



Business Rescue Plan

Prepared in terms of section 150 of the Companies Act 71 of 2008 (as amended)

In respect of

Flexible Packages Convertors Proprietary Limited

(Registration Number 2014/232304/07)

Prepared by the business rescue practitioner Spho Sono of OPIS Advisory Proprietary Limited

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Corporate Information and Advisors

Company

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CHAPTER 1 - INTRODUCTION

1. Important Notice and Actions to be taken by Affected Parties

- 1.1 This document is important and is being sent to all known Affected Persons of Flexible Packages Convertors Proprietary Limited in accordance with the provisions of the Companies Act 71 of 2008 ("the Act").
- 1.2 The document contains the business rescue plan, prepared in accordance with the requirements of Chapter 6 of the Act, in particular Section 150(2) of the Act.
- 1.3 Your rights as a Creditor of the Company will be affected in the manner outlined herein and you are entitled to be present or represented, and vote, at a meeting of creditors to be convened in terms of Section 151 of the Act, for the purposes of considering the business rescue plan.
- 1.4 If any Affected Person is in doubt as to what action should be taken arising from the contents of this business rescue plan, such Affected Person is advised to consult an independent attorney, accountant or other professional advisor in addition to any consultation with or direction received from the business rescue practitioner.

2. Interpretation and Preliminary

The headings of the clauses in this business rescue plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this plan nor any clause hereof. Unless a contrary intention clearly appears:

- 2.1 words importing:
- 2.1.1 any one gender includes the other gender;
- 2.1.2 the singular includes the plural and vice versa; and
- 2.1.3 persons include natural persons, created entities (corporate and unincorporated and

the State) and vice versa.

2.2 In this plan, the following words shall have the meanings ascribed to them and cognate expressions shall have a similar meaning:

2.2.1 “**Act**” or “**Companies Act**” means the Companies Act 71 of 2008 (as amended), including the regulations promulgated thereunder;

2.2.2 “**Adopted**” and/or “**Adoption**” means that a business rescue plan has been approved in accordance with section 152(2), read with sub-sections 3(b) and 3(c)(ii)(aa) of the Act;

2.2.3 “**Advisor**” means advisor to the BRP and/or the Company, including the employees of the advisor(s);

2.2.4 “**Affected Persons**” shall bear the meaning ascribed thereto in section 128(1)(a) of the Act and in relation to the Company means shareholders, creditors, employees of the Company and any registered trade union representing employees of the Company;

2.2.5 “**Anemone**” means Anemone Holdings Limited, a private company incorporated under the laws of Mauritius with registration number 127189 C1/GBL and having its registered office in Ebene, Mauritius. Anemone is a wholly owned subsidiary of Packages;

2.2.6 “**Avon**” means Avon Investment Holdings Proprietary Limited with registration number 2015/356429/07, incorporated as a private company in accordance with the laws of South Africa;

2.2.7 “**Board**” means the board of directors of the Company as at the Commencement Date;

2.2.8 “**Bopa**” means Bopa Moruo Private Equity Fund I (RF) Proprietary Limited, a licensed financial services provider operating from Maude Street, Sandton with registration number 2012/030645/07, incorporated as a private company in accordance with the laws of South Africa;

2.2.9 “**BR Plan**” or “**plan**” means this business rescue plan together with all its annexures, prepared and published by the BRP for consideration and possible adoption by Creditors in accordance with Part D of Chapter 6 of the Act;

2.2.10 “**BRP**” means the business rescue practitioner of the Company appointed in terms of the provisions of section 129 (3)(b), being Siphon Sono;

2.2.11 “**Business Day**” means any day which is not a Saturday, Sunday or public holiday in the

Republic of South Africa;

- 2.2.12 “**CIPC**” means the Companies and Intellectual Property Commission of South Africa, established by section 185 of the Act;
- 2.2.13 “**Claims**” means the secured, statutory, preferent or concurrent claims of Creditors of the Company, irrespective of when the cause of action arose, including claims, actual and contingent, prospective, conditional and unconditional, liquidated or unliquidated, assessed or unassessed, whether or not due for payment or performance, including for the avoidance of any doubt all claims arising out of any agreements entered into by the Company, all such claims to be determined, calculated and admitted as secured, statutory preferent or concurrent in accordance with the same ranking as envisaged by the Insolvency Act, and attached to them upon the issue of a winding-up order against the Company, whether or not such claims are proved;
- 2.2.14 “**Cliffe Dekker Hofmeyr**” or “**CDH**” means Cliffe Dekker Hofmeyr Incorporated, a firm of attorneys practicing as such at 1 Protea Place, Sandown;
- 2.2.15 “**Commencement Date**” means 31 March 2023, being the date on which the Proceedings commenced in terms of section 132 (1)(a)(i) of the Act;
- 2.2.16 “**Commencement Date Creditors**” means Creditors with Claims against the company as at the Commencement Date;
- 2.2.17 “**Company**” or “**FPC**” means Flexible Packages Convertors Proprietary Limited with registration number 2014/232304/07, incorporated as a company with limited liability in accordance with the laws of South Africa, herein duly represented by the BRP and currently in business rescue;
- 2.2.18 “**Contingent Claims**” means, as the context may require, a Claim that may or may not become due and payable during the Proceedings depending on the occurrence of a future event or determination of the claim;
- 2.2.19 “**Creditors**” means all creditors of the Company whether secured or unsecured, including concurrent creditors, pre-commencement creditors, secured creditors, preferent creditor or post commencement creditors, having claims against the Company;
- 2.2.20 “**Creditors Committee**” means the committee formed in terms of section 145(3) of the Act;

- 2.2.21 “**Disputed Claim**” means any Claim, or part thereof, that is disputed by the Company and not recorded as a Claim in this BR Plan, which dispute relates to *inter alia* a Claim amount, and/or the classification of the Claim and/or the existence, extent, nature and/or value of any security, and which dispute shall be determined in terms of the dispute resolution mechanism provided in the BR Plan and “**Disputed Creditor**” has the corresponding meaning;
- 2.2.22 “**Disputed Creditor**” means a person with a Disputed Claim, alleging to be a Creditor for an amount higher than is reflected in this BR Plan, alleging to be a Secured/Preferent Creditor contrary to what is reflected in this BR Plan, or disputing the value of their security as reflected in this BR Plan;
- 2.2.23 “**Employees**” means all employees of the Company that were in its employ as at Commencement Date, and who will be in its employ as at the Implementation Date;
- 2.2.24 “**Employee Representatives Committee**” means the committee formed in terms of section 144(3)(c) of the Act;
- 2.2.25 “**FNB**” means First National Bank SA, a division of First Rand Bank Limited with registration number 1929/001225/06;
- 2.2.26 “**Insolvency Act**” means the Insolvency Act 24 of 1936 (as amended);
- 2.2.27 “**Investor**” means an equity investor in the Company;
- 2.2.28 “**LRA**” means the Labour Relations Act 66 of 1995 (as amended);
- 2.2.29 “**Management**” means pre-existing members of the Company’s management and board as at the Commencement Date;
- 2.2.30 “**MCB Bank**” means MCB Bank Limited, a company incorporated under the laws of the Islamic Republic of Pakistan and listed on the Pakistan Stock Exchange with registration number I-15558/19470701;
- 2.2.31 “**Month**” means –
- 2.2.31.1 in reference to a number of months, from a specific date, a period commencing on that date to the immediately preceding day on the same date of any subsequent month; and
- 2.2.31.2 in any other context, a month of the calendar, that is, one of the 12 months of the calendar,

and "**Months**" and "**Monthly**" has a corresponding meaning;

- 2.2.32 "**Moratorium**" means the automatic and general moratorium, as contemplated in Section 133(1) of the Act, on legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to the Company, or lawfully in its possession;
- 2.2.33 "**Nivi**" means Nivi Investments Proprietary Limited with registration number 2015/431536/07, incorporated as a private company in accordance with the laws of South Africa;
- 2.2.34 "**OPIS**" means OPIS Advisory Proprietary Limited with registration number 2007/012055/07, incorporated as a private company in accordance with the laws of South Africa;
- 2.2.35 "**Packages**" means Packages Limited, a company incorporated under the laws of the Islamic Republic of Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges with registration number 396/19560207 and having its registered office in Karachi, Pakistan. It is principally engaged in the manufacture and sale of packaging materials and tissue products;
- 2.2.36 "**PCF**" means post commencement finance as defined in section 135 of the Act;
- 2.2.37 "**Post Commencement Claims**" means the secured, statutory preferent or unsecured claims of creditors of the Company, the cause of action in respect of which arose after the Commencement Date, including claims, actual and contingent, prospective, conditional and unconditional, liquidated or unliquidated, assessed or unassessed, whether or not due for payment or performance, including for the avoidance of any doubt all claims arising out of any agreements entered into by the Company after the Commencement Date, all such claims to be determined, calculated and admitted as secured, statutory preferent or unsecured in accordance with the same ranking as envisaged by the Insolvency Act, and attached to them upon the issue of a winding-up order against the Company, whether or not such claims are proved;
- 2.2.38 "**Post Commencement Period**" means the period from the day immediately succeeding the Commencement Date up to and including the Substantial Implementation Date;
- 2.2.39 "**Preferent Creditor**" means, as the context may require, a Commencement Date Creditor or a Post Commencement Claim, that would rank in whole or in part as a

statutory preferent claim as defined in section 2 of the Insolvency Act;

- 2.2.40 **“Proceedings”** means the business rescue proceedings of the Company;
- 2.2.41 **“SARB”** means The South African Reserve Bank which is the central bank of South Africa established in 1921;
- 2.2.42 **“SARS”** means the South African Revenue Services;
- 2.2.43 **“Secured Creditor”** means, as the context may require, a Creditor whose Claim would rank in whole or in part as a secured claim as defined in section 2 of the Insolvency Act;
- 2.2.44 **“Shareholder”** means the shareholder of the Company at the Commencement Date;
- 2.2.45 **“Substantial Implementation Date”** means the date on which the BRP files a notice with the CIPC in accordance with the requirements of section 152 (8) of the Act and as further articulated in clause 7.2;
- 2.2.46 **“VAT”** means value-added tax in terms of the Value-Added Tax Act 89 of 1991; and
- 2.3 Any reference to:
 - 2.3.1 a “clause” shall, subject to any contrary indication, be construed as a reference to a clause in this plan;
 - 2.3.2 “law” shall be construed as any law (including common or customary law), or statute, constitution, degree, judgment, treaty, regulation, directive by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court; and
 - 2.3.3 a “person” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality, of two or more of the foregoing).
- 2.4 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision of this BR Plan.
- 2.5 Unless the context dictates otherwise, an expression which denotes any gender includes both the others; and to a natural person includes an artificial person and to the singular includes the plural, and vice versa in each case.
- 2.6 The annexures to this BR Plan form an integral part hereof and words and expressions

defined in this plan shall bear, unless the context otherwise requires, the same meaning in such annexures.

- 2.7 When any number of days is prescribed in this BR Plan same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which the last day shall be the next succeeding Business Day.
- 2.8 In the event that the day for payment of any amount due in terms of this arrangement shall fall on a day that is not a Business Day, the relevant date shall be the immediately succeeding Business Day.
- 2.9 Where any term is defined within the context of any particular clause in this BR Plan, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this BR Plan, notwithstanding that the term has not been defined in the definitions clause.
- 2.10 Any reference in this BR Plan to an enactment is reference to that enactment as at the BR Commencement Date and as amended or re-enacted from time to time.
- 2.11 Words and expressions defined in the Act which are not defined in this BR Plan shall have the same meanings in this BR Plan as those ascribed to them in the Act.
- 2.12 Save where the contrary is indicated, any reference to this BR Plan shall be construed as a reference to this BR Plan as it may have been, or may from time to time be, amended, varied, novated or supplemented in terms of the Act.
- 2.13 Whilst every effort has been made to present an accurate and complete overview of the affairs of the Company the BRP has not independently verified all of the information contained herein. None of the BRP, the Company nor their respective affiliates, employees, officers, directors or agents make any representations or warranties (express or implied) as to the accuracy or completeness of the information contained in this BR Plan or any statements, estimates or projections contained herein. Consequently, none of those parties will have any liability for the recipient's use of the information contained herein. This BR Plan will include certain statements, estimates and projections.

3. Structure of the Business Rescue Plan

For the purposes of section 150(2) of the Companies Act, this BR Plan is divided into 4 chapters as follows:

3.1 Chapter 1 - Introduction

This chapter sets out general information about the BR Plan, including the structure of the BR Plan and with whom Affected Persons should engage for independent advice.

3.2 Chapter 2 – Business Rescue Proposal

This chapter provides the detailed proposal, set out in the form required by the Companies Act.

3.2.1 Part A - Background

This part sets out the background to the Company, the circumstances that resulted in the Company's financial distress and an overview of the Proceedings.

3.2.2 Part B - Terms of the Proposal

This part describes the terms of the BR Plan and includes, inter alia, the benefits, for Affected Persons, of adopting the BR Plan as opposed to the Company being placed into liquidation.

3.2.3 Part C – Assumptions and Conditions

This part sets out, inter alia, what conditions need to be fulfilled in order for the BR Plan to become effective, and to be implemented.

3.3 Chapter 3 - General

This chapter sets out certain administrative and general matters pertaining to the Proceedings and the BR Plan.

3.4 Chapter 4 – Conclusion and the BRP's Certificate

The chapter contains the BRP's recommendation and the certificate that is required to accompany each business rescue plan in terms of the Companies Act.

4. Notifications

- 4.1 Insofar as possible, notice has been given to the Affected Persons, in terms of the Companies Act and the Regulations thereto, that the Company has been placed under the Proceedings and placed under the control and supervision of the BRP, in accordance with the Companies Act.
- 4.2 In terms of section 132(3) of the Companies Act, a company whose business rescue proceedings have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must:
- 4.2.1 prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- 4.2.2 deliver the report and each update in the prescribed manner to each affected person, and to the court, if the proceedings have been the subject of a court order; or the Commission, in any other case.
- 4.3 As these Proceedings will not end within three months from Commencement Date, the BRP will prepare and file the progress reports in accordance with clause 4.2.

CHAPTER 2 – BUSINESS RESCUE PROPOSAL

5. Part A – Background Information

5.1 Corporate and Shareholding Structure

5.1.1 The Ordinary shareholders of the Company are Anemone (63,5%), Bopa (26,5%) and Nivi (10%);

5.1.2 The Company's authorised and issued share capital comprises of:

5.1.2.1 500 000 000 Ordinary par value shares, of which 136 977 273 are in issue

5.1.2.2 500 000 000 B Class no par value shares, of which 49 386 364 are in issue

5.1.2.3 500 C Class shares of no par value, none of which are in issue

5.2 Directors and Officers

5.2.1 As at the Publication Date, the directors and officers of the Company were as follows:

Name of Director	Role	Status	Date Appointed
Boitumelo Tlhabanelo	Director	Active	5 Oct 2018
Andiswa Mjuleka	Director	Active	5 Oct 2018
Asim Syed Shamim	Executive Director	Active	8 Aug 2016
Asgar Abbas	Director	Active	23 May 2016
Raza Khurram Bakhtayari	Director	Active	23 Dec 2014
Hyder Syed Ali	Director	Active	23 Dec 2014

5.3 **Company Information at Commencement Date**

- 5.3.1 Financial year end: 31 December
- 5.3.2 Registered address: 316 Marks Street
Waltloo
Pretoria 0184
- 5.3.3 Business address: 316 Marks Street
Waltloo
Pretoria 0184
- 5.3.4 Postal Address: P.O. Box 482
Silverton
Pretoria 0127
- 5.3.5 Auditors: PricewaterhouseCoopers Inc.
Chartered Accountants (SA)

5.4 **Company Background**

- 5.4.1 FPC is a manufacturer and printer of high-quality monolayer and co-extruded flexible packaging solutions, founded in the late nineties.
- 5.4.2 The Company manufactures extrusion, splitting, bagging, and printing as part of its suite of services, utilising premium materials and equipment. The manufacturing facility is based in Waltloo.
- 5.4.3 FPC's clients, located in Southern Africa, are predominantly in the food and beverages industry.
- 5.4.4 The company currently employs 140 staff in its factory and administration all of whom are based in Waltloo.

5.5 **Reasons for the Financial Distress of the Company**

According to the affidavit of Mr. Asim Syed Shamim filed with the CIPC, the financial distress of the Company is largely attributed to certain factors and events that occurred in 2020 following the onset of the Covid-19 pandemic, as follows:

- 5.5.1 The Company's suppliers of raw materials hiked up their prices and this had a negative

effect on the Company's contribution margins. The Company was unable to similarly hike up its prices to its customers due to already existing contracts in place whereby price increases could only be negotiated at a later stage.

- 5.5.2 There was an increase in energy tariffs resulting in an increase in energy costs, coupled with supply interruptions due to load shedding throughout the year.
- 5.5.3 There was a major decrease in sales of products, owing to the lock down.
- 5.5.4 There was a sharp drop in productivity on account of the reduction in the availability of the work force, due to many of the lockdown restrictions imposed by Government. This was further compounded by increased overtime costs.
- 5.5.5 Production planning was negatively impacted by the erratic demand from customers (caused by the lockdown restrictions).
- 5.5.6 There was a substantial increase on the Company's debtors book.

The Company experienced the following challenges during 2021 (on top of the 2020 challenges listed above, which continued to persist):

- 5.5.7 The Company continued to suffer price increases on raw materials, without being able to similarly hike up prices of products to its customers. This led to the cost of raw materials exceeding sales figures.
- 5.5.8 The Company entered a new retail segment of the brand name Hero. This required detailed understanding of pricing and various types of rebates to be given to retailers. However, the price charged did not cover all the rebates to be passed onto customers and retailers. This resulted in further losses for an otherwise new business.
- 5.5.9 The Company spent a significant amount on consulting expenses which was not part of the yearly budget. These consulting services were required for business turnaround and hiring in necessary discipline in the service level improvements of the business. The benefits of these consulting services were unfortunately not achieved as the basic strategy of the available capacity of the machines was not able to support the service levels and overloading at lower prices kept creating the lower margins thus leading to further losses.

- 5.5.10 Owing to the financial stresses already being experienced by the Company, a lot of pressure was placed on working capital requirements, which was further compounded by revision of payment terms by suppliers.
- 5.5.11 The agreements reached with major creditors to extend the payment terms to 90 days at the end of 2020 and beginning of 2021, came to an end in November 2021. However, these agreements were admittedly poorly structured, as they required settlement of 60 days and 90 days in one month, with no spreading of settlement across 3-4 months (as is usually done for such large agreements). Hence, the business entered a greater cash deficit position.
- 5.5.12 The movement to a debtor finance facility which fluctuates did not provide the Company with more access to funds, but rather decreased it. Based on how the facility is currently structured, it continues to fail.

The Company experienced the following challenges during 2022 (on top of the 2021 challenges listed above, which continue to persist):

- 5.5.13 There was a change of management in May 2022. The new management has taken an aggressive approach towards price increases in the market and the Company has accordingly been able to recover a significant amount. This increase has however not been sufficient in filling the current cash deficit.
- 5.5.14 The increase in cash burden is mainly being attributed to the Company's working capital cycle, where the Company is required to pay on a cash basis to all raw material suppliers, plus 30% to settle the Company's old debts. However, on the customer side, this cycle is stretched to an average of 60 days from a statement being issued to the customer.
- 5.5.15 Though some customers helped on short payment terms, this was not sustained for more than a quarter of the year, and all the Company's customers were required to go back to agreed payment terms.
- 5.5.16 The aforesaid factors resulted in the Company becoming financially distressed and accordingly the Board of Directors resolved to place the Company in business rescue.
- 5.5.17 As is envisaged in terms of the Companies Act, the Company is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing 6 months and is therefore "financially distressed", as defined in the Companies

Act.

- 5.5.18 The Company is faced with a situation where it is forced to restructure and reorganise its financial affairs and negotiate such restructuring with its creditors which process will be best achieved under the umbrella of business rescue proceedings as envisaged in terms of the Companies Act.

5.6 Business Rescue Timeline

EVENT	DATE
Directors' resolution passed to commence Proceedings	30 March 2023
Resolution of directors filed with CIPC	30 March 2023
Notice of commencement of Proceedings published	11 April 2023
Notice of appointment of BRP published	13 April 2023
Notice of first meeting of creditors published	13 April 2023
First meeting of creditors held	21 April 2023
First meeting of employee representatives held	21 April 2023
Last date to publish the BR Plan	16 May 2023
Extended last date to publish the BR Plan	31 August 2023

5.7 Management Control

- 5.7.1 In terms of section 140(1)(a) of the Act, the BRP took over full management control of the Company in substitution for its Board and pre-existing management, but as he was entitled to do, the BRP delegated certain functions to pre-existing senior management of the Company.
- 5.7.2 The BRP has paid particular attention to the functions entailing the administration of the affairs of the Company and to protect its assets, to determine the viability of the Company and to ascertain whether the Company could be rescued or whether it was necessary to dispose of certain of the Company's assets to achieve a better dividend for Creditors in business rescue as compared to the dividend that would accrue to Creditors in a liquidation.

5.8 Tax Affairs

5.8.1 All returns for various taxes, other than the income tax return for 2022, are up to date at the date of publication.

5.8.2 There is no tax debt outstanding during the Post Commencement Period.

5.9 Historical Financial Information

The Company's historical balance sheets are set out below:

	2018	2019	2020	2021	2022
Assets					
Non Current Assets					
Property Plant & Equipment	220 727 632	238 134 957	214 344 498	199 360 611	184 621 973
Right of Use Asset	-	51 008 954	33 299 632	26 817 463	19 087 583
Goodwill	20 021 562	20 021 562	20 021 562	20 021 562	-
Investment in Associates	1 715 500	1 690 526	2 674 974	3 494 470	3 986 033
	242 464 694	310 855 999	270 340 666	249 694 106	207 695 589
	-4,4%	28,2%	-13,0%	-7,6%	-16,8%
Current Assets					
Inventories	42 930 220	36 870 017	53 810 007	63 562 557	36 053 363
Current Taxation	198 428	1 110 231	1 351 012	1 386 798	1 441 426
Trade & Other Receivables	96 593 116	120 309 837	137 629 884	161 373 068	114 688 577
Cash & Cash Equivalents	4 445 418	621 627	430 164	203 830	301 183
	144 167 182	158 911 712	193 221 067	226 526 253	152 484 550
	11,3%	10,2%	21,6%	17,2%	-32,7%
Total Assets	386 631 876	469 767 711	463 561 733	476 220 359	360 180 139
	0,9%	21,5%	-1,3%	2,7%	-24,4%
Equity & Liabilities					
Equity					
Issued Capital	186 363 636	184 881 118	184 881 118	184 881 118	184 881 119
Retained Earnings	(19 321 986)	(15 983 697)	(37 337 301)	(59 589 412)	(129 742 717)
	167 041 650	168 897 421	147 543 817	125 291 706	55 138 402
Non-Current Liabilities					
Finance Lease Liabilities	4 476 957	46 144 690	29 779 651	25 154 493	14 064 542
Operating Lease Liabilities	8 256 295	-	-	-	-
Borrowings	43 633 947	33 777 154	14 059 281	11 897 303	5 753 846
Deferred Taxation	34 961 303	39 924 863	31 108 849	24 359 710	(4 942 706)
	91 328 502	119 846 707	74 947 781	61 411 506	14 875 682
Current Liabilities					
Trade & Other Payables	73 148 566	97 827 122	152 714 198	200 234 358	214 820 516
Finance Lease Liabilities	1 516 874	7 563 641	8 218 923	9 204 052	12 020 145
Operating Lease Liability	220 935	-	-	-	-
Current Portion of Borrowings	15 744 016	28 617 900	26 589 022	6 949 588	8 103 170
Bank Overdraft	37 631 333	47 014 920	53 547 992	73 129 149	55 222 223
	128 261 724	181 023 583	241 070 135	289 517 147	290 166 054
Total Equity & Liabilities	386 631 876	469 767 711	463 561 733	476 220 359	360 180 139

Notes

5.9.1 Property, Plant and Equipment ("PPE") comprises of plant and machinery (more than 90% of PPE), furniture and fixtures, printing plates and other sundry fixed assets. There

have not been major changes in PPE over the years.

- 5.9.2 The right of use assets largely pertain to the smoothing of lease expenses in terms of IFRS 16.
- 5.9.3 Investments in associates is a 50% interest in Plastic Extrusions Proprietary Limited ("**Plastic Extrusions**"). This investment was recently disposed of as a result of a trigger event that entitled Plastic Extrusions or the other shareholder to acquire the interest of any party that, among other things, file for business rescue. The market value of the shares during a trigger event is deemed to be 25% of the fair value of the shares. Accordingly, the Company received R1 million from this disposal.
- 5.9.4 Current assets between 2018 and 2021 increased by between 10% and 17%, in response to increases in turnover during that period. However, in 2022 current assets dropped by c. 33% as a result of the reduction in turnover.
- 5.9.5 Changes in equity are largely attributable to the level of after-tax profits generated over the years, as against re-capitalisations.
- 5.9.6 Finance lease liabilities relate to long term property leases over two properties on Marks and Domkraag Streets.
- 5.9.7 Borrowings, amounting to R13.9 million (long-term and short-term) in 2022 are in respect of a leverage finance facility as well as machinery asset-backed finance from FNB. These facilities were paid off mainly from the proceeds of the PCF from Avon, following the cancellation of all FNB facilities a day before Commencement Date.
- 5.9.8 Trade and other payables increased significantly in 2021 and 2022, reflective of the challenging cash flow crisis that followed the onset of the Covid 19 pandemic.
- 5.9.9 The overdraft facility was similarly withdrawn by FNB at the same time as the other facilities, and the balance of the overdraft was reduced largely by collections from customers following the exercise of a debtors' cession.

The Company's historical financial performance is set out in the income statements below:

	2018	2019	2020	2021	2022
Revenue	495 286 430	541 621 353	575 699 075	697 752 072	559 833 736
Sales Growth	-1,1%	9,4%	6,3%	21,2%	-19,8%
Cost of Sales	(409 925 048)	(447 972 151)	(511 398 807)	(630 409 938)	(565 633 058)
Gross Profit	85 361 382	93 649 202	64 300 268	67 342 134	(5 799 322)
GP Margin	17,2%	17,3%	11,2%	9,7%	-1,0%
Other Income	1 900 947	3 327 837	1 743 659	2 420 228	33 346 993
Operating Costs	(60 040 258)	(70 082 376)	(83 211 029)	(88 029 284)	(115 133 512)
Operating Profit	27 222 071	26 894 663	(17 167 102)	(18 266 922)	(87 585 841)
OP Margin	5,5%	5,0%	-3,0%	-2,6%	-15,6%
Investment Revenue	2 470 248	1 376 098	27 077	2 461	-
Income From Equity Investments	(543 512)	(750 423)	984 448	1 319 496	491 563
Finance Costs	(12 299 358)	(18 680 683)	(14 607 292)	(12 092 073)	(12 361 442)
Profit Before Tax	16 849 449	8 839 655	(30 762 869)	(29 037 038)	(99 455 720)
Tax	(3 898 932)	(2 286 049)	9 409 270	6 784 927	29 302 415
Profit After Tax	12 950 517	6 553 606	(21 353 599)	(22 252 111)	(70 153 305)
Effective Tax Rate	2,6%	1,2%	-3,7%	-3,2%	-12,5%
EBITDA	58 114 290	72 740 291	30 540 534	19 777 505	(60 221 591)
EBITDA Margin	11,7%	13,4%	5,3%	2,8%	-10,8%

5.10 Status of Trading During the Post Commencement Period

- 5.10.1 Although the Company had capacity to produce 1300 tons of production, due to raw material shortages the Company was only able to supply between 250 to 300 tons a month. This was not sufficient for the absorption of its fixed costs that include rent, utilities, fixed portion of salaries, basic maintenance of machines etc.
- 5.10.2 The Company's reputation at the time made it difficult for FPC to get any credit from its suppliers. In addition, the creditors requested an additional 30% on every purchase to settle the old debt.
- 5.10.3 FNB withdrew its facility at the commencement of business rescue at the end of March 2023, leaving the Company with no access to cash and facing difficulties in paying staff salaries and wages. Two full days of employee unrest followed which posed a significant threat to the safety of the Company as employees expressed their frustration with the lack of work and not being paid.
- 5.10.4 FPC was facing a continuous loss of business due to its financial distress and inability to fulfil customer orders. Significant contract portions of key customers such as Sunbake bread, Sasol, McCain, Natures Garden, and others were lost.
- 5.10.5 On or about 15 May 2023, the BRP concluded a PCF agreement with Avon, in terms of

which Avon agreed to lend an amount of R60 million to enable the Company to pay off FNB's remaining facilities and to provide for working capital requirements to enable the Company to continue trading following the cancellation of all its facilities and calling up of all its security by FNB.

- 5.10.6 During this time, Management identified certain areas of the business that could be addressed to improve the margins and the turnover of the business:
- 5.10.7 The first area of improvement was reduction in scrap rate, as blown film process is a continuous process it requires as less stoppages as possible with shortages of the raw materials and funds the continuity of operations was badly affected and hence the bringing in of the material has drastically improved the situation.
- 5.10.8 The other area of improvement was the electricity consumption. With limited supplies of materials, the company could not perform well on the efficient utilization of electricity and hence the Kwh/Kg of production was also significantly reduced. This was improved with better utilisation of machines.
- 5.10.9 The other area of improvement was the deferred maintenance of the machines which were all addressed once the company had the financial support. This improved the scrap rates.
 - 5.10.9.1 55 employees requested to be placed on voluntary retrenchment. They exited the Company in May 2023. The net result of the reduction was that the Company was able to discontinue short-time.
 - 5.10.9.2 Renegotiation of payment terms with some of the customers bringing down payment cycles from 120 days in some cases to 30 days in the best cases.
 - 5.10.9.3 Paying more attention to pricing of products.
- 5.10.10 Effective from Commencement Date, the BRP informed all suppliers that they could no longer increase the invoice value of their supplies by the 20% to 30% that most suppliers were doing to recoup their legacy debt.
- 5.10.11 The PCF from Avon and the moratorium as a result of commencement of business rescue, had a positive impact on the turnaround of the Company as reflected in the summary income statements below:

	January	February	March	April	May	YTD
Revenue	28 967 867	12 772 258	12 840 073	23 789 516	29 701 909	108 071 623
Sales Growth	-0,9%	-55,9%	0,5%	85,3%	24,9%	
Cost of Sales	24 465 185	12 291 160	10 934 209	18 094 759	22 453 498	88 238 811
Gross Profit	4 502 682	481 098	1 905 864	5 694 757	7 248 411	19 832 812
GP Margin	15,5%	3,8%	14,8%	23,9%	24,4%	18,4%
Other Income	36 667	120 549	19 076	288 975	39 344	504 611
Operating Costs	(9 796 306)	(9 359 213)	(8 984 923)	(9 128 902)	(9 436 529)	(46 705 873)
Operating Profit	(5 256 957)	(8 757 566)	(7 059 983)	(3 145 170)	(2 148 774)	(26 368 450)
OP Margin	-18,1%	-68,6%	-55,0%	-13,2%	-7,2%	-24,4%
Finance Costs	(1 196 310)	(1 045 506)	(934 329)	(1 000 765)	(1 435 847)	(5 612 757)
Profit Before Tax	(6 453 267)	(9 803 072)	(7 994 312)	(4 145 935)	(3 584 621)	(31 981 207)

5.11 Creditors

5.11.1 The Company's known Commencement Date Creditors as at the date of publication are set out in **Annexure A** hereto, and in aggregate amounted to R 151.2 million

5.11.2 There are currently no Disputed Claims. However, the BRP may dispute any claim at any stage prior to Substantial Implementation Date.

5.11.3 There are no Contingent Claims that have come to the attention of the BRP.

5.12 Material Assets and Security

5.12.1 The material tangible assets of the Company at Commencement Date were valued by Craig J Wood, an Appraiser appointed in terms of Section 6 of the Administration of Estates Act 1965. His report is attached hereto as **Annexure B**.

5.13 Probable Liquidation Dividend

5.13.1 The probable liquidation dividend is as set out in **Annexure C**.

5.13.2 In the event of a liquidation, unsecured concurrent Creditors will receive a dividend estimated at 4 cents to the Rand.

5.13.3 Employees, on the other hand are likely to recover approximately 37% of their termination benefits in the event of liquidation.

5.14 Creditors Committee

5.14.1 Section 145(3) of the Act provides that the creditors of a company are entitled to form a Creditors' Committee, and through that committee are entitled to be consulted by the business rescue practitioner during the development of the business rescue plan.

5.14.2 At the first meeting held in terms of section 147 of the Companies Act, the Creditors of the Company decided to form a Creditors' Committee, and the following members were appointed:

Creditor	Name of Representative
1. Compu Tyre CC	Ivan Jooste or Johan Mostert
2. International Tube Technology	Michael van Tonder
3. Taigan International (Pty) Ltd	Tailei McCullough
4. ExxonMobil Petroleum and Chemical	Ramon Scheepbouwer
5. Chem-I-Plast	Rony Jose
6. Dinana Reid Inc	Livhuwani Madi
7. Dow Southern Africa	Altug Diraz
8. Bearing Net CC	Garner Upton
9. Solgas Holdings	Margaret Zinoro
10. Magnis Trucks Pretoria East	Charmain Benoleil
11. Sasol South Africa	Asif Kaka

5.14.3 The Creditors' Committee held its first meeting on 10 May 2023 to discuss the role of the committee, for the BRP to provide an update on the business rescue of FPC and to discuss the extension of the date to publish the business rescue plan.

5.14.4 A further meeting was held with the Creditors Committee on 4 July 2023 where the BRP updated the committee on 2 investment offers that had been received by the BRP from Avon and from Packages. The BRP canvassed the views of committee members on the offers tabled.

5.15 **Engagement with Creditors**

5.15.1 The BRP has dealt with queries from various Creditors, pertaining to their individual claims as and when necessary.

5.16 **Engagement with Shareholders**

5.16.1 The BRP has consulted Bopa and Packages to, among other things establish their appetite for injecting additional capital for working capital purposes and to enable the Company to settle the Claims.

- 5.16.2 Bopa indicated that it would not make any further funding contributions, as the fund that invested in the Company closed. The investment mandate of the new fund does not allow investments in distressed assets.
- 5.16.3 Packages, on the other hand, informed the BRP towards the end of April 2023 that it had obtained a funding term sheet, on behalf of the Company, from MCB Bank amounting to US\$5 million. The term sheet is attached hereto as **Annexure D**.
- 5.16.3.1 On 4 May 2023, the BRP sent an email to Packages, inquiring, *inter alia*, about (i) the prospects of closing the financing; (ii) the timelines for the implementation of the due diligence and ultimate disbursement (taking into account SARB requirements); (iii) how additional working capital would be funded; and (iv) the impact of MCB's proposed security charge over the assets of the Company, as Avon required a GNB over all the assets of the Company. In addition, the BRP emphasised that in order for the MCB Bank transaction to work, the disbursement would have to occur before 31 July 2023 in order to enable the Company to settle the Avon PCF.
- 5.16.3.2 On the same day, Packages responded to the BRP's queries, confirming, *inter alia*, that (i) there was a strong probability of the transaction being executed; (ii) MCB Bank were requested to target a disbursement date of 25 July 2023, albeit this deadline was tight; (iii) the Company would require the permission of MCB Bank to arrange additional funding in the normal course of business; and (iv) MCB Bank could provide a security deferral mechanism whereby the charge against the assets of the Company takes effect after Avon had been settled.
- 5.16.3.3 On the basis of the assurances provided, the BRP authorised Packages to sign the term sheet and continue discussions with MCB Bank.
- 5.16.3.4 On 6 June 2023, the BRP submitted a 12 months' cash flow forecast to Packages, which showed that an amount of R170m would be required to settle the PCF, pay Pre Commencement Secured Creditors in full, pay a dividend of c. 30 cents to the Rand to Concurrent Creditors, and provide for additional working capital to the Company. In addition the BRP informed Packages that the PCF maturity date was in fact 30 June 2023 but he would negotiate for the date to be extended to 31 August 2023.
- 5.16.3.5 On 29 June 2023 the BRP informed Packages that he had not been able to secure Avon's agreement to extend the PCF maturity date from 30 June 2023 to 30 September 2023

and that instead Avon submitted an offer to acquire all of the assets of the Company at an amount that would enable payment of secured Claims in full and payment of a dividend of between 15 cents and 18 cents to the Rand.

5.16.3.6 Following telephonic and email communications, Packages submitted its proposal on 30 June 2023, in which *inter alia*, it was confirmed that MCB Bank had given a firm commitment for US\$5 million and that a further US\$1 million would be provided by Packages' Sri Lankan company as proceeds of sale of one printer owned by the Company. The proposal further indicated that 50% of the printer sale proceeds would be availed before 31 July 2023 and the balance as soon as the printer is ready for shipment. This proposal is attached hereto as **Annexure E**.

5.16.3.7 On 3 July 2023, Packages submitted a commitment letter from MCB Bank for a sum of US\$5 million, to be disbursed within July subject to completion of relevant transaction documents and perfection of security. The commitment letter is attached hereto as **Annexure F**.

5.16.3.8 On 4 July 2023 the BRP convened a Creditors Committee meeting, where he tabled the proposals from Avon and Packages, as well as an indicative payment waterfall for each of the proposals.

5.16.3.9 After deliberation, the Creditors proposed that the BRP should negotiate a concurrent Creditors dividend of between 40 cents and 50 cents with Avon, even if a top-up dividend is deferred for payment at a later date. The Creditors expressed reservations about the Packages proposal as there were uncertainties with regards to the exact date of payment, and that the proposal would require rejection of a firmer offer from Avon, which would entitle Avon to demand payment and enforce its security.

5.16.3.10 On the same day, the BRP informed Packages that there was no support for the Packages proposal by the Creditors and that he would be negotiating with Avon for an improved offer.

5.16.3.11 In summary, the challenges with the Packages proposal are as follows:

- 5.16.3.11.1 The timing of the receipt of the funds is uncertain as (i) the commitment letter does not provide the exact date of disbursement;
- (ii) SARB and other regulatory requirements for approval of

investment in the Company will have their own timeline; and (iii) the registration of securities for MCB Bank can only occur after Avon and Sasol have been settled in full.

5.16.3.11.2 The additional US\$1 million from the sale of a printer is doubtful as the printer will form part of the MCB Bank's security for the US\$5 million loan.

5.16.3.11.3 The Company requires additional working capital, to fund its growth from the current trading levels and also taking into account that suppliers would require upfront payments for a considerable time.

5.16.3.11.4 The dividend to Creditors will be far less than would be the case if Avon's proposal is accepted as proposed in this BR Plan. The indicative dividend under the Packages proposal, assuming that Anemone and Packages will not receive a BR dividend, is reflected below:

	Amount in Rand	
Loans from Banks Facilitated by Packages		90 200 000
Business Rescue Fees and Costs		
Unpaid Fees	750 000	
Legal Fees	500 000	1 250 000
Available for Distribution to Secured Post Commencement Creditors		88 950 000
Secured Post Commencement Claims		
Avon Holdings	74 540 124	
Sasol	5 000 000	
Taigan Pre Commencement Secured Claim	144 553	79 684 677
Available for Distribution to Unsecured Post Commencement Claims		9 265 323
Unsecured Post Commencement Claims		
Avon Plastics	2 204 136	
Hoffman Property Holdings	391 659	2 595 795
Total Post Commencement Claim		
Available for Working Capital and Unsecured BR Dividends		6 669 528
Working Capital Allowance	0	0
Available to Unsecured Pre-Commencement Creditors		6 669 528
Unsecured Commencement Claims		119 475 143
Dividend in Cents to the Rand		5,58

5.17 Investigation of the Affairs of the Company

5.17.1 In terms of section 141(1) of the Act, the business rescue practitioner is required to investigate the affairs, business, property, and financial situation, and after doing so, consider whether there is any reasonable prospect of the company being rescued.

5.17.2 Furthermore, if in the course of such an investigation, a business rescue practitioner concludes that there is evidence of misconduct as contemplated in section 141(2)(c) of the Companies Act, then the business rescue practitioner must forward that evidence to the relevant authorities for further investigation and direct the management of the company to take any necessary steps to rectify the matter.

5.17.3 The BRP has carried out the investigations contemplated in section 141(1) for the specific purpose of determining whether there are reasonable prospects, and has concluded that there are indeed reasonable prospects of the Company being rescued in the manner dealt with in this BR Plan.

5.17.4 With regards to misconduct contemplated in section 141(2)(c), the BRP has not come across any evidence of reckless trading, fraud or voidable transactions that occurred in the last 12 months. However, should any such evidence surface, or be provided, after the publication of this BR Plan, the BRP will immediately report on it to all Affected Persons and/or take any appropriate steps.

5.18 **Moratorium**

5.18.1 The moratorium imposed by section 133 (as read with section 150(2)(b)(i)) of the Companies Act prohibits any legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to the Company or lawfully in its possession, from being commenced or being proceeded with for the duration of the Proceedings.

5.18.2 This means that Creditors will not be able to take action in any forum against the Company for non-payment of debts during the Proceedings.

5.18.3 In the current circumstances, the moratorium in relation to the Company commenced on the Commencement Date and will remain in place until the termination of the Proceedings in accordance with the provisions of the Companies Act.

5.19 **Conversion of Claims to Equity**

5.19.1 No claims will be converted to equity.

5.20 **Creditors Voting Interest**

- 5.20.1 A Creditor has a voting interest equal to the value of the amount owed to that Creditor by the Company.
- 5.20.2 A Creditor with a Claim for PCF will have a voting interest for the amount owed by the Company to that Creditor.
- 5.20.3 A Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the BRP, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the Company.
- 5.20.4 A Creditor who has a Disputed Claim or a Contingent Claim (including any damages or unliquidated Claim), will only be allowed to vote to the extent of the undisputed or non-contingent portion of their claim or to the extent determined by the BRP in his discretion. For the avoidance of doubt, this will not affect the final distribution to such Creditors as the quantum of their Claims will be finalised mutually between the parties or through the dispute resolution mechanism as set out in clause 9.
- 5.20.5 All liquid proven Claims, including Contingent and suretyship or guarantee Claims will be allowed to vote if the claim has been accepted and approved by the BRP. The decision of the BRP in this regard will, subject to any manifest error, be final and binding on the Creditor concerned.
- 5.20.6 If the value of a Claim of a Commencement Date Creditor has reduced since Commencement Date, that Creditor's voting interest will be the balance of the Claim as at the date of the meeting to consider the BR Plan.

5.21 **BRP Remuneration**

- 5.21.1 The BRP's remuneration is at the hourly tariff for a large company based on the Company's public interest score at the Commencement Date.
- 5.21.2 A company is regarded as a large-sized company if its public interest score is above 500.
- 5.21.3 The public interest score of the Company, calculated in terms of Regulation 26(2) of the Companies Act, was 912 points at Commencement Date.
- 5.21.4 Regulation 128 of the Companies Act sets out the hourly tariffs that a practitioner is

entitled to charge, in accordance with section 143(1). The hourly tariff applicable for large companies is R1754,39 per hour (excluding VAT).

5.21.5 As Regulation 128 was promulgated in 2008, and the tariffs have remained unchanged, the current tariffs have suffered material depreciation as a result of the effects of inflation and are therefore no longer appropriate in 2023. Accordingly, these tariffs no longer make sense, and the practice is generally for the BR Plan to propose a market related rate per hour.

5.21.6 On this basis the BRP proposes a market related rate of R4000 per hour (excluding VAT).

5.21.7 The BRP's remuneration agreement is attached hereto as **Annexure G**. A separate meeting to approve the proposed agreement will be convened in accordance with the terms of section 143 of the Companies Act.

5.22 **Proposals Made Informally by a Creditor**

5.22.1 This BR Plan does not include any informal proposals made by a Creditor of the Company.

5.23 **Voting by Proxy**

5.23.1 Voting by proxy will be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BRP.

5.23.2 All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and duly authorised resolution supporting the appointment of the signatory to the proxy.

6. Part B – Terms of the Proposal

6.1 Objective of the Proposal

6.1.1 The main objective of business rescue, as set out in section 128(1)(b)(iii) of the Act, is to develop and implement a plan that either:

6.1.1.1 rescues the Company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis (“**Primary Objective**”); or

6.1.1.2 if the aforementioned is not possible, results in a better return for the Company’s creditors or shareholders than would result from the immediate liquidation of the Company (“**Secondary Objective**”).

6.1.2 The proposal set out in this BR Plan seeks to achieve the Primary Objective of business rescue, namely the Restructuring Proposal outlined below.

6.2 Restructuring Proposal

6.2.1 On 15 June 2023, the BRP sent a request to Avon for the PCF repayment date to be extended from 30 June 2023 to 30 September 2023, as well as for additional funding of R20 million. Avon requested a meeting with the BRP, where they indicated that they would be submitting an offer to acquire the business of FPC as a going concern, which meant that subject to acceptance of their offer, there may not be a need to grant extensions.

6.2.2 Following various meetings and discussions, Avon submitted an offer on 28 June 2023, to acquire the business of the Company for a total consideration of R100 million.

6.2.3 After analysing Avon’s proposal, the BRP convened a meeting of the Creditors’ Committee where he tabled the proposal, along with the one from Packages referred to in 5.16. The creditors were in principle supportive of the Avon proposal, but requested the BRP to engage further to negotiate an improvement on the offer.

6.2.4 Following the BRP’s further discussions with Avon, Avon submitted a revised offer of R105 million, which is attached hereto as **Annexure H**. The BRP conditionally accepted the offer on 7 July 2023, subject to approval of the BR Plan incorporating the offer.

6.2.5 Subsequent to the acceptance of the offer, Avon injected additional funding of R10 million and, in addition, has continued to supply to the Company, through its subsidiary Avon Plastics Proprietary Limited. Avon has indicated that it has allocated up to R100 million in additional financing to the Company to support the growth of the Company to reach full capacity production and sustainability.

6.2.6 In order to avoid fluctuations in Avon's PCF that will need to be settled from the proceeds of the sale of business, the BRP submitted a proposal to Avon to vary the terms of its offer to provide for the differential between the original PCF of R60 million (plus accrued interest) and the balance at closing of the transaction to be assumed by the acquiror as part of the investment in net working capital. Avon has agreed to this proposal.

6.2.7 The BRP is also in discussions with Avon to explore whether it would be possible to conclude a management services agreement soon after Adoption that will enable Avon to assume management control of the Company under supervision by the BRP until the transaction closing date.

6.2.8 Based on the Avon offer as summarised above, the indicative BR waterfall as appears on the table in 6.7.2 below, shows that dividends payable under this BR Plan will be far better than would be the case if the Company were to be liquidated.

6.3 **Property Available to Pay Creditors Claims**

6.3.1 Creditors will be paid from the proceeds from the sale of business in accordance with the Avon proposal.

6.4 **Effect of the Restructuring Proposal on Concurrent Creditors**

6.4.1 In terms of the Restructuring Proposal, concurrent Creditors will receive a settlement estimated at approximately 24 cents to the Rand, which will be paid at the conclusion of the transaction contemplated in the Restructuring Proposal.

6.4.2 The claims of concurrent Creditors will accordingly be compromised and the balance or remainder of such claim will be expunged/written off.

6.5 **Effect of the Proposal on SARS**

6.5.1 The SARS Pre-Commencement Claim will be compromised as is the case with the rest of the concurrent Creditors.

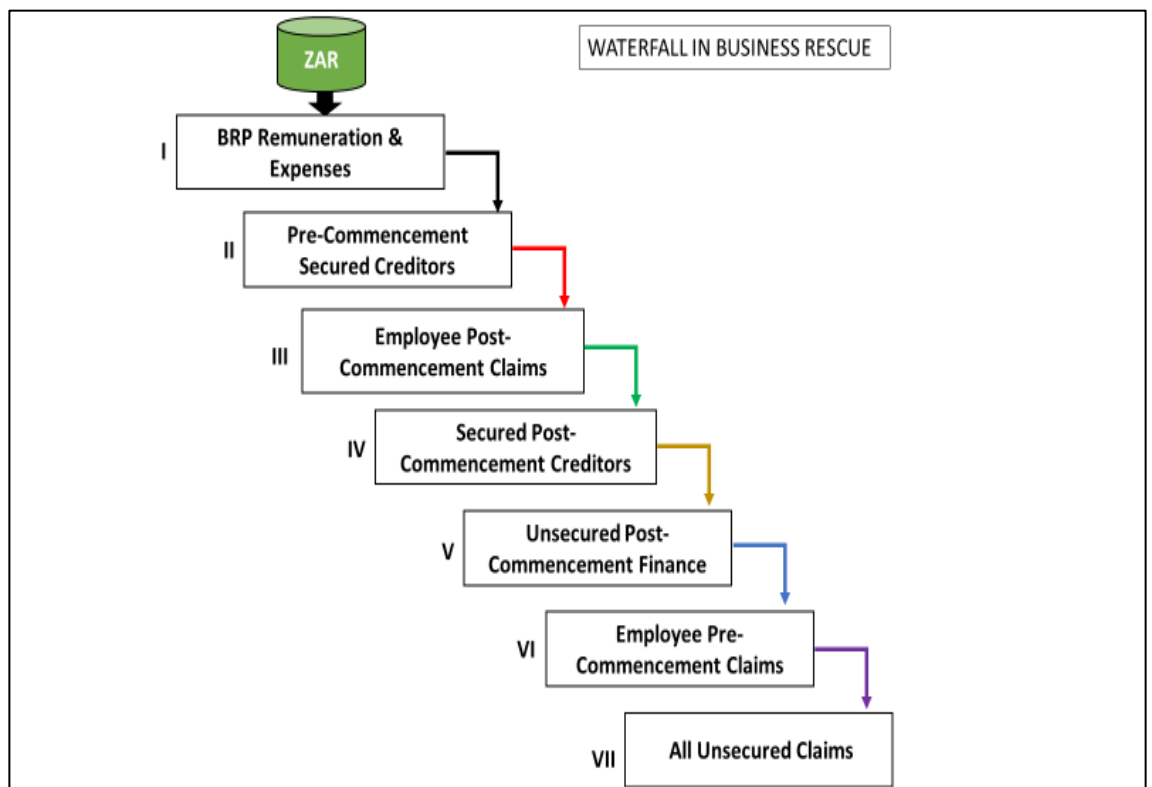
6.5.2 The standard clauses from SARS are not relevant in this BR Plan as the Company will cease to trade after implementation of this BR Plan.

6.6 **Effect of the Proposal on the Employees of the Company**

As the sale of assets will be on a going concern basis, Employees will automatically transfer to the acquiring entity on the same terms and conditions as per their current contracts.

6.7 **Order of Distribution**

6.7.1 In terms of the Companies Act, Creditors are to be paid the amounts to be distributed in the following order of priority (to the extent that there are funds available to pay all categories of Creditors in terms of the waterfall below):



6.7.2 The probable dividend, as appears in **Annexure I** hereto, which Creditors will receive, in

their respective classes, as a result of the adoption of the BR Plan will be as follows:

Class	Probable Dividend
Secured Pre Commencement Creditors	100 cents
Secured Post Commencement Creditors	100 cents
Concurrent Creditors	24 cents

6.8 Discharge of Debts and Claims

6.8.1 In terms of Section 154(2) of the Companies Act, if the BR Plan has been Adopted and implemented in accordance with its terms and conditions, a Creditor will not be entitled to enforce any debt owed by the Company immediately before the beginning of the Proceedings, except to the extent provided for in this BR Plan.

6.9 Ongoing Role of the Company and Treatment of Existing Agreements

6.9.1 If the Restructuring Proposal is implemented successfully, the Company will no longer operate as its business and/or assets will be sold in accordance with the offer from Avon.

6.9.2 The contracts to which the Company is a party shall be assigned to Avon by agreement between Avon and the other parties or cancelled. To the extent that contracts are cancelled, Claims for damages will be limited as set out hereunder.

6.9.3 In the event that the counterparties to the contracts claim damages, whether contractual or delictual, against the Company which damages claim is not accepted by the BRP:

6.9.3.1 litigation in respect of such damages by way of the Dispute Resolution clause must be brought against the Company before the date of Substantial Implementation Date, failing which, a Creditor in these circumstances will be precluded from bringing a Claim for damages against the Company;

6.9.3.2 their Claims shall be deemed to have been compromised in terms of this BR Plan and shall be regarded as unsecured Claims for the purposes of the BR Plan. As such, the counterparties to Contracts who bring their damages claim timeously (i.e. before Substantial Implementation Date) shall only be entitled to receive an amount as an

unsecured Creditor pursuant to the provisions of this BR Plan and if the Claim is not disputed; and

6.9.3.3 any Claim for damages will be limited to either the actual direct damages suffered or to an amount equivalent to a maximum of three months' contractual payment, whichever amount is the lower and no claims for contingent or indirect or consequential (including loss of profit) damages will be accepted by the BRP. Such damages will be treated as unsecured Claims.

6.10 **Benefits of Adopting the Business Rescue Plan Compared to Liquidation**

6.10.1 Dividends envisaged in this BR Plan are likely to be better than the dividends that would be paid in liquidation.

6.10.2 The BR Plan will be implemented in a far shorter time-frame than liquidation proceedings. The average time it takes to conclude a liquidation process and pay liquidation dividends can be between 18 – 36 months, or longer depending on the complexity of the estate.

6.10.3 Employees will receive their remuneration in full and continue to be employed if this BR Plan is adopted, whereas in liquidation employee claims are limited to a maximum of R28 000 per employee.

6.10.4 Some of the Creditors of the Company are likely to resume or continue to trade with the business and thus continue to generate revenue, unlike in liquidation where the cessation of business is a finality.

6.11 **The Effect of the BR Plan on Holders of the Company's Issued Securities**

6.11.1 This BR Plan will not affect the rights of the holders of the Company's issued securities.

7. Part C – Assumptions and Conditions

7.1 Assumptions

7.1.1 The main assumptions are that:

7.1.2 The amount and timing of payment to Creditors may be affected by, *inter alia* the following adverse events:

7.1.2.1 unforeseen litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;

7.1.2.2 significant late Claims and unforeseen damages Claims arising from the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;

7.1.2.3 any changes in legislation that impacts business rescue;

7.1.2.4 any challenges to this BR Plan, the rejection thereof of any amendments thereto;

7.1.2.5 any regulatory challenges of any nature whatsoever, howsoever arising;

7.1.2.6 any unforeseen circumstances, outside of the control of the BRP of any nature whatsoever howsoever arising that impacts on Business Rescue; and

7.1.2.7 material discrepancies in the information made available to the BRP by the directors and management.

7.2 Conditions for the BR Plan to come into operation and Substantial Implementation

7.2.1 The BR Plan will come into operation upon the date of Adoption.

7.2.2 Substantial Implementation will be deemed to have occurred upon finalisation of the sale of business transaction with Avon and payment to Affected Persons as contemplated in the BR Plan.

7.3 Employee Matters

7.3.1 An Employee Representatives' Committee was formed in terms of section 144(3)(c) of the Companies Act for the purposes of consulting with the BRP. The Employee Representatives' Committee is comprised of members from staff and management

where represented.

- 7.3.2 There has been no need to hold an Employee Representatives' Committee meeting as all employee matters are being addressed in the normal course of business. A Q&A was also circulated to address all employee queries that arose at the commencement of business rescue and following the first meeting of employees' representatives.

7.4 Termination

The Proceedings will end:

- 7.4.1 if the BR Plan is rejected and neither the BRP, nor an Affected Person acts in any manner contemplated in section 153(1) the Act; or
- 7.4.2 this BR Plan is Adopted and implemented (with the conditions fulfilled) and the BRP has filed a notice of substantial implementation of the BR Plan with the CIPC;
- 7.4.3 a court orders the conversion of the Proceedings into liquidation proceedings; or
- 7.4.4 the BRP files a notice of termination of the Proceedings with the CIPC.

7.5 Projected Balance Sheets and Income Statements

7.5.1 Projected Balance Sheets

R'millions	2023	2024	2025	2026
Assets				
Non Current Assets	164,5	140,7	118,1	97,7
Property Plant & Equipment	160,6	136,7	114,2	93,8
Investment in Associates	4,0	4,0	4,0	4,0
Current Assets	139,4	203,9	266,6	466,8
Inventories	64,3	51,7	50,9	56,1
Trade & Other Receivables	74,8	122,8	137,5	154,0
Cash & Cash Equivalents	0,3	29,4	78,2	256,7
Total Assets	304,0	344,6	384,7	564,5
Equity & Liabilities				
Equity	154,0	179,6	219,7	274,8
Issued Capital	184,9	184,9	184,9	184,9
Retained Earnings	(30,9)	(5,3)	34,8	89,9
Non-Current Liabilities	150,0	165,0	165,0	165,0
Borrowings	150,0	165,0	165,0	165,0
Current Liabilities	-	-	-	124,7
Trade & Other Payables	-	-	-	124,7
Total Equity & Liabilities	304,0	344,6	384,7	564,5

The key assumptions made are as follows:

- 7.5.1.1 No significant changes are made to PPE and depreciation.
- 7.5.1.2 Inventories is assumed to be about 65 days outstanding in the first year of the forecast and then they decrease to about 37 days from the second year onwards.
- 7.5.1.3 Receivables are assumed to be about 20% of sales or 73 days outstanding.
- 7.5.1.4 Payables will be non-existent for the first three years as the business reestablishes itself with suppliers and then it assumed that from the 4th forecast year the payables will also be 73 days outstanding or 20% of cost of goods sold. R33.7m will be paid to the concurrent Creditors as settlement.

An injection of R150m from Avon has been incorporated (R105m purchase price and R45m working capital)

7.5.2 Projected Income Statements

R'millions	2023	2024	2025	2026
Revenue	374,1	613,8	687,5	770,0
Sales Growth	-33,2%	64,1%	12,0%	12,0%
Cost of Sales	(357,3)	(517,3)	(565,1)	(623,6)
Gross Profit	16,8	96,5	122,3	146,3
GP Margin	4,5%	15,7%	17,8%	19,0%
Other Income	181,1	-	-	-
Operating Costs	(62,6)	(61,4)	(67,4)	(70,8)
Operating Profit	135,4	35,1	54,9	75,5
OP Margin	36,2%	5,7%	8,0%	9,8%
Ebitda	(7,5)	70,9	89,5	107,8
EBITDA Margin	-2,0%	11,6%	13,0%	14,0%
Profit Before Tax	135,4	35,1	54,9	75,5
Tax	(36,5)	(9,5)	(14,8)	(20,4)
Profit After Tax	98,8	25,6	40,1	55,1
NP Margin	26,4%	4,2%	5,8%	7,2%

The key assumptions made are as follows:

- 7.5.2.1 Sales growth is expected is expected to grow at a compounded annual rate of 14.5% over a 10-year forecast period. This is a result of the low base of c.R374m from which the forecast starts.
- 7.5.2.2 Gross profit margins are expected to improve as compared to historical periods as the

business improves on its management of waste material resulting in GP margins moving from 4.5% in 2023 to 21% in 2032.

7.5.2.3 EBITDA Margins start out negative and progressively move to 16.7%

7.5.2.4 Other income of c.181m reflects the write-off of payables due to compromise contemplated herein, and the amount is a non-cash item.

7.5.2.5 R33.7m is assumed to be paid to concurrent Creditors as settlement of all debts.

CHAPTER 3 - GENERAL

8. Litigation

8.1 There is no ongoing litigation.

9. Dispute Resolution

9.1 Save as provided for in section 133 of the Companies Act, in respect of all or any disputes by the BRP on Claims submitted by a Creditor, which disputes include, but are not limited to, disputes on the existence or otherwise of a Claim, on quantum of the Claim, security claimed by a Creditor, the nature of the security, the extent and value of the security and the like (“the dispute”), such dispute can only be resolved in accordance with the dispute resolution mechanism outlined below.

9.2 The dispute resolution mechanism procedure will be as follows:

9.2.1 Any Creditor that has received a notification from the BRP of a dispute must contact the BRP in order to resolve such dispute within 15 days, or such longer period as the BRP may agree, from the date of the notice.

9.2.2 If the Creditor does not avail itself of this 15-day opportunity then the BRP’s decision is final and the Creditor will be deemed to have accepted the BRP's position in regard to the dispute. If after having availed itself and the dispute is not resolved within the 15 day period, or such longer period as the BRP may agree, the Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) to nominate and agree with the BRP to the appointment of a retired judge as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor not make this nomination the BRP will do so on its behalf and this nomination will be binding on the Creditor.

9.2.3 Should the BRP and the Creditor fail to reach an agreement on the expert as contemplated above, then the Arbitration Foundation of South Africa will be requested to make the appointment.

9.3 The retired judge when nominated and who agrees to accept such appointment (hereinafter referred to as the “expert”) will endeavour to complete his mandate within 30 days of his appointment or within such further time period as he in his sole discretion may determine.

9.3.1.1 The expert will in his sole and absolute discretion determine:

9.3.1.2 the venue at which the dispute is to be resolved;

9.3.1.3 the rules, regulations and procedures that will govern the determination of the dispute;

9.3.1.4 the date(s) for the determination of the dispute;

9.3.1.5 will give his award / determination within 10 days of the completion of the process as determined by him; and

9.3.1.6 will as part of his award / determination determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.

9.4 The Creditor agrees that, save for any manifest error the determination of the expert will be final and binding on the Creditor, the Company and the BRP and will not be subject to any subsequent review or appeal application / procedure / process.

9.5 The expert shall be entitled to make an award for costs in his discretion.

9.6 The Creditor, the Company and the BRP agree to use their utmost endeavours to ensure that the entire dispute is determined by the expert within the 30-day period as set out above.

10. Amendment of the Business Rescue Plan Subsequent to Adoption

10.1 Provided that an amendment is administrative in nature and will not be prejudicial to the rights of any of the Affected Persons as set out herein, the BRP shall have the ability, in his sole and absolute discretion, to amend, modify or vary any provision of this BR Plan, provided that at all times the BRP acts reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.

10.2 Should an amendment be contemplated, which would prejudice Affected Persons, then the BRP shall be entitled to propose same for consideration and voting at a subsequent

meeting of those Affected Persons who would be prejudiced thereby. Such amendment shall only be effective should it be adopted in the same manner as provided for in section 152 of the Companies Act.

11. Late Claims

11.1 Creditors who, for whatever reason, did not submit their claims to the BRP prior to the date of Adoption of the BR Plan, may at any time up until Substantial Implementation, submit to the BRP, documentation in support of their claim against the Company and upon receipt and acceptance thereof by the BRP such claims will be considered valid and form part of the Adopted BR Plan.

11.2 Creditors who, for whatever reason, do not submit their claims to the BRP by the date of Substantial Implementation, will be deemed to have abandoned their claim/s and their right to participate in any distribution under this BR Plan and shall have no further Claims against the Company.

12. Severability

Any provision in this BR Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this BR Plan, without invalidating the remaining provisions of this BR Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

CHAPTER 4 – CONCLUSION AND BRP CERTIFICATE

13. Conclusion

For the reasons set out above, it is the view of the BRP that, notwithstanding the inevitable risks and challenges:

- 13.1 there is a reasonable prospect that the Company can be rescued within the meaning of the Companies Act;
- 13.2 this BR Plan balances the rights and interests of all relevant stakeholders; and
- 13.3 should the BR Plan not be Adopted, the Proceedings will have to be converted to liquidation proceedings.

14. BRP's Certificate

I, the undersigned, Siphon Sono, hereby certify to the best of my knowledge and belief that:

- (a) any actual information provided herein appears to be accurate, complete, and up to date; and
- (b) projections provided are estimates made in good faith on the basis of factual information and assumptions as set out contained in this BR Plan.

Siphon Sono, in his capacity as the duly appointed
Business rescue practitioner (in terms of the Act)

Electronically submitted and therefore unsigned