



CONSOLIDATED
STEEL INDUSTRIES

20 August 2021

CONSOLIDATED STEEL INDUSTRIES (PTY) LIMITED
(In Business Rescue) (“CSI” or the Company”)

SECTION 132(3)(A) REPORT TO AFFECTED PERSONS
FOR THE MONTH ENDED 31 July 2021

The Company’s directors and duly appointed Business Rescue Practitioners (“**BRP’s**”) have pleasure in submitting their report on the trading performance and financial position of the Company for the month ended 31 July 2021 (“**9th Monthly Report**”).

Previous monthly reports to Affected Persons issued are herein after referred to as follows:

- **1st Monthly Report** – for the month ended 30 November 2020
- **2nd Monthly Report** – for the month ended 31 December 2020
- **3rd Monthly Report** – for the month ended 31 January 2021
- **4th Monthly Report** – for the month ended 28 February 2021
- **5th Monthly Report** – for the month ended 31 March 2021
- **6th Monthly Report** – for the month ended 30 April 2021
- **7th Monthly Report** – for the month ended 31 May 2021
- **8th Monthly Report** – for the month ended 30 June 2021

SALE OF GRS

As mentioned in previous reports, CSI has concluded a sale of the entire business of CSI’s Global Roofing Solutions division (“GRS”) as a going concern, to Newco, a ‘special purpose corporate entity’ or “SPV” incorporated and owned by a private equity firm, Rockwood (Pty) Ltd. The conditions precedent for the sale of GRS were fulfilled at the end of June 2021, and accordingly GRS was transferred to Newco under the agreement.

This Newco, now named Global Roofing Solutions (Pty) Ltd, has taken the responsibility and risk for the ongoing business of GRS. All existing employees of GRS have moved across to the new Global Roofing Solutions (Pty) Ltd as of the 1st July 2021.

COMPROMISE OF HISTORICAL CREDITORS

In terms of the business rescue plan as amended on 25 May 2021 and voted in by the majority of creditors voting (“BR Plan”), a sale of GRS was concluded with the provision that Newco will take over and assume Historical Liabilities to the value of up to R255 million, to be settled by paying their insurer CGIC over an undeterminable period. In addition, the remaining unpaid Ring-fenced Liabilities as described in the BR Plan have been wholly transferred into Newco to be payable over a shorter time agreed to according to the sale agreement.

Consolidated Steel Industries (Pty) Limited (Reg No. 2006/031549/07)

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According to the BR Plan, the balance of the Historical Creditors that have not been transferred to Newco will be duly compromised to zero upon Substantial Implementation of the plan.

SUBSTANTIAL IMPLEMENTATION

The business rescue process for CSI has essentially come to a point of preparing for 'Substantial Implementation' as set out in the BR Plan. For Substantial Implementation to occur, the remaining affairs of CSI need to be wound down in preparing to hand over the company back to its shareholders. It is estimated that this process will take at least six (6) months from July 2021.

The winding down process for CSI involves migrating data from servers now used by Newco; filing for and paying outstanding VAT, PAYE and Income Tax (where applicable); settling warranties & penalties for work done by RVI and, where applicable, collecting outstanding retainers from RVI customers; following up on the collectability of any further outstanding STALCOR debts; and paying administration and outstanding business rescue costs, etc. This winding down process also ensures that there are no major outstanding liabilities within CSI prior to handover of the company back to the shareholders and directors.

CONCLUSION AND APPRECIATION

The BRPs and remaining CSI director continue to be grateful for the support shown by customers, suppliers, financiers and landlords in the past 12 months. Even though Substantial Implementation is yet to be filed, the BRPs and former management team of CSI view this as a successful turnaround that has managed to save over 380 jobs ahead of a sale to a more stable environment with a new shareholder.

We continue to wish all the staff and the new shareholders success in their future endeavors as Global Roofing Solutions.

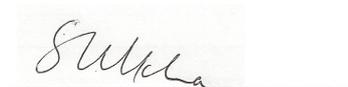
Thank you.



Chris Ransome
Executive Chairman



Ian Fleming
Business Rescue Practitioner



Sello Mkhondo
Business Rescue Practitioner