

MINUTES OF THE FIRST MEETING OF CREDITORS HELD ON 25 OCTOBER 2017 AT 11:30 IN THE TRAINING ROOM AT THE COMPANY'S PREMISES

INCA MASONRY PRODUCTS (PTY) LTD

(In Business Rescue)

25 October 2017

1. Siphiso Sono, the business rescue practitioner ("BRP") opened the meeting and welcomed all present.
2. The BRP confirmed that the agenda for the meeting was as set out in the notice of the meeting which all attendees must have received, and summarised the agenda as follows:
 - 2.1. Introduction
 - 2.2. Background
 - 2.3. Reasonable prospects of rescuing the company
 - 2.4. Receipt of proof of claims
 - 2.5. Formation of a creditors' committee
3. The BRP clarified that the business of the meeting was confined to those matters the Companies Act prescribes should be dealt with at the first meeting of creditors, as opposed to the second meeting of creditors that deals with a published business rescue plan.
4. The BRP distributed hard copies of his slide presentation and informed the meeting that the presentation would be emailed to all creditors and that it would also be uploaded on the company's website.

5. The BRP introduced himself, his background, qualifications, professional affiliations and experience and confirmed that he is a licensed senior business rescue practitioner.
6. The BRP informed the meeting that Inca's public interest score indicated it is classified as a medium sized company.
7. The timeline for the commencement of the business rescue proceedings was explained.
8. The BRP presented the detailed background about the company, noting the following:
 - 8.1. History of the company;
 - 8.2. Description of the company's facilities, plant utilisation, mothballed plant;
 - 8.3. Current distribution channels for the company's products;
 - 8.4. Working capital constraints;
 - 8.5. Historical trading information for the past four financial years;
 - 8.6. Analysis of the company's assets;
9. The BRP discussed his opinion on reasons for financial distress and highlighted working capital shortages, the 5-week labour strike, and loss of market share due to entry of informal manufacturers supplying low quality products to the trade.
10. With regards to prospects of recovery, the BRP informed the meeting that he had received an indicative offer from Mathupha Capital for the acquisition of the company and that they were completing their due diligence.
11. The BRP indicated that Mathupha Capital, if the deal goes through, could make management changes, as would any investor in a company that is struggling.
12. The BRP further indicated that the bridging finance of R2 million from the NEF and the possible capital injection by Mathupha Capital were some of the key considerations in concluding that there were reasonable prospects of rescuing the company.
13. Responding to a question from a creditor, the BRP indicated that although the company's

liabilities exceeded its assets, he had not carried out any detailed investigation that would lead him to conclude that directors had engaged in reckless trading, given the limitation of time and resources. However, should he come across additional information that suggests reckless trading, he would follow the prescripts of the Companies Act.

14. Proof of claim forms were circulated at the meeting and the BRP indicated that the forms would also be sent by email and uploaded on the company's website. He requested creditors to complete the proof of claim forms and submit to him by email.
15. The BRP informed the creditors of their right to establish a creditors' committee and explained the functions of the committee. The creditors decided against establishing the committee.
16. The BRP responded to various questions raised by creditors as follows:
 - 16.1. Regarding why the directors did not place the company in business rescue in 2016, rather than late in 2017, the BRP could not answer on behalf of directors. Although he agreed that had the company filed for business rescue earlier, the prospects for rescue might have been greater, he could not determine retrospectively what the exact date of commencing the proceedings should have been.
 - 16.2. Regarding the average length of time it takes for companies to emerge out of business rescue, the BRP said although there is no hard-and-fast rule, the time frames could range from 6 months in certain circumstances to 3 years in other circumstances. He indicated that the anticipated time frames for the company would be clearer only after the completion of the business rescue plan.
 - 16.3. Regarding whether there were any legal proceedings against the company, the BRP confirmed that there were summonses that were issued prior to commencement of business rescue proceedings, but such would have no bearing on the continuation of the company's business rescue proceedings, as the Companies Act imposed a moratorium on legal proceedings against the company in business rescue. It was further confirmed that the NEF had perfected its notarial bond, also prior to commencement of business rescue proceedings.
 - 16.4. The BRP advised that individual creditor queries should be directed to him by email or the relevant creditors could call him for clarity on their individual circumstances.
17. With no further business to discuss, meeting declared closed.

ATTENDANCE:

Sipho Sono	Business Rescue Practitioner
Karishma Maharaj	National Empowerment Fund
Sifiso Simelane	National Empowerment Fund
Angus Smart	Inca
Shaun Mathie	Shone's Electrical; Yonder Lea Timbers
Bernadine Williamson	SARS
Neliswa Ngqula	Count the Silver 80
Zama Ngqula	Count the Silver 80
Chris Abdo	Sheerprops 181; Independent Crushers
John Drake	Sheerprops 181
Mabali Siko	Supershade
Sumien Jordaan	Afloat Investments
Elize Pautz	Afloat Investments
Kauta Ngqabantshi	KG Transport
Zeb Vermaak	EC Truck & Trailers
Joseph Baka	Baka Transport
Matt Kreusch	Logic Lads

Peter Heger	Lightning Printers
Cherene Thompson	Just Write
Trevor Shaw	Buffalo City Lubricants
Phyllis Noah	Noah Transport
Eric Noah	Noah Transport
Ferdinand Stoll	Afrisam
Bonny Shole	Afrisam
Wickus Lessing	Power Bearings
Troy Benn	Trolec
Sasha Vaupotil	Saco Packaging
Michelle du Preez	Red Alert
Mike Jacoby	Red Alert
Gavin Tattesall	Red Alert
L Rorich	Laurie Shaw
Colin Larret	Independent Group