
ARM CEMENT PLC (IN LIQUIDATION)

Joint Liquidators' Update to the Shareholders of the Company

August 2022

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1. Introduction

1.1. Background and Overview

Muniu Thoithi and George Weru were appointed as the Joint Administrators (the “Administrators” or “we”) of ARM Cement PLC (under Administration) (the “Company”), effective 17 August 2018, pursuant to Section 534 (1) of the Insolvency Act of Kenya, 2015 (the “Act”).

As prescribed in the Act, the objectives of the administration of a company are:

- a) *to maintain the company as a going concern;*
- b) *to achieve a better outcome for the company’s creditors as a whole than would likely to be the case if the company were liquidated (without first being under administration); or*
- c) *to realize the property of the company in order to make a distribution to one or more secured or preferential creditors.*

The Administrators undertook a review of the business and affairs of the Company, with a view to assessing which of the three statutory objectives of administration proceedings was most suitable considering the circumstances that the Company was facing.

This review was undertaken with the support of the Company’s Management and independent cement industry subject matter experts (“SMEs”). The review included, but was not limited to, an analysis of:

- i. the historical performance of the Company;
- ii. the projected performance of the Company;
- iii. a detailed technical review of the Company’s plant and machinery; and
- iv. an assessment of the continuing funding requirements of the Company and its prospects going forward.

From the analysis of the financial situation of the Company, it was apparent that it required a transaction for the injection of significant financing that would result in reduced leverage for it to operate in a sustainable manner. Given the overriding objective of administration proceedings – that is, achieving the best outcome for the creditors of the Company – the Administrators could not limit the objectives of such a transaction to the injection of equity into the Company because, at that time, it was not obvious that it would be achievable or that it would have resulted in the most optimal outcome for the creditors of the Company.

Consequently, any such transaction process would also have had to consider other options including the sale of the whole or part of the Company and/or its assets (e.g., its subsidiaries), to the extent that this was expected to result in a better outcome for the Company and its creditors.

The Administrators took the view that pursuing such a transaction, whilst operations were ongoing, was likely to achieve a better outcome than shutting the plants and undertaking an asset sale. Consequently, the Administrators took the view that continued trading was, in the interim, in the best interest of the Company and its creditors.

1.2. Administrators’ Statement of Proposals

The Joint Administrators published public notices inviting the creditors of ARM for the first meeting of creditors of the Company, which was to be held on 23 October 2018, in the Daily Nation and The Standard newspapers on Tuesday, 9 October 2018. Further to this, the Administrators also circulated notices/invites of the said meeting to the creditors of the Company by way of email.

The main agenda for the meeting was the consideration and approval, by the creditors of the Company, of the Statements of Proposals prepared for their consideration by the Administrators, by way of a vote.

The Administrators took the creditors through their assessment of the Company’s affairs and their recommended proposals for achieving the objectives of the administration, before asking the creditors to consider and approve the same. The Administrators also provided an opportunity for creditors to ask various questions regarding the Company and the administration.

The Administrators proposed that they be allowed to pursue **statutory objective (b)** of the three objectives of an administration as set out in Section 522 (1) of the Insolvency Act.

Therefore, in order to achieve the purpose of Administration, Administrators proposed that:

1. The Administrators continue to manage and seek financing (subject to existing contractual/security arrangements and applicable law) to run the affairs of the Company in such manner as they consider expedient, with a view to achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration);
2. The Administrators, in conjunction with their selected Transaction Advisors, undertake a robust, competitive, transparent and expedited/accelerated transaction process aimed at identifying strategic or financial investor(s) in ARM with a view to achieving a recapitalization of the Company through an injection of equity and/or a sale of all or some of the assets of the Company including any subsidiaries and/or a comprehensive restructure of its debt obligations;
3. The Administrators shall do all such other things and generally exercise all their powers under the Act which in their discretion they consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximize their realizations or for any other purpose incidental to these proposals;
4. The Administrators to continue the efforts aimed at collecting any debts (or claims) owed to the Company and make distributions in accordance with existing contractual/security arrangements and applicable law;
5. The Administrators continue the administration for the statutory period and use their best endeavours to achieve the purpose/objectives of the administration within that period ;
6. That the Administrators incur and pay the reasonable costs and expenses of the administration subject to the terms of any funding agreements;
7. In the event of a realization (in whichever form including a sale of the business or injection of capital by an investor), the Administrators distribute and appropriate funds of the Company to the various classes of creditors in line with the Act, after meeting costs of the administration;
8. The Administrators have their remuneration fixed in relation to the time properly spent by them and their staff on matters relating to the administration subject to the provisions of paragraph (6) above; and
9. The Administrators end the administration after it has achieved its purpose by either of a Creditors Voluntary Arrangement ("CVA") or Creditors' Voluntary Liquidation ("CVL"), with the Administrators becoming Joint Liquidators if a CVL was pursued and Supervisors if a CVA is pursued.

At the first meeting, the Creditors of the Company approved the Administrators' Statement of Proposals for adoption and implementation in a near-unanimous decision. The Joint Administrators also prepared and filed, with the Court, the Chairman's Report on the outcome of the first meeting of Creditors.

The Administrators continuously focused their efforts on the implementation of the above approved proposals over the course of the administration.

We set out, in this report, an update on key matters and developments relating to the administration of the Company and its subsidiaries, following the approval of the proposals by the creditors.

1.3. Transition into Liquidation

The mandate of the administration of the Company ended on 30 September 2021, following substantial completion of the Kenya and Maweni transactions, the two most material aspects of the administration of the Company. The next course of action was the immediate commencement of the liquidation of the Company in line with the Administrators' Proposals, as approved by the Company's Creditors, and in line with the provision of the Act.

In line with the approved proposals, the Joint Administrators transitioned into the role of Joint Liquidators of the Company with effect from 1 October 2021 and continue to pursue an orderly wind-up of the affairs of the Company and its Subsidiaries.

1.4. Listing status of the Company

Being a listed entity, the Company operates under the supervision of the Capital Markets Authority (“CMA”).

CMA, acting in conjunction with the Nairobi Securities Exchange (“NSE”), suspended trading in ARM’s shares on 20 August 2018, following the appointment of Administrators over the Company. This suspension was extended for short period on several occasions until 8 May 2020 when CMA extended the suspension “until further notice”, i.e., indefinitely.

CMA has engaged extensively with the Directors and Administrators of the Company with a view to determining the way forward with respect to its listed status. Through this engagement it became apparent that, considering the Company was undergoing an insolvent liquidation, its shares would need to be delisted from the Exchange.

CMA directed the Directors and Administrators of the Company to convene a meeting of shareholders to update the shareholders of the Company on its affairs since it went into administration. Following this meeting of shareholders, it is expected that CMA will proceed to effect the delisting.

2. Executive summary

2.1. Summary of estimated outcome to creditors of the Company

The liquidation of the Company is still ongoing and the majority of the realizations that are expected to result in a distribution to creditors of ARM have been completed. At the end of the liquidation process, it is estimated that the outcome in terms of distributions to various categories of creditors will be as follows:

- a. Preferential Creditors of the Company will be 100% of amounts due
- b. Secured Creditors of the Company will be in the range of 62% - 70% of amounts due; and
- c. Unsecured trade and other creditors of the Company will be in the range of 6% - 7% of amounts due.

2.2. Summary of estimated outcome to shareholders of the Company

In line with provisions of the law, shareholders of a company in liquidation would get a distribution only if the proceeds of realization were sufficient to settle all amounts due to creditors of the company in full in full.

In the case of ARM, proceeds of realization are not sufficient to settle all creditors of the Company in full. Therefore, there will be no surplus amounts available for distribution to the shareholders of the Company in respect of their shares.

2.3. Way forward for the Company

The Liquidators will continue pursuing the orderly wind up of the affairs of the Company. Once this is concluded, the Company will be struck off the register of companies in Kenya and, therefore, cease to exist.

Taking cognizance of this eventuality, it is expected that, following the meeting of shareholders of the Company, CMA will proceed to effect the delisting of the Company's shares.

2.4. Next sections of the report

The remaining sections of the report provide further information on:

- a. The affairs of the Company and its Subsidiaries
- b. Estimated outcome to creditors and shareholders of the Company

3. Update on the affairs of the Company and its subsidiaries

3.1. Kenya – ARM Cement PLC (under Administration)

In May 2019, the Administrators entered into an agreement with National Cement Company Limited (“NCCL”) for the acquisition of all cement and non-cement businesses and assets of ARM Cement PLC in Kenya as a goingconcern (the “Kenya Transaction”).

The Competition Authority of Kenya (“CAK”) approved the aforementioned sale of the Company’s business and assets to NCCL on 4 October 2019.

On 14 October 2019, the Administrators completed a going concern sale of all cement and non-cement businesses and assets of the Company in Kenya to NCCL for a total consideration of USD 50M. Subsequently, subjectto various transaction and claims related retentions, the Administrators commenced distribution of the realization proceeds to the various categories of creditors of ARM.

To support these distributions, the Administrators also undertook a review and verification of claims filed against the Company by the creditors. The review of secured claims submitted against the Company has since been completed. While the majority of the claims submitted by the unsecured creditors of the Company have been reviewed, some contingent and government-related claims are still under review.

3.2. Subsidiaries in Tanzania, Rwanda and South Africa

3.2.1 Maweni Limestone Limited (“MLL”) - Tanzania

a. Huaxin Transaction

In May 2020, ARM completed the sale of all the shares it held in MLL, its main subsidiary, to Huaxin Cement Co. Limited (“Huaxin”), through its subsidiaries Huaxin (Hong Kong) International Holdings Limited and Huaxin (Tanzania) Investment Limited for a capital injection of USD 116M. The structure of this transaction was such that this injection would, firstly, be applied towards settling Maweni’s liabilities with the surplus, if any, being up streamed to ARM for application in settling the liabilities of the Company.

The Tanzania Revenue Authority (“TRA”) then issued a Capital Gains Tax (“CGT”) assessment of c. USD 23M in relation to the Maweni transaction. This assessment, which was payable by ARM, was contested in its entirety by the Company. As a result of this assessment, most of the surplus funds from the Maweni transaction that had been earmarked for up streaming to ARM were not immediately available to the Company for utilization and, instead, had to be held in retention pending resolution of the TRA assessment.

The Administrators commenced the formal process of challenging the assessment by the TRA. Additionally, in the interest of resolving the matter in a timely manne,r and considering the uncertainties of obtaining a favorableoutcome through the standard process for challenging such assessments, the Administrators also pursued a commercial settlement with the TRA on the matter, for the benefit of the Company’s creditors.

Following a formal appeal by ARM and extensive negotiations with the TRA, ARM entered into a settlement agreement for payment of USD 4M as a full and final settlement in relation to the aforementioned CGT assessment on 27 September 2021. Following this settlement, a surplus of c. USD 21.3M (i.e., after settlement of all the liabilities of Maweni and costs of realization) immediately became available for distribution to the creditors of ARM from the Maweni transaction. These funds were received by ARM in the month of October 2021 and have since been distributed to the creditors of the Company.

This USD 21.3M is in addition to:

- i. C. USD 3.1M that had already been up streamed to ARM by Maweni in October 2020 in relation to costs of the Maweni Transaction incurred by ARM; and
- ii. C.USD 6.8M that was up streamed to ARM in December 2021.

b. Other Tax matters

ARM, together with Maweni, continues to pursue resolution of various outstanding matters in relation to the Maweni Transaction to facilitate release of all residual retention amounts.

In this regard, following the completion of the TRA's audit of Maweni's operations for the period 2017 to 2019, assessments amounting to c. 5.1M in principal taxes and interest were issued by the TRA on 31 August 2021. We subsequently applied for and successfully obtained waiver of 50% of interest (USD 0.48M), resulting in a net tax liability of USD 4.6M. The settlement of these taxes and release of retentions held in respect of other liabilities made it possible for a further USD 6.8M to be released from the Maweni retention account in favour of ARM in December 2021.

Through a letter dated 18 March 2022, the TRA raised a new tax assessment of c. USD 4.5 million against Maweni, for historical taxes pre-dating the Huaxin Transaction. This assessment is as a result of errors/omissions made by TRA when the Authority undertook an audit of the subsidiary to crystallize tax liabilities and facilitate resolution of the retentions held under the Maweni Transaction. Maweni engaged the TRA and this assessment was revised to principal taxes of c. 2.79 million in April 2022.

Maweni has forwarded this assessment to the Administrators/Liquidators for support in resolving it. We understand that Maweni has since settled this new claim by TRA. Maweni has indicated intention to offset this payment against some retention amounts (c. USD 1.6M) potentially due to ARM out of the Maweni transaction, on the basis that the full USD 2.79M should have been settled out of retention amounts that have already been distributed to ARM (the c. USD 6.8M released in December 2021).

We are obtaining independent legal advice on ARM's rights and obligations, in the context of this new claim, under the transaction agreements for the Maweni transaction to assist in our engagement with Huaxin/Maweni.

c. Residual retentions from the Maweni Transaction

We estimate that an additional c. USD 1.6 million will become available for distribution to ARM out of outstanding retentions for the Maweni Transaction. We expect that the new tax claim of USD 2.79M, which Maweni has since settled, will complicate release of this retention amount – Huaxin may attempt to claim this amount to reduce its exposure under the new TRA claim. The aforementioned legal advice will also consider whether Huaxin can legally withhold this retention amount for purposes of settling different obligations other than those the retention amount was set aside for.

3.2.2 ARM Tanzania Limited (“ARM TZ”) - Tanzania

The Liquidators received offers for purchase of the assets of the company and evaluated them. However, the most responsive bidder could not complete the transaction on account of concerns over contingent historical TRA claims which the bidder fears might follow the assets upon conclusion of the transaction.

The Liquidators are currently reviewing the options available to them to conclude the realization of the assets of this subsidiary.

We however do not expect the amounts realized, if any, to be material due to the following reasons:

- i. ARM TZ is of a relatively smaller size compared to other subsidiaries. We therefore do not expect any transaction involving this subsidiary to fetch significant amounts in such a manner that the surplus to ARM Cement PLC (In Liquidation) would be significant.
- ii. ARM TZ has accumulated a substantial amount of liabilities and creditor claims relative to the value of the assets of the Company.

3.2.3 Kigali Cement Company Limited (“KCCL”) - Rwanda

In mid-January 2021, the then-Administrators received the approval of the Rwanda Development Board's Registrar General to commence the liquidation of KCCL with the objective of settling any claims against the company and achieving an orderly wind-up of the affairs of the subsidiary.

On 25 August 2020, the Administrators appointed a representative Liquidator to oversee the liquidation. The Liquidator advertised for the sale of the assets and a few bidders expressed interest. However, the most responsive bidder withdrew their offer on account of the zoning regulations from the 2020 Kigali master plan which

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restricted the land use at the site where the KCCL factory is located. The master plan does not approve industrial use for the property. The approved land use includes low density residential houses, parks, open space, and forests. Subsequently, a few more bidders expressed interest but could not provide proof of funds.

Having exhausted the various options for sale of the shares/ assets of KCCL without success, the only remaining option available to the representative Liquidator was to sell the assets through an auction process. A court bailiff has been appointed for this purpose and the auction process is in progress.

Considering the magnitude of creditor claims and the estimated realizable value of the assets of KCCL, it is unlikely that there will be any surplus to ARM from the liquidation of KCCL.

3.2.4 Mafeking Cement Pty Ltd (“Mafeking”) – South Africa

ARM has a 70% stake in Mafeking, a company incorporated and registered in South Africa to undertake cement production and related business. The other shareholders of Mafeking include local communities and trusts (the “Minorities”). Mafeking’s main asset is a mining right (the “Mining Right”) in respect of limestone deposits situated in the North West Administrative District of Mafeking in South Africa.

Currently, there is a dispute between ARM and the Minorities regarding some obligations that ARM should have fulfilled as per the shareholders’ Agreement (the “Shareholders’ Agreement”). The Minorities claim that ARM did not complete a bankable feasibility study (the “BFS”) as required in the Shareholders’ Agreement and, as a result, the Minorities sued ARM in a High Court of South Africa on 19 February 2019 (the “Suit”) seeking the orders detailed below:

- The Shareholders’ Agreement be declared terminated;
- ARM be compelled to sell its shares to the Minorities at par value; and
- ARM directors to be compelled to resign from Mafeking’s board.

According to a review done by a cement industry subject matter expert in September 2020, the Mining Right might have some value, but the value can only be ascertained based on what investors may be willing to pay when it is floated for sale (market value). Unfortunately, at present, we cannot float the Mining Right or ARM’s shares to the market due to a court injunction secured by the Minorities that prohibits ARM from selling its stake.

The Liquidators have, on several occasions, reached out to the Minorities to try and resolve the dispute amicably, but the Minorities have maintained that they are entitled to buy back ARM’s shares and claims at nominal value (c. R 2335 or c. USD 144) as per their interpretation of the Shareholders’ Agreement. ARM bought Mafeking’s shares in 2009 for USD 1M and, as per ARM’s management accounts, ARM had incurred c. USD 2.5M in relation to its investment in Mafeking as of 17 August 2018 and a further c. USD 719k during the administration/liquidation period to 31 August 2021.

Since our efforts to resolve the dispute with the Minorities out-of-court were not successful, we opted to defend the Suit. Judgement was issued in respect of the matter on 3 February 2022 requiring that the parties (if so minded) enjoin the Minister of Mineral Resources and Energy since he has a legal interest in the subject matter. The Minorities have since opted to enjoin the Minister of Mineral Resources in the court proceedings as directed by the court.

On 11 April 2022, Lombard, the insurance company that had issued the mining rehabilitation guarantee (a critical requirement for a company holding mineral rights) on behalf of Mafeking, issued a four-month notice to the department of mineral resources expressing its intention to withdraw the guarantee. Unless the department of mineral resources raises any objection, Lombard has indicated that the guarantee will be cancelled in the month of August 2022.

Considering the uncertain nature of the court case and how long it is likely to take to conclude and the fact that the key asset of Mafeking (the mining rights) could be lost after the withdrawal of the guarantee, and, further, that realization of ARM’s interests in Mafeking is likely to prove unattractive to potential investors because of the existing shareholder conflict, there is little, if any, value for ARM in Mafeking. Consequently, the Liquidators are considering the options available to them in the circumstances.

It is, therefore, unlikely that there will be any surplus available to ARM from Mafeking.

4. Estimated outcome to creditors and shareholders of ARM

The Insolvency Act, 2015 Kenya sets out the manner in which proceeds from a successful transaction involving the sale of assets and businesses of a Company in liquidation should be distributed. Specifically, *Section 582 (2) of the Act* provides that the second schedule to the insolvency Act is applicable in determining the priority of debts to the various classes of Creditors, while Section 474 of the Act provides for the Prescribed Part which is the share (20%) of net realizations from floating charge securities that is to be set aside for distribution to the unsecured creditors. Form 32 of the Insolvency Regulations, more comprehensively, details the Statement of Affairs of a company, including the order of payment of various categories of creditors.

For ease of reference, the order of application of proceeds of realization from fixed charge securities and floating charge securities is as summarized below.

- a. In the case of fixed charge securities:
 - i. Costs associated with realization of the fixed charge securities
 - ii. Debts secured by fixed charge securities
- b. In the case of floating charge securities
 - i. Costs associated with realization of the floating charge securities
 - ii. Preferential creditors
 - iii. Prescribed Part (being 20% of net proceeds after (i) and (ii) above) – to be made available to unsecured creditors
 - iv. Debts secured by floating charge securities
 - v. Unsecured debts

4.1 Creditors of Maweni

The structure of the Maweni Transaction was such that the USD 116M injection (plus c. USD 1.3M in interest income) would, firstly, be applied towards settling Maweni's liabilities with the surplus, if any, being up streamed to ARM for application in settling the liabilities of the Company.

Following this approach, the secured and unsecured creditors of Maweni have been settled in full.

A high level summary of the application of proceeds from the Maweni Transaction is provided below.

USD (Millions)	As of 31 July 2022
Proceeds from sale of shares	USD (millions)
Net interest from escrow account	116.00
	1.30
Net Inflows	117.30
Payments	
TRA Payment	4.00
Distribution to Maweni for settlement of its liabilities	78.80
Bank Charges and WHT on Interest Income	0.26
Retentions in Escrow	2.66
Total payments	85.72
Estimated surplus to ARM	31.58

**Surplus to ARM includes c. USD 0.29M in loan repayment from Maweni to ARM for funding advanced during the administration. The net surplus up streamed to ARM out of the Maweni Transaction is c. USD 31.29M*

4.2 Creditors of ARM Cement PLC (in Liquidation)

The Administrators have been making distributions to the various classes of ARM creditors from the funds received in the Kenya transaction, as well as surplus (c. USD 31.3M) from the Maweni transaction, in line with the provisions of the Act. The table below summarizes the estimated creditor returns for each creditor category as of the date of this letter.

Creditor Category	Total Amounts claimed (USD)	Total Amount paid/ payable	Recovery (%)
Preferential Creditors	2.89	2.89	100.00%
Secured Creditors	71.06	44.14	62.11%
Unsecured Creditors	80.20	5.00	6.24%
Total	154.15	52.03	N/A

Note: This is recovery to the creditors of ARM Cement PLC (in Liquidation) and excludes recovery to the creditors of Maweni who have been paid in full

Total realizations in the administration/liquidation of ARM amount to c. USD 82.65M, whilst total creditor claims are in excess of USD 150M. Total proceeds would, therefore, not suffice to settle the creditors of the Company in full even before other applications of funds such as costs of realizations.

It is estimated that the secured creditors of ARM will recover between 62% - 70% of their total reviewed claim amounts, while it is estimated that the unsecured creditors will recover between 6% - 7% of their total reviewed claim amounts from the sale of the Company's assets (including subsidiary interests).

Final outcome to the respective creditor groups is largely dependent on the resolution of the pending retentions in relation to the Kenya and Maweni transactions – the higher recoveries of 70% and 7% would only be achieved if all pending retention amounts are resolved successfully.

The detailed estimated outcome statement for the administration/liquidation as of the date of this update is provided under subsection 4.5 below.

4.3 Summary of Retention Amounts

The agreements for the sale of the Kenya assets and Maweni shares provided for certain amounts to be held in escrow, pending the resolution of certain quantifiable claims by third parties (e.g. Tax Authorities and other Government Agencies, pending litigation matters etc.). These amounts are, in the context of the transactions, referred to as retention amounts.

Various categories of retentions remain unresolved in relation to the Kenya and Maweni realizations. In total, c. USD 10.7 million is still held in retentions in relation to both transactions, largely in respect of unresolved tax and other matters. These amounts will become available for utilization as and when the associated outstanding matters are resolved. It is expected that some of the amounts (at least c. USD 1.1M), once unlocked, will go to Maweni.

4.4 Outcome to the shareholders of ARM Cement PLC (in Liquidation)

With the Company undergoing an insolvent liquidation (i.e., total liabilities exceed total realization), there will be no surplus realizations to make available to the shareholders of the Company.

4.5 Estimated Outcome Statement for ARM Cement PLC (in Liquidation)

A detailed estimated outcome statement for ARM Cement PLC (in Liquidation), as of the date of this update, is set out below for reference on estimated outcomes to various categories of stakeholders of the Company.

Kenya Transaction

Total Consideration for the Kenya Assets	50.00
Surplus up streamed from Maweni Transaction	31.30
Other Realizations (Book Debts, Interest on Deposits etc.)	1.36
Retentions released in settlement of mining licenses obligation	(1.14)
Pending Retention amounts (not available for utilization)	(8.03)
*Costs of realization/of the insolvency proceedings (Incurred and Projected)	(21.46)

Net amount available distribution to secured, preferential and unsecured creditors of ARM **52.03**

Utilization of funds

Dividends to paid/payable to the Secured Creditors	(44.14)
Dividends paid/payable to Preferential Creditors	(2.89)
Dividends paid/payable to Unsecured Creditor	(5.00)
**Total dividends paid/payable to creditors	(52.03)

Surplus available to shareholders **0.00**

***Creditors of ARM have a consolidated shortfall in excess of USD 100M in recovery of their debts. Therefore, there are no funds available for distribution to shareholders.*

****Costs of realization**

Costs of realization refer to expenses incurred to facilitate pursuit of the objectives of the administration and/or liquidation of the Company and financed from the proceeds of realization.

These expenses vary in their nature and include, but are not limited to:

- funding utilized to support the trading operations of the Company before completion of the Kenya transaction, including costs associated with raw materials, repair and maintenance and operating expenses such as salaries and wages, power etc.;
- funding to support the operations of the Company after cessation of trading activity, including ongoing salaries and wages, rentals, utilities etc.;
- funding utilized to facilitate completion of the Ngaai Transaction;
- funding utilized to support the operations and/or orderly winding up, including transaction processes, of the affairs of the subsidiaries of the Company;
- funding for professional fees incurred in the administration and/or liquidation of the Company including fees for the Administrators, Transaction Advisors, Industry SMEs, Tax Consultants and Legal Advisors;
- funding for the finance costs associated with the USD 5 million administration loan provided by the secured lenders of the Company at commencement; and
- Costs for procurement of critical licenses e.g., mining rights etc. that were required for operations and were required by the purchasers of the Company and its subsidiaries.

4.6 Next Steps

Going forward:

- The Liquidators will continue pursuing an orderly winding up of the affairs of the Company (through, *inter alia*, resolution of outstanding retentions and distributing any funds that become available funds to the creditors of the Company, orderly winding up of the affairs of material subsidiaries etc.) with a view to, eventually, getting it struck off the register of companies.
- Following the meeting of shareholders of the Company, CMA will proceed to effect the delisting of the Company's shares..

Dated 16th day of August 2022

George Weru

Joint Liquidator

Without Personal Liability