

A D V I S O R Y



CIVIL ENGINEERING,
ASPHALT SPECIALISTS
AND
BUILDING CONTRACTORS

Omega Civils (Proprietary) Limited

OMEGA CIVILS (PTY) LIMITED

REGISTRATION NUMBER (1994/002671/07)

MINUTES OF A MEETING CONVENED IN TERMS OF SECTION 151 OF THE COMPANIES ACT, 71 OF 2008 ("THE ACT") HELD AT OMEGA CIVILS (PTY) LIMITED, 3 CARAVELLE ST, WALMER, PORT ELIZABETH, AT 10H00 ON WEDNESDAY 27 SEPTEMBER 2017, FOR PURPOSES OF CONSIDERING AND, IF DEEMED FIT, ADOPTING WITH OR WITHOUT MODIFICATION, THE PROPOSED BUSINESS RESCUE PLAN PUBLISHED BY THE BUSINESS RESCUE PRACTITIONER.

1. Present:

1.1. The Chairman opened the meeting at 10h01 and the following parties were present:

1.2. At the Chairman's table:

1.2.1. J F (Hans) Klopper – Business Rescue Practitioner (Chairman) ("BRP") - Chairman;

1.2.2. P.S (Piet) Louw - Independent Advisory (Pty) Limited;

- 1.2.3. Stuart John Riddle – Omega Civils (Pty) Limited – Creditor on loan account / Director/ Trustee of Stuart John Riddle Family Trust -shareholder;
- 1.2.4. Herman Bekker – Goldberg De Villiers – Attorney to the Company and representing his firm as creditor;
- 1.3. The Chairman then proceeded to record the parties present at the meeting in detail.
- 1.4. **The following creditors were represented by proxy:**

OMEGA CIVILS (PTY) LTD				
Creditor	Voting interest	Representi	ATTENDANCE	
			In Person	By Proxy
A & L Fire	2 589.51	Proxy		Yes
Allen Associates	132 114.00	Proxy		Yes
Atlas Plant Hire	55 499.20	Proxy		Yes
Billson Trucks	24 950.14	Proxy		Yes
Cape Wire	14 431.04	Proxy		Yes
Coastal Hire Bloemfontein CC	525 297.68	Proxy		Yes
Constantia Insurance Company Ltd	33 445 892.27	Proxy		Yes
Dr P. Wannenburg	3 080.00	Proxy		Yes
Dumansi Trading	3 199 555.91	Proxy		Yes
EC Road Signs	172 936.52	Proxy		Yes
Independent Concrete	8 219.68	Proxy		Yes
IOD Centre	66 215.19	Proxy		Yes
JIT Exploration (Pty) Ltd	294 247.40	Proxy		Yes
L & P Safety	51 097.60	Proxy		Yes
Linton Grange Motor Spares t/a Midas	12 357.35	Proxy		Yes
Provincial Westbourn Pharmacy National First Aid	550.00	Proxy		Yes
Outeniqua	93 013.96	Proxy		Yes
Panasonic PE	313 568.40	Proxy		Yes
Plus Plant Hire	28 584.97	Proxy		Yes
Propatique Corp 13 CC t/a Illovu Plant Hire	1 458 156.39	Proxy		Yes
Primo Plant Hire CC	8 213.70	Proxy		Yes
SA Timbers Welkom (Pty) Ltd	850 612.70	Proxy		Yes
Safetymate	6 315.05	Proxy		Yes
SmartSurv #2840	19 083.11	Proxy		Yes
Tea and Coffee	10 438.69	Proxy		Yes
The Delivery Surgeon	1 527.67	Proxy		Yes
Tjeka Training	57 649.80	Proxy		Yes
	40 856 197.93			

- 1.5. The Chairman then requested all parties present in person to announce themselves which they then proceeded to do.

1.6. The following creditors and affected persons as per the attendance register attended:

OMEGA CIVILS (PTY) LTD				
Creditor	Voting interest	Representative	ATTENDANCE	
			In Person	By Proxy
Absa Bank	7 863 344.55	Neels van Niekerk	Yes	
Afrimat Aggregates	571 907.70	B.C McEwan - Credit Guarantee / R Rutters	Yes	
Algoa Brick	24 254.97	B.C McEwan - Credit Guarantee	Yes	
Algoa Plant Hire	99 910.90	Demitri Orgepou	Yes	
Autoequip	70 133.72	Shaun Jordan	Yes	
Bay Blue Agencies t/a Toilet Hire East Cape	92 811.96	B.Manthe	Yes	
BO'S	70 777.75	Carel Minnie	Yes	
Concrete 4 U	72 732.00	Name uncertain	Yes	
Eastern Force Security	74 037.40	T. Gebengana	Yes	
Employees	1 301 298.11	Shannon Krocket	Yes	
Glendore Holdings	11 419.38	L.S. Du Plooy	Yes	
Glendore Sand & Stone (Pty) Ltd	1 191 159.56	L.S. Du Plooy	Yes	
Goldberg De Villiers	259 384.63	Herman Bekker	Yes	
Jayce Fishing Trust t/a Masshire	547 412.83	A.Ings	Yes	
Lafarge	362 246.94	B.C McEwan - Credit Guarantee	Yes	
Marx Concrete	544 635.00	B.C McEwan - Credit Guarantee	Yes	
Mastercrete Trust	220 960.06	Ian Riddle	Yes	
Odesa Trading	1 752 807.60	Innes Du Preez - Att / Onno Boodt	Yes	
Pieter Rademeyer	18 285.60	Barbara Burger	Yes	
Risk Force Security	131 786.92	Bill Mouton	Yes	
Readymix Distributors t/a Supamix	132 370.83	Roelof Vermeulen	Yes	
Roli Motors CC t/a Airport Motors	66 205.86	K. R Fisher	Yes	
Sheltham	7 869.03	Shaun Morilly	Yes	
S Riddle - shareholders loan	128 208.00	Stuart Riddle	Yes	
Stu Davidson Demolition	2 508 290.00	Nick Davidson / S Brew is Attorney	Yes	
SGI - Scribante Construction EC (Pty) Ltd	63 934.81	Roelof Vermeulen	Yes	
SGI - Potgieter Quarries	200 118.68	Roelof Vermeulen	Yes	
SGI - Bigwell Enterprises 10 t/a Supacrush Qu	2 326 620.36	Roelof Vermeulen	Yes	
Turner Morris	33 169.44	Henk Wybenga	Yes	
SARS	153 347.10	J Tait	Yes	
	20 901 441.69			

2. Introduction of the Business Rescue Plan for consideration by the Creditors:

- 2.1. The Chairman then addressed the meeting and announced that the Business Rescue Plan/ BR Plan, in essence, provides, in compliance with the Companies Act, for a plan in terms of which the “net proceeds” of the “Litigation Debt” (as defined in the BR plan) is effectively “ring fenced” for the benefit of creditors as set out in the BR plan.

- 2.2. In addition, the Chairman as the business rescue practitioner (“BRP”) engaged with and secured a transaction with an investor who agreed to provide the Capital Sum as defined in the BR plan and which is a guaranteed amount equal to the expertly calculated liquidation dividend plus the Working Capital credit line to be provided by Newco, as defined in the BR plan, of an additional R 2,000,000, to the Company. This will be in the nature of a revolving credit line. The Chairman confirmed that this was the gist of the BR Plan.
- 2.3. The Chairman then informed the meeting that the BR Plan contains a summary of the Litigation Debts and he requested Mr S Riddle and Mr Herman Bekker of Goldberg De Villiers to field questions relating to the litigation process which is currently pending.
- 2.4. Mr Bekker then referred to the BR plan and gave a summary of the legal work done to date. A number of questions relating to the legal process underway, were posted, which were responded to by Mr Bekker.
- 2.5. Upon a question from the floor by a creditor as to whether any party signed surety for any of the amounts owing by the debtors, the Chairman confirmed that no such surety ships were entered into as the debtors are mainly JV’s who conducted the work for Department of Human Settlements, together with the Company.
- 2.6. Attorney Brewis, acting on behalf of Stu Davidson Demolition asked Mr Bekker about the value of a property belonging to the director and principal of Matsapa, one of the debtors. Both the Chairman and Mr Bekker responded that the value of the property, which to the best of their knowledge and belief, is unbonded, has been mentioned to be some R 11 million.
- 2.7. Mr Brewis furthermore enquired about the monthly amount of R 250,000 being paid by one of the debtors, Uphala, and as to whether they were up to date. Mr Du Preez, acting for Odesa Trading also raised this issue and Mr Riddle confirmed that the last payment was still due and added that the company holds a cession of the full outstanding amount to this debtor in respect of a contract which they are about to

commence with. Mr Riddle confirmed that, if this debtor defaults, there is an arrangement that the Company may immediately apply for summary judgement.

2.8. Mr Brewis raised further questions relating to Cmax which Mr Bekker and Mr Riddle responded to.

2.9. Mr Brewis, in addition, enquired about the amount of R1.8m owing to the company by contractors in respect of loans reflected in 5.8.5.6 of the BR Plan. The Chairman requested Mr Louw to deal with this and he responded and explained that this amount relates to other debtors of the company as at the commencement date and which amounts owing to the Company by them have in most instance already been paid in the normal course of business and applied as working capital. The amounts owing by these debtors were at the time of developing the BR Plan not identified as being

2.10. part of the “Litigation Debts” as defined in the BR Plan. Mr Louw pointed out that these debts are in any event ceded to Absa Bank as security.

2.11. It was explained that the amount of R1 .8million is the balance between the aggregate debts of some R30m less the approximate R5m owing to the company by way of retentions, less the amount of just over R 23m, being the Litigation Debts.

2.12. Mr Vosloo, acting on behalf of Mr Hutton, then raised a question with regard to the recoverability of the book debts by the Company if it was to be liquidated as opposed to under normal trading circumstances. In response, the Chairman referred Mr Vosloo to correspondence that he had with Mr Vosloo during the preceding days running up to the date of the meeting. The Chairman pointed out to Mr Vosloo that a liquidator would have limited powers and funds to pay for legal fees and explained how liquidators will not be able to do work of a remedial nature.

2.13. Mr Du Preez then enquired as to whether the ongoing business activities of the company will not cause the Company’s management to “lose appetite” to continue litigating because of the cost involved and upon which Mr Brewis asked whether the BR plan provides for the funding of litigation. The Chairman responded that this is implicit in the BR plan by virtue of the wording “net proceeds” as used in the BR Plan.

- 2.14. Mr Brewis enquired as to on what basis the company is obliged to fund the litigation upon which the Chairman responded that the company is committed thereto.
- 2.15. Mr Brewis then proposed a motion that the meeting be adjourned in terms of the Companies Act to enable the BR Plan to be amended to provide for a commitment that the costs of the litigation will be covered by the company. The Chairman then pointed out that we were still under point 1 of the agenda and stated that the motion will be covered later during the meeting under the specific point relating to “motions” provided for on the agenda.
- 2.16. Mr Brewis then enquired as to why the amount owing to the company by a previous director is not available for creditors upon which the Chairman responded that this loan was not identified as part of the “Litigation Debt” earmarked for creditors.
- 2.17. Mr P Louw responded and also pointed out that the company needs working capital and that the proceeds of this debt, in addition, is also ceded to the Company’s bankers, Absa Bank.
- 2.18. Mr Du Preez pointed out that the creditors are at risk upon which the Chairman responded that Constantia Insurance submitted a claim in the amount of some R 33.5 million and that the recalculated estimated dividend to creditors in a liquidation scenario is in fact 5,25 cents in the Rand. The Chairman also mentioned that the Capital Sum, which is guaranteed in terms of the BR Plan, therefore provides creditors with a guarantee of more than 2.5 times the estimated (recalculated) liquidation dividend.
- 2.19. The Chairman furthermore recorded that the BR plan is therefore business-like in that there is a reasonable prospect that creditors will receive more than 2.5 times what they would get upon the immediate liquidation of the Company.
- 2.20. Mr Vosloo then pointed out that if Constantia submitted a claim for some R 33, 5 million that would have an impact on the BR Plan. The Chairman said to Mr Vosloo that he had just dealt with this issue and pointed out to Mr Vosloo that this issue will further be dealt with in the next point on the agenda when motions to amend the BR

plan will be considered as this issue was earmarked for discussion under that agenda point.

- 2.21. Upon a question as to what amounts have been recovered from litigation debtors to date the Chairman explained that the proceeds of the Litigation Debts will be available for creditors going forward upon adoption of the BR Plan. This is because these debts are at this stage ceded to the bank.

3. To inform The Meeting whether the BRP continues to believe that there is a reasonable prospect of the Company being rescued:

- 3.1. The Chairman, informed the meeting that this issue had already been dealt with in a way during the course of the meeting thus far. He then said that he remains of the view that the fact that a new investor has been procured and that a guaranteed payment of more than 2.5 times the recalculated liquidation dividend will be available for creditors, in itself, means that there is a reasonable prospect of the company being rescued.
- 3.2. The Chairman reiterated that the BR Plan in his opinion provides creditors with more than a reasonable prospect.
- 3.3. Mr Du Preez enquired why creditors should only rely on the proceeds of the Litigation Debts only and why they are not being offered to be paid from the proceeds of continued trading of the company going forward.
- 3.4. The Chairman responded that the conditionality attached to the proposal received as dealt with in the BR Plan was such that the proposer was only prepared to submit a proposal based on what is contained in the BR Plan.
- 3.5. Mr Brewis, enquired as to whether this was in fact the condition imposed by Newco upon which the Chairman explained that this was what Newco and the BRP negotiated and that the BR Plan provides for. The Chairman referred the meeting to the due diligence still to be completed as is provided for in the conditions to be fulfilled in the BR Plan.
- 3.6. Mr Volsoo enquired about the details and existence of Newco upon which the Chairman responded that Mr Nathan Pillay, who is the director of Newco, submitted his

proposal on a letterhead of a company already formed and that it may or may not be that the entity that will ultimately be “Newco” will be the same entity.

- 3.7. Mr Brewis, enquired as to whether the transaction as set out in the BR plan with Newco is absolutely imperative for the company upon which the Chairman and Mr Louw responded that there was no other alternative on the table and that a new injection of capital was absolutely necessary and therefore confirming that the injection was imperative.

4. Provide an opportunity for the employees’ representative to address The Meeting;

- 4.1. Shannon Kocket addressed the meeting on behalf of the employees and paid tribute to Stuart Riddle and his commitment to the Company and on behalf of the employees expressed their support for the BR Plan.
- 4.2. Mr du Preez then reiterated that he did not understand why Mr Louw said that the Company needs the cash injection.
- 4.3. Mr Louw responded and stated that during our years as BR Practitioners we never came across a more committed director and a man of more honour than Stuart Riddle.
- 4.4. Mr Louw stated that Mr du Preez should take cognizance as to how cash flow works. He reiterated that if the company had to be liquidated now, creditors would only receive some five cents in the Rand, whilst they are guaranteed more than 2.5 times than that in terms of the BR plan. Mr Louw stated that anything above the thirteen cents must be seen as a bonus by creditors. Mr Louw pointed out that new contracts need to be funded and for that purpose cash flow and working capital is of utmost importance. He said that the Company needs at least the proposed injection as provided for in the BR Plan in order to make the business work.
- 4.5. The Chairman then amplified what Mr Louw said and alluded to the fact that had it not been for the assistance of Absa Bank who had allowed the Company some leeway to,

from time to time, go into additional PCF facilities and to obtain short-term bridge funding, the Company would not have made it. In short, it was a combination of Stuart Riddle's effort, the management of limited cash resources and the PCF provided by Absa Bank, that kept the Company afloat thus far.

4.6. Mr Louw, upon a question by Mr Du Preez, responded that the Company needed the funds to keep the Company's contracts going and the proceeds of such debts were in any event ceded to Absa Bank.

4.7. Mr Riddle reiterated that the Company's BEE certificate expires in December and that without that certificate the Company would hit the wall.

4.8. Mr Vosloo enquired why the BR Plan is being latched onto the BEE certificate and Mr Riddle explained that the previous BEE shareholder left and is gone as result of the business rescue process and hence the reason to address this issue in the BR Plan as well.

5. Invite discussion, and entertain and conduct a vote, on any motion to: -

5.1. Amend the proposed BR Plan, in any manner moved and seconded by holders of Creditors' voting interests, and satisfactory to the BRP;

5.1.1. The Chairman explained the background to and tabled certain cosmetic changes in wording to the BR plan that came about pursuant to the increase of the claim submitted by SGI/Constantia Insurance, minor amendments proposed by Absa Bank and some amendments brought about by virtue of the background relating to the departure of the previous shareholder since the commencement of business rescue proceedings.

5.1.2. The Chairman, read amendments to paragraphs 2.15, 2.33, 2.35, 4.10, 5.1.8, 5.8.3.3, 5.9.4.8, 5.9.7.1, 5.9.7.6, 5.11.3, 5.11.4, 5.11.5, 5.11.6, 5.11.7 and 6.11.2 into the record of the meeting setting out the proposed changes in wording of the BR plan. In addition, a new paragraph 6.11.4 was proposed.

- 5.1.3. Upon a question by Mr Vosloo the Chairman said that the tracked changes, together with the amended version of the BR Plan will be circularised to all creditors/affected persons.
- 5.1.4. The Chairman stated that he holds proxies with the majority voting interest and that the motions proposed are therefore carried. Mr Vosloo took issue as to whether the Chairman has the right to vote for the modification or amendment of the BR plan upon which the Chairman responded and stated that he was of the view that he had that right pursuant to the proxies that he holds.
- 5.1.5. Mr Brewis requested the Chairman, to inform the meeting which proxies he holds upon which the Chairman responded that he had already read out the details of the proxies at the commencement of the meeting. Mr Brewis also enquired as to whether the Chairmen had a proxy on behalf of SGI upon which the Chairman responded that he did in fact hold such a proxy.
- 5.1.6. The Chairman then requested all the creditors present to indicate which of them were against the motion for amendment proposed.
- 5.1.7. Mr Mouton of Risk Force Security then enquired what the “payment plan” in terms of the BR Plan. The Chairman stated that the meeting “had moved on” from that discussion but nevertheless agreed to deal with a question and referred Mr Mouton to the areas in the business rescue plan where the dates for proposed payments to creditors in terms of the BRP plan are reflected. Mr Mouton had no further questions.
- 5.1.8. The Chairman, then repeated his request for the creditors present to indicate by a show of hands which of them were against the motions proposed. Creditors indicated unanimously that none of them were against the motions proposed and as a consequence of which the motions to amend as read out were unanimously voted for in terms of the Companies Act.
- 5.1.9. The Chairman, then dealt with the next motion as tabled by Mr Brewis. The Chairman, referred to the motion to adjourn the meeting upon which Mr Brewis

indicated that he would propose that the BR Plan be amended there and then to reflect that the company commits to funding for the litigation process. In response to Mr Brewis's motion, the Chairman then referred to the definition of "Litigation Debts" and referred to paragraph 2.30 and proposed that words be added to the end of that paragraph.

- 5.1.10. Mr Brewis, then debated as to whether a specific amount allocated for litigation costs should be provided for in the proposed amendment, upon which the Chairman stated that The Companies Act provides that amendments must be satisfactory to the BRP and therefore proposed that the following words be inserted at the end of paragraph 2.30- *"and in respect of which the Company undertakes to commit sufficient funding"*.
- 5.1.11. The Chairman then proceeded to conduct a vote on this proposed amendment on proxies that he holds and on the votes of all creditors present.
- 5.1.12. All creditors present or represented by proxy voted in favour of the motion proposed by Mr Brewis. Mr Brewis requested as to whether SGI was an independent creditor upon which the Chairman advised that they were indeed independent. After some further debate, as to whether SGI should be allowed to vote, the Chairman, stated that, even if SGI does not vote, the motion would still be carried and, for the sake of good order, requested again for creditors present to indicate whether they were against the insertion of the words at the end of paragraph 2.30 upon which no creditor expressed any objection thereto. This motion was therefore unanimously carried.
- 5.1.13. The Chairman, then referred to a motion proposed by Mr Vosloo to the effect that a dispute had been declared in relation to what is stated paragraph 5.11.6 of the BR Plan. Mr Vosloo and the Chairman agreed upon a proposed motion that the following words be inserted at the end of paragraph 5.11.6: *"and a dispute has been declared in this regard demanding that the matter be referred to arbitration for adjudication"*.

5.1.14. This motion by Mr Vosloo was voted upon and all creditors present and voting voted unanimously in favour.

5.2. **Direct the BRP to adjourn The Meeting in order to revise the BR Plan for further consideration;**

5.2.1. The motion by Mr Brewis for postponement was tabled for discussion and referred to by Mr Vosloo.

5.2.2. The Chairman indicated that based on proxies that he holds he voted against the motion to postpone. Mr Vosloo took issue as to whether proxy document permits the Chairman to vote for or against a postponement.

5.2.3. The Chairman then indicated that he is of the view that the proxies authorise him to vote in any manner that he deems fit insofar as how the meeting should be conducted and whether, or not, it should be postponed.

5.2.4. The Chairman then stated that he would nevertheless only afford parties present at the meeting to indicate as to whether the meeting should be postponed.

5.2.5. The Chairman, then conducted a vote on only the parties present.

5.2.6. Turner Morris, Stu Davidson Demolition, Odesa Trading, Risk Force Security Glendore Holdings, Glendore Sand and Stone, Sheltham, Auto-equip and Algoa Plant Hire **voted for** the postponement with an aggregate voting interest of R5 798 677.52.

5.2.7. ABSA Bank Limited, Jayce Fishing Trust, Mastercrete, Goldberg De Villiers and Roli Motors **voted against the** postponement with an aggregate voting interest of R8 957 307.93.

5.2.8. Mr Brewis's motion to postpone was therefore defeated and voted against by the requisite majority in terms of the Companies Act.

5.3. **Call for a vote for preliminary approval, by Creditors, of the proposed BR Plan, as amended if applicable;**

- 5.3.1. The Chairman called for a vote for the adoption of the BR Plan and all creditors voted for the adoption of the BR plan as amended. Stu Davidson Demolition and Codesa Trading with an aggregate voting interest of R 4 261 097.60 abstained from voting and all the other creditors present or presented voted for the adoption of the BR Plan as modified.
- 5.3.2. Of the 30 creditors present in person 2 abstained and 28 voted. There were 27 creditors represented by proxy and voting.
- 5.3.3. The aggregate value of the voting interest of all creditors present or represented was R61 757 639.62 which represented 93.3% of all claims against the Company.
- 5.3.4. Of those who voted the result was as follows:

Voting in Value		Percentage
Total Value of creditors voting	57 496 542.02	86.89%
Total value of creditors voting for the BR Plan	57 496 542.02	100.00%
Total value of creditors voting against the BR Plan	0.00	0.00%

5.4. **Conclusion of The Meeting**

- 5.4.1. The meeting was closed at 12h10 on 27 September 2017 with the BR Plan duly adopted.



J F KLOPPER

BUSINESS RESCUE PRACTITIONER