



**TRELLIDOR HOLDINGS LIMITED**  
**(Previously Trellicor Holdings Proprietary Limited)**  
(Incorporated in the Republic of South Africa)  
(Registration number 1970/015401/06)  
(Share Code: TRL, ISIN ZAE000209342)  
("Trellidor" or "the Company")

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## PRE-LISTING STATEMENT

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*The definitions and interpretations commencing on page 8 of this Pre-listing Statement apply to this cover page.*

This Pre-listing Statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the Company. This Pre-listing Statement does not constitute, envisage or represent an offer to the public, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act. This Pre-listing Statement is issued in respect of:

- the Private Placement, to be undertaken by the Company in conjunction with the Listing, involving an offer to Invited Investors to acquire and/or subscribe for Private Placement Shares in the Company at the Placement Price (an Indicative Price of R6.25 per Private Placement Share having been assumed for purposes of this Pre-listing Statement), such placement to be implemented by:
  - the Company placing up to approximately 45.2 million Shares held by SAIOL, Newgen Trust and other existing Shareholders with Invited Investors for an aggregate amount of approximately R282.6 million (based on the Indicative Price); and
  - the Company issuing up to approximately 8 000 000 new Shares to Invited Investors, thereby raising approximately R50 million for the Company (based on the Indicative Price); and
- the subsequent Listing of all the Shares of the Company in the "Building Material & Fixtures" sector on the main board of the JSE.

The proceeds of the Placement of New Shares will be employed, *inter alia*, to fund the establishment and launch of a new substantive in-house developed product in mid 2016 and to pursue synergistic acquisitions during the next 12 months.

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### 2015

Opening date of Private Placement (09:00)	Monday, 19 October
Closing date of Private Placement (17:00)	Wednesday, 21 October
Results of Private Placement released on SENS on	Friday, 23 October
Results of Private Placement published in the press on	Monday, 26 October
Listing of Shares on the JSE expected at commencement of trade on	Wednesday, 28 October

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#### Notes:

- Please refer to the "Salient Dates and Times" section on page 7 of the Pre-listing Statement for a detailed timetable of the Private Placement and the Listing.
- Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and by the cut-off time stipulated by their CSDP or Broker.

#### Please note:

- **The offer, in the form of the Private Placement, is being made to Invited Investors only** and will comprise up to approximately 53.2 million Private Placement Shares at an Indicative Price of R6.25 per Private Placement Share. **This Pre-listing Statement is not an invitation to the public to subscribe for Shares in the Company.**
- Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

Immediately prior to the Private Placement and the Listing:

- the authorised share capital of the Company comprised 5 000 000 000 ordinary Shares of no par value;
- the issued share capital of the Company comprised 100 006 784 ordinary Shares of no par value; and
- the Company had no treasury shares in issue.

Assuming that 8 000 000 new Private Placement Shares are issued at the Indicative Price of R6.25 per Share, then immediately after the implementation of the Private Placement, on Listing:

- the authorised share capital of the Company will comprise 5 000 000 000 ordinary Shares of no par value;
- the issued share capital of the Company will comprise 108 006 784 ordinary Shares of no par value;
- the Company will have no treasury shares in issue; and
- the anticipated market capitalisation of the Company should be approximately R675 million.

On the Listing Date all Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

There are no convertibility or redemption provisions relating to any of the Private Placement Shares offered in terms of the Private Placement.

The Private Placement Shares will only be placed and issued in dematerialised form. No certificated Private Placement Shares will be placed or issued. There will be no fractions of Private Placement Shares offered in terms of the Private Placement.

The Private Placement will not be underwritten.

**The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE. In addition, should any of these Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.**

The JSE has granted the Company a listing of all its issued ordinary Shares on the JSE main board under the abbreviated name "Trellidor", share code "TRL" and ISIN ZAE000209342, with effect from the commencement of trade on 28 October 2015, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public shareholders.

Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form and accordingly all Shareholders who hold their Shares in certificated form will have to dematerialise their Shares in order to trade their Shares on the JSE. Such Shareholders must accordingly contact their CSDP or Broker in order to dematerialise their Shares. Please refer to paragraph 14 of this Pre-listing Statement for further information in this regard.

The Directors, whose names are set out in paragraph 7.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to Trellidor and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The advisors and experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Friday, 9 October 2015 and published in the press on Monday, 12 October 2015.



PSG CAPITAL

Corporate advisor, sponsor and bookrunner



AUDIT • TAX • ADVISORY

Auditors and Independent  
Reporting Accountants



CLIFFE DEKKER HOFMEYR

Attorneys

Date of issue: 9 October 2015

Copies of this Pre-listing Statement are available in English only and may, from 9 October 2015 until the Listing Date be obtained from the registered office of the Company and from the Sponsor, at the addresses set out in the "Corporate Information" section of this Pre-listing Statement. A copy of this Pre-listing Statement will also be available on the Company's website ([www.trellidor.com](http://www.trellidor.com)).

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## IMPORTANT LEGAL NOTES

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This Pre-listing Statement is not an invitation to the public in South Africa to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the Company. This Pre-listing Statement does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the Companies Act, nor does it constitute a prospectus registered in terms of the Companies Act.

### OFFER IN SOUTH AFRICA ONLY

This Pre-listing Statement has been issued in connection with the Private Placement in South Africa only and is addressed only to Invited Investors to whom the Private Placement may lawfully be made. The distribution of this Pre-listing Statement and the making of an offer by means of the Private Placement may be restricted by law. Persons into whose possession this Pre-listing Statement comes, must inform themselves about and observe any and all such restrictions. This Pre-listing Statement does not constitute an offer of or invitation to subscribe for and/or purchase any shares of the Company in any jurisdiction in which the offer would be unlawful.

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident shareholder to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Pre-listing Statement.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

### FORWARD-LOOKING STATEMENTS

This Pre-listing Statement contains statements about the Company that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industries in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement.

All these forward-looking statements are based on estimates and assumptions made by the Company. Although the Company believes them to be reasonable, they are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to the Company or not currently considered material by the Company.

Shareholders should keep in mind that any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

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## CORPORATE INFORMATION

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### Directors of Trellidor

MC Olivier (*Chairman*)\*#  
TM Dennison (*Chief executive officer*)  
CG Cunningham (*Chief financial officer*)  
JB Winship \*#  
RB Patmore \*#@

\* *Non-executive*

# *Independent*

@ *Appointed with effect from the Listing Date*

### Company secretary

Paula Nel  
(BComm FCIS)  
71 Cotswold Drive  
Westville, 3629

### Registered office

20 Aberdare Drive  
Phoenix Industrial Park  
Durban, 4001  
(PO Box 20173, Durban North, 4016)  
Telephone: +27 31 508 0800  
Facsimile: +27 31 507 2129

### Date of incorporation

23 November 1970

### Place of incorporation

South Africa

### Auditors and Independent Reporting Accountants

Mazars  
Mazars House  
197 Peter Mokaba Road  
Morningside  
Durban, 4001  
(PO Box 70584, Overport, 4067)

### Attorneys

Cliffe Dekker Hofmeyr Incorporated  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

### Corporate advisor, sponsor and bookrunner

PSG Capital Proprietary Limited  
(Registration number 2006/015817/07)  
1st Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600  
(PO Box 7403, Stellenbosch, 7599)

and

1st Floor, Building 8  
Inanda Greens Business Park  
54 Wierda Road West  
Wierda Valley  
Sandton, 2196  
(PO Box 650957, Benmore, 2010)

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Bankers

First National Bank  
(Registration number 1929/001225/06)  
Cranbrook Park  
14 Cranbrook Crescent  
La Lucia Ridge  
Umhlanga, 4051  
(PO Box 1246, Umhlanga, 4320)

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## SALIENT FEATURES

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The definitions and interpretations commencing on page 8 apply to these salient features.

### 1. INTRODUCTION

Trellidor has a proven track record of over 35 years in the physical barrier security sector. Over that time it has established one of the most powerful brands in South Africa – “*Trellidor*” has become the most recognised name for barrier security. Shares of Trellidor have now been granted a listing on the main board of the JSE from 28 October 2015 onwards.

### 2. RATIONALE FOR LISTING

The Company’s rationale for the Listing is:

- 2.1. to provide the Company with access to capital in order to grow its business both organically and by way of future acquisitions;
- 2.2. to allow the Company to use listed scrip to fund future acquisitions;
- 2.3. to give its franchisees and the general public an opportunity to acquire an equity stake in the Company and thereby share in its potential success in future;
- 2.4. to provide Shareholders with a liquid, tradeable asset within a regulated environment, with a market-determined share price;
- 2.5. to raise the Company’s public profile and reflect its position as a leader in the physical barrier security sector; and
- 2.6. to retain, attract and incentivise key staff and align their interests with those of Shareholders through the allocation of options for listed Shares.

### 3. BRIEF OVERVIEW OF TRELIDOR

- 3.1. The Company has designed and manufactured steel security barriers since 1976 and today “*Trellidor*” is one of the most trusted names in barrier security in South Africa.
- 3.2. In addition to securing hundreds of thousands of homes and small businesses, the Company has provided barrier security products solutions to large retail groups, such as Pick n Pay, Shoprite Group, Checkers/Hyper, Makro, Mr Price, JD Group and Relyant Retail, as well as international groups, such as Sainsburys and Tesco.
- 3.3. The business is represented in 23 countries worldwide.
- 3.4. The Company employs distributors in 17 African countries. Its subsidiary, Trellidor Ghana, operates an assembly plant in Ghana and is well-positioned to service West Africa.
- 3.5. The Company is well-positioned to benefit from the following:
  - 3.5.1. valuable brand and quality products;
  - 3.5.2. very strong market position in South Africa;
  - 3.5.3. strong cash-flow generation and high-margin business;
  - 3.5.4. appropriate range of premium, custom-made barrier security products (staying clear of the mass-produced “DIY” sector);
  - 3.5.5. additional manufacturing capacity in place;
  - 3.5.6. national franchise network with an unique capacity to design, measure and install;
  - 3.5.7. growth and profitability underpinned by growing affluence and crime levels in Africa as urbanisation trends intensify; and
  - 3.5.8. limited risk of important substitution in the custom made security barrier sector.
- 3.6. Please refer to paragraph 2.1 of the Pre-listing Statement for a more detailed overview of the Company.

### 4. PROSPECTS

- 4.1. Trellidor is the leading manufacturer of custom made security barriers in South Africa and Africa. The business distributes products through a skilled franchise network of 72 in South Africa with a further 17 franchisees in Africa and further representation in the UK, Israel, Europe and Australia. Trellidor is well placed to service the growth in the middle class in South Africa and Africa.
- 4.2. Trellidor offers a range of security barriers aimed primarily at residential, office and retail premises. The range of products is largely developed in house and continually improved to meet the needs of its customer base.
- 4.3. In recent years the distribution network has been substantially increased to provide a platform to grow the business. Supporting this capacity, Trellidor has introduced new security barrier products to its portfolio and enjoyed growth in a relatively flat market.

- 4.4. Trellidor sees the opportunity to accelerate growth by the introduction of further products, both developed in house and through acquisitions. Value add to acquisition targets is possible through offering a national and African distribution network, endorsement of the leading brand in the market, as well as possible manufacturing synergies in Trellidor's modern manufacturing facility in Durban.
- 4.5. All Trellidor's products are custom made to order at the company's modern manufacturing facility in Durban. Significant capacity exists in certain lines to increase production without significant capital expenditure required.
- 4.6. Trellidor is a highly cash generative and high margin manufacturer, and continued focus on costs and margins is a core strategy, with growth providing the opportunity for operational leveraging.
- 4.7. A targeted acquisition strategy, seeking regionally strong businesses with a quality product offering, where Trellidor can add value through its distribution network and brand, and possibly also manufacture, is to be implemented with capital raised, enhanced by the ability to raise loan finance, due to the low current gearing on the Balance Sheet.
- 4.8. Trellidor is driven by an experienced and motivated management team and is committed to growing the business and shareholder returns. It will drive growth through both variable and share incentive schemes to key senior individuals. Trellidor is committed to remaining the leading barrier security brand in Africa.

## 5. PRIVATE PLACEMENT

- 5.1. The Company will, in conjunction with the Listing, undertake the Private Placement by way of an offer to Invited Investors to acquire and/or subscribe for Private Placement Shares in the Company at the Placement Price (assumed, for purposes of this Pre-listing Statement, to be the Indicative Price of R6.25 per Private Placement Share). Such placement is to be implemented by:
  - 5.1.1. the Company placing up to approximately 45.2 million Shares held by SAIOL, Newgen Trust and other existing Shareholders with Invited Investors for an aggregate amount of approximately R282.6 million (based on the Indicative Price); and
  - 5.1.2. the Company issuing up to approximately 8 000 000 new Shares to Invited Investors, thereby raising approximately R50 million for the Company (based on the Indicative Price).
- 5.2. The Private Placement shall take the form of a bookbuild.
- 5.3. Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.
- 5.4. **The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE. In addition, should any of these Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.**

## 6. DISTRIBUTION

- 6.1. As at the Last Practicable Date, SAIOL and Newgen Trust, between them, held 76.1% of the Company's issued share capital, as set out in the table in paragraph 10.2.1 of the Pre-listing Statement. Assuming the placement of 53.2 million Private Placement Shares, they will, following the Private Placement and prior to the Distribution, hold 36.6% of the Company's issued share capital.
- 6.2. In order to improve liquidity in the trading of the Company's Shares, SAIOL and Newgen Trust will on the Listing Date, distribute all Shares held by those entities to their underlying shareholders (in the case of SAIOL) and to their beneficiaries (in the case of Newgen Trust), so as to ensure that the Company complies with the public shareholder spread requirements under the JSE Listings Requirements. The above distribution by SAIOL will form part of a distribution of shares and cash by SAIOL to its shareholders pursuant to its winding-up.

## 7. LISTING ON JSE

- 7.1. The JSE has granted the Company a listing of all its issued ordinary Shares on the JSE main board under the abbreviated name "Trellidor", share code "TRL" and ISIN ZAE000209342 with effect from the commencement of trade on 28 October 2015, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public shareholders. The Company will be listed in the "Building Material & Fixtures" sector.
- 7.2. Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form. Shareholders who wish to trade their Shares following the Listing will first need to dematerialise their Shares into an account held at a suitable service provider. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing dematerialisation, the Shareholder will be unable to trade them.
- 7.3. Each existing Shareholder wishing to trade his Shares on the JSE following the Listing, should instruct his Broker or CSDP to liaise with the Transfer Secretaries, in order to arrange for his current Certificated Shares to be replaced by a statement of holdings to be dematerialised and credited to his account. This statement of holdings must be surrendered to the Shareholder's Broker or CSDP, who will send those documents to the Transfer Secretaries to dematerialise the Shares in question. The Transfer Secretaries can be contacted through their call-centre on 086 1100 634 (or +27 11 370 5000 if telephoning from outside South Africa) on every business day between 8:30 and 16:00.

## 8. ACTION REQUIRED

- 8.1. Applications by Invited Investors for Private Placement Shares must be made in accordance with the procedures and terms detailed in **Annexure 14** of this Pre-listing Statement and by completing an Application Form, a specimen of which accompanies this Pre-listing Statement. Application Forms will be made available to Invited Investors.
- 8.2. Applications for Private Placement Shares can only be made for Dematerialised Shares and must be submitted through a CSDP or Broker in accordance with the Custody Agreement governing the relationship between the applicant and the CSDP or Broker by the cut-off time stipulated by the CSDP or Broker.
- 8.3. If you are in any doubt as to what action to take, you should consult your Broker, attorney or other professional advisor immediately.
- 8.4. Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 000 000, unless such Invited Investor falls within any of the categories envisaged in section 96(1)(a) of the Companies Act.



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## SALIENT DATES AND TIMES

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2015

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Abridged Pre-listing Statement published on SENS on	Friday, 9 October
Pre-listing Statement posted to existing Shareholders on	Friday, 9 October
Abridged Pre-listing Statement published in the press on	Monday, 12 October
Opening date of Private Placement (09:00)	Monday, 19 October
Closing date of Private Placement (17:00)	Wednesday, 21 October
Notification of applications to successful Invited Investors	Thursday, 22 October
Results of Private Placement released on SENS on	Friday, 23 October
Results of Private Placement published in the press on	Monday, 26 October
Accounts at CSDPs/Brokers updated in respect of Dematerialised Shareholders on	Wednesday, 28 October
Listing of Shares on the JSE expected at commencement of trade on	Wednesday, 28 October

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**Notes:**

- The above dates are subject to change. Any such change will be announced on SENS.
- All references to dates and times are to local dates and times in South Africa.
- Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and cut-off time stipulated by their CSDP or Broker.
- CSDPs effect payment on a delivery-versus-payment basis.

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## DEFINITIONS AND INTERPRETATION

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In this Pre-listing Statement and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Application Form”	the application form to be used by Invited Investors when applying for Private Placement Shares to be sold/issued to them in terms of the Private Placement, a specimen of which is attached to this Pre-listing Statement ( <i>grey</i> ) and which will be made available to Invited Investors;
“Board” or “Directors”	the board of directors of Trelidor;
“Broker”	a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“Cash Incentive Scheme”	the Company’s cash-settled scheme to incentivise management employees, which will be closed out prior to the Listing;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Shares that have not been dematerialised, title to which is evidenced by a share certificate or other Document of Title;
“CIPC”	the Companies and Intellectual Property Commission;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	Companies Act, No. 71 of 2008, as amended;
“Conditions Precedent”	the conditions precedent to the Listing and the Private Placement, as set out in paragraph 8.3 of this Pre-listing Statement;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a dematerialised share account;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on the Company’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“dematerialise” or “dematerialised” or “dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Distribution”	the distribution, following the closing date of the Private Placement and prior to the Listing, by SAIOL and Newgen Trust of all Shares held by them to their underlying shareholders (in the case of SAIOL) and to their beneficiaries (in the case of Newgen Trust), so as to ensure that the Company complies with the public shareholder spread requirements under the JSE Listings Requirements;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;
“Hibridge Capital”	Hibridge Investments Limited (company number 656713), a private company incorporated under the laws of the territory of the British Virgin Islands as an international business corporation (MC Olivier and his spouse are the beneficial owners of 50% of Hibridge Capital);
“Independent Reporting Accountants” or “Mazars”	Mazars, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Indicative Price”	the amount of R6.25 per Private Placement Share, being the indicative price per Share which has been assumed in this Pre-listing Statement for purposes of the Private Placement;

“Invited Investors”	those specifically identified investors, including financial institutions, selected retail investors and selected private clients, to whom the offer under the Private Placement will be addressed and made, it being recorded that only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“King III Code”	the King Report on Governance for South Africa, 2009;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Pre-listing Statement, being 14 September 2015;
“the Listing”	the listing of the entire issued ordinary share capital of Trellidor on the JSE main board, which listing is expected to occur with the commencement of trade on 28 October 2015;
“Listing Date”	the date on which the Listing occurs;
“LSM”	Living Standards Measure, as published from time to time by the South African Advertising Research Foundation;
“Major Subsidiary”	a major subsidiary, as defined in the JSE Listings Requirements, meaning a subsidiary that represents 25% or more of the total assets or revenue of the consolidated Group, comprising, as at the date of this Pre-listing Statement, Trellidor Subco;
“New MOI”	the new memorandum of incorporation of Trellidor, as approved by Shareholders on 8 September 2015, with the required special resolution having been adopted in terms of section 60 of the Companies Act, which memorandum of incorporation will come into force on the day immediately prior to the Listing Date, and a copy of which is available for inspection, as indicated in paragraph 16.8 of the Pre-listing Statement;
“Newgen Trust”	the trustees for the time being of the Newgen Private Capital (South Africa) Investment Trust, a trust registered in South Africa with Master’s registration number IT 1931/2006 (MC Olivier and his spouse are the indirect beneficiaries and JB Winship a direct beneficiary of the Newgen Trust);
“Placement of Existing Shares”	has the meaning assigned to it in the definition of “Private Placement” below;
“Placement of New Shares”	has the meaning assigned to it in the definition of “Private Placement” below;
“Placement Price”	the price per Share at which Private Placement Shares are placed under the Private Placement (the same price per Share to be used for the Placement of Existing Shares and the Placement of New Shares), such price to be determined by demand;
“Pre-listing Statement”	this Pre-listing Statement dated 9 October 2015, including all annexures hereto;
“Private Placement”	<p>the private placement, to be undertaken by the Company in conjunction with the Listing, involving an offer to Invited Investors to acquire and/or subscribe for Private Placement Shares in the Company at the Placement Price (assumed, for purposes of this Pre-listing Statement, to be the Indicative Price of R6.25 per Private Placement Share), such placement to be implemented by:</p> <ul style="list-style-type: none"> <li>– the Company placing up to approximately 45.2 million Shares held by SAIOL, Newgen Trust and other existing Shareholders with Invited Investors for an aggregate amount of approximately R282.6 million (based on the Indicative Price) (“<b>Placement of Existing Shares</b>”); and</li> <li>– the Company issuing up to approximately 8 000 000 new Shares to Invited Investors, thereby raising approximately R50 million for the Company (based on the Indicative Price) (“<b>Placement of New Shares</b>” or “<b>Share Issue</b>”);</li> </ul>
“Private Placement Shares”	up to approximately 53.2 million Shares offered to Invited Investors under the Private Placement, such Shares to be sold to them under the Placement of Existing Shares or issued to them under the Placement of New Shares, as the case may be;

“PSG Capital” or “Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the “ <i>Corporate Information</i> ” section of this Pre-listing Statement;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“SABS”	the South African Bureau of Standards;
“SAIOL”	SA Investment Opportunities Limited (registration number 113363 C1/GBL), a private company limited by shares, incorporated under the laws of the Republic of Mauritius, with its registered office at 3rd Floor, Mendine Mews, Chaussee, Port Louis Mauritius, which, as at the Last Practicable Date, was the holding company of Trellidor, but which will, following the Private Placement and the Distribution, cease to hold any Shares in the Company (MC Olivier and his spouse have an indirect interest in SAIOL through a discretionary trust);
“SENS”	the Stock Exchange News Service of the JSE;
“Share Incentive Scheme”	the share incentive scheme, as approved by Shareholders during September 2015, which will, following registration of the Trellidor SIT Deed with the Master of the High Court, be operated under the Trellidor SIT, in terms of the Trellidor SIT Deed;
“Share Issue”	has the meaning assigned to it in the definition of “Private Placement” above;
“Shareholders”	registered holders of Shares;
“Share Split”	the subdivision of each Share in the Company’s authorised and issued ordinary share capital into 544 Shares, as referred to in paragraph 10.4.1.3 of this Pre-listing Statement;
“Shares”	ordinary no par value shares in the Company’s share capital;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/06), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the company laws of South Africa;
“Trellidor” or the “Company”	Trellidor Holdings Limited (registration number 1970/015401/06), previously Trellidor Holdings Proprietary Limited, a public company incorporated under the laws of South Africa;
“Trellidor Ghana”	Trellidor Ghana Limited (registration number CA-45,552), a company incorporated under the laws of Ghana, being a subsidiary of the Company;
“Trellidor Group” or “the Group”	the Company and its subsidiaries, the structure of which is detailed in <b>Annexure 10</b> ;
“Trellidor Group Company” or “Group Company”	any company forming part of the Trellidor Group;
“Trellidor Propco”	Trellidor Proprietary Limited (registration number 1968/003504/07), a private company incorporated under the laws of South Africa, being a wholly-owned subsidiary of the Company;
“Trellidor SIT”	the Trellidor Group Share Incentive Trust, a trust created under the Trellidor SIT Deed, which is to be registered with the Master of the High Court following the Listing;
“Trellidor SIT Deed”	the trust deed for the Trellidor SIT, to be concluded following the Listing between the Company (as founder) and John Bartram Winship and Mark Cyril Olivier (as the first trustees), a copy of which is available for inspection, as indicated in paragraph 16.8 of the Pre-listing Statement; and
“Trellidor Subco”	Trellidor Proprietary Limited (registration number 1987/003796/07), a private company incorporated under the laws of South Africa, being a wholly-owned subsidiary of the Company.



**TRELLIDOR HOLDINGS LIMITED**  
**(Previously Trellidor Holdings Proprietary Limited)**  
(Incorporated in the Republic of South Africa)  
(Registration number 1970/015401/06)  
(Share Code: TRL, ISIN ZAE000209342)  
("Trellidor" or "the Company")

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## Directors

MC Olivier (*Chairman*)\*#  
TM Dennison (*Chief executive officer*)  
CG Cunningham (*Chief financial officer*)  
JB Winship \*#  
RB Patmore \*#@

\* *Non-executive*

# *Independent*

@ *Appointed with effect from the Listing Date*

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## PRE-LISTING STATEMENT

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### 1. INTRODUCTION

- 1.1. Trellidor has a proven track record of over 35 years in the physical barrier security sector. Over that time it has established one of the most powerful brands in South Africa – “Trellidor” has become the most recognised name in barrier security. Shares of Trellidor have now been granted a listing on the main board of the JSE from 28 October 2015 onwards.
- 1.2. Trellidor was converted from a private company to a public company during September 2015, in anticipation of the Listing.
- 1.3. This Pre-listing Statement aims to provide Shareholders and investors with information regarding the Company and its planned Listing on the JSE’s main board and to set out the salient details of the Private Placement, as well as the procedure to be followed by Invited Investors who wish to participate therein.

### 2. RATIONALE FOR LISTING

The Company’s rationale for the Listing and Private Placement is:

- 2.1. to provide the Company with access to capital in order to grow its business both organically and by way of future acquisitions;
- 2.2. to allow the Company to use listed scrip to fund future acquisitions;
- 2.3. to give its franchisees and the general public an opportunity to acquire an equity stake in the Company and thereby share in its potential success in future;
- 2.4. to provide Shareholders with a liquid, tradeable asset within a regulated environment, with a market-determined share price;
- 2.5. to raise the Company’s public profile and reflect its position as a leader in the physical barrier security sector; and
- 2.6. to retain, attract and incentivise key staff and align their interests with those of Shareholders through the allocation of options for listed Shares.

### 3. OVERVIEW OF TRELLIDOR

#### 3.1. Introduction

- 3.1.1. The Company has designed and manufactured steel security barriers since 1976 and today “Trellidor” is one of the most trusted names in barrier security in South Africa.
- 3.1.2. In addition to securing hundreds of thousands of homes and small businesses, the Company has provided barrier security products solutions to large retail groups, such as Pick n Pay, Shoprite Group, Checkers/Hyper, Makro, Mr Price, JD Group and Relyant Retail, as well as international groups, such as Sainsburys and Tesco.

### **3.2. Expansion**

- 3.2.1. Trellidor began as a small business based in Durban, South Africa. As the business grew, branches were opened in Johannesburg, Pretoria and Cape Town. In order to maintain high levels of service and reach all corners of South Africa, a wide network of dedicated franchisees has been established. Today this network comprises 72 South African franchisees and continues to expand.
- 3.2.2. The Company is the only player in the market with a national distribution network, which differentiates it from competitors, who are predominantly focused on the main urban centres in South Africa.
- 3.2.3. The Company's export division took off in the mid 1980's with the establishment of a distributorship in Israel. The business has continued to expand over the years and is now represented in 23 countries worldwide.
- 3.2.4. The Company employs distributors in 17 African countries. Its subsidiary, Trellidor Ghana, operates an assembly plant in Ghana and is well-positioned to service West Africa.

### **3.3. Product quality and certification**

- 3.3.1. The Company is a leader in security barrier research and development, with over 35 years of experience in this field. Its research and development team has stayed in step with the challenging South African market, continuously improving the product offering as new technology and materials become available.
- 3.3.2. The Company's ongoing research is enhanced by detailed analysis of burglary statistics, for example the methods used to gain entry to properties and the tools used by criminals, as well as research into international trends.
- 3.3.3. The "*Trellidor*" brand is built on high quality trademarked products, which enjoy international certification, and includes several patented locking devices. In this regard –
  - 3.3.3.1. the Company's production processes have been awarded SABS ISO 9001:2008 certification;
  - 3.3.3.2. the Trellidor T900 and Trellidor T1000 barriers have both been certified by the United Kingdom-based Loss Prevention Certification Board, which is widely acknowledged as a leading international certification and approvals body in the fire protection and security industries, with experience dating back 130 years,while the Company's local competitors have not been granted international certification.
- 3.3.4. Awareness of the "*Trellidor*" brand is very high in South Africa, where it is generic for sliding door security, while there is growing awareness of the brand in Africa, as a result of the Company's sustained expansion strategy. Due to the Company's strong brand, it commands a premium on pricing for its high-quality products.
- 3.3.5. In the residential market, the Company's security solutions include door, window, patio, safe zone and estate barrier products, while its product offering for commercial clients also includes additional retail and office barriers. All its products are custom-manufactured security barrier solutions.
- 3.3.6. In addition to its traditional offering, the Company's products now also include "*Rollerstyle*", a high-end automated roller shutter, "*Clear Guard*", a strong "lifestyle" security barrier made from aluminium and stainless steel mesh, that is "open" when closed allowing uninterrupted views and airflow whilst being an effective security barrier (this product is unique to Trellidor in Africa), as well as polycarbonate bars, a newly developed and released product for windows that provides an unobtrusive, yet effective security barrier and which is targeted at gated estates, in particular. A further substantive "lifestyle" security barrier is under development, with its release targeted for the middle of 2016, and which will target gated estates and suburban properties.

### **3.4. The market**

- 3.4.1. In the residential market, the Company is focused on servicing customers in the LSM 6 bracket and above. In the commercial sector, the Company is focused primarily on office and professional services properties and on light retail businesses.
- 3.4.2. Approximately 95% of customers are end users, thereby avoiding the construction sector and the associated low margin and payment risks. The focus is on non-commodity custom designed and installed security barriers and there are no retail off-shelf sales.
- 3.4.3. Geographically, the Company's focus currently remains South Africa and Africa, but it has exposure in Israel, the United Kingdom and Australia.
- 3.4.4. While there are no formal statistics available, the size of the South African custom made barrier security market is estimated to be around 300 000 units and R900 million per annum. The Company estimates that it has approximately 35% market share in the main urban centres in South Africa, while it enjoys an estimated market share of approximately 50% in outlying areas of the country. Recently, the Company has seen strong growth in respect of non-title homes in rural areas.

### **3.5. Business attractions**

The Company is well-positioned to benefit from the following:

- 3.5.1. valuable brand and quality products;
- 3.5.2. very strong market position in South Africa;
- 3.5.3. strong cash-flow generation and high-margin business;

- 3.5.4. appropriate range of premium, custom-made barrier security products;
- 3.5.5. additional manufacturing capacity in place;
- 3.5.6. national franchise network with an unique capacity to design, measure and install;
- 3.5.7. growth and profitability underpinned by growing crime levels in Africa as urbanisation trends intensify; and
- 3.5.8. limited risk of import substitution in the custom made security barrier sector.

### **3.6. Growth strategy**

- 3.6.1. The Company has an established platform for growth, with a large franchisee network, including in Africa. The systems and manufacturing that it has in place, should allow it to improve production efficiencies further.
- 3.6.2. The growth strategy will be supported by the launch of new products, as well as the roll-out of its “Clear Guard”, “Rollerstyle” and polycarbonate bar products into international territories.
- 3.6.3. The Company aims to broaden its distribution in Africa by opening new distributorships in Nigeria, Angola, Uganda, the Democratic Republic of the Congo and northern Mozambique. In addition, the Company intends to establish new distributor-owned assembly plants in Angola, Kenya, Tanzania and Reunion in order to shorten lead times and reduce import duties and logistics costs.
- 3.6.4. The Group’s significant spare manufacturing capacity allows for the rapid introduction of new products.
- 3.6.5. The Company’s growth strategy will be supported by new acquisitions, with a view to enhancing the existing range of products in South Africa and Africa and benefit from accompanying synergies, including the use of the existing distribution network. The potential acquisitions that the Company has identified, range up to R100 million (5 – 8 price/earnings ratio).

### **3.7. Major Subsidiary**

Trellidor Subco is a Major Subsidiary (as defined in the JSE Listings Requirements) of the Company and is the main operating company of the Trellidor Group.

### **3.8. Financial position**

As is apparent from the financial information in **Annexure 1**, the Company has enjoyed strong historical growth with a sustained profit history. It enjoys strong trading margins and its business model is highly cash-generative. The Company has weathered the worldwide economic crises well and has the flexibility to withstand economic fluctuations, given a relatively high variable cost base. The Company has achieved price increases in line with input price increases and has succeeded in maintaining and improving margins.

## **4. PROSPECTS**

- 4.1. Trellidor is the leading manufacturer of custom made security barriers in South Africa and Africa. The business distributes products through a skilled franchise network of 72 in South Africa with a further 17 franchisees in Africa and further representation in the UK, Israel, Europe and Australia. Trellidor is well placed to service the growth in the middle class in South Africa and Africa.
- 4.2. Trellidor offers a range of security barriers aimed primarily at residential, office and retail premises. The range of products is largely developed in house and continually improved to meet the needs of its customer base.
- 4.3. In recent years the distribution network has been substantially increased to provide a platform to grow the business. Supporting this capacity, Trellidor has introduced new security barrier products to its portfolio and enjoyed growth in a relatively flat market.
- 4.4. Trellidor sees the opportunity to accelerate growth by the introduction of further products, both developed in house and through acquisitions. Value add to acquisition targets is possible through offering a national and African distribution network, endorsement of the leading brand in the market, as well as possible manufacturing synergies in Trellidor’s modern manufacturing facility in Durban.
- 4.5. All Trellidor’s products are custom made to order at the company’s modern manufacturing facility in Durban. Significant capacity exists in certain lines to increase production without significant capital expenditure required.
- 4.6. Trellidor is a highly cash generative and high margin manufacturer, and continued focus on costs and margins is a core strategy, with growth providing the opportunity for operational leveraging.
- 4.7. A targeted acquisition strategy, seeking regional strong businesses with a quality product offering, where Trellidor can add value through its distribution network and brand, and possibly also manufacture, is to be implemented with capital raised, enhanced by the ability to raise loan finance, due to the low current gearing on the Balance Sheet.
- 4.8. Trellidor is driven by an experienced and motivated management team and is committed to growing the business and shareholder returns. It will drive growth through both variable and share incentive schemes to key senior individuals. Trellidor is committed to remaining the leading barrier security brand in Africa.

## **5. DIVIDEND POLICY**

The Company aims to declare and pay 50% of its annual profit after tax as a dividend to Shareholders. The Company envisages paying interim and final dividends.

## 6. MANAGEMENT

### 6.1. Management overview

- 6.1.1. The Company is governed by the Board, which is responsible for ensuring that the Company complies with all of its statutory and regulatory obligations, as specified in the Companies Act, its memorandum of incorporation and, following the listing, in the JSE Listings Requirements.
- 6.1.2. The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees appearing in **Annexure 6**.
- 6.1.3. At an operational level, the chief executive officer is supported by members of the Group's executive management team who, between them, have 70 years' experience with Trelidor.
- 6.1.4. No part of the business of the Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

### 6.2. Incentivising management

- 6.2.1. The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. The terms of the Share Incentive Scheme are detailed in the Trelidor SIT Deed, which complies with the JSE Listings Requirements and which has been approved by the JSE. The Share Incentive Scheme was approved by Shareholders during September 2015 and will, following the Listing Date and the registration of the Trelidor SIT with the Master of the High Court, be operated in terms of the Trelidor SIT Deed. The salient terms of the Trelidor SIT Deed appear in **Annexure 7**, while a copy of the document is available for inspection by Shareholders, as indicated in paragraph 16.8.2 below.
- 6.2.2. The Cash Incentive Scheme that was previously used by the Company to incentivise management employees, will be closed out prior to the Listing.

## 7. DIRECTORS

### 7.1. Composition of the Board

- 7.1.1. The full names, ages, business address and capacities of the Directors of the Company are provided below:

Full name	Age	Capacity	Business Address
Mark Cyril Olivier	46	Independent non-executive Director and chairman	3rd Floor Mendine Mews Chaussee Port Louis Mauritius
Terence Mark Dennison	47	Chief executive officer	20 Aberdare Drive Phoenix Industrial Park Durban, 4001
Craig Gavin Cunningham	40	Chief financial officer	20 Aberdare Drive Phoenix Industrial Park Durban, 4001
John Bartram Winship	61	Independent non-executive Director	52 Spurwing Way Steenberg Estate Tokai Road, 7945
Ralph Bruce Patmore	63	Independent non-executive Director	1172 Aspen Drive Dainfern Gauteng

- 7.1.2. The following changes occurred to the Board over the past 12 months:
- 7.1.2.1. Mr CG Cunningham was appointed to the Board with effect from 27 August 2015;
- 7.1.2.2. Mr P Rawson resigned from the Board with effect from 27 August 2015 and was appointed as a director of Trellicor Subco; and
- 7.1.2.3. Mr RB Patmore has been appointed to the Board with effect from the Listing Date.
- 7.1.3. Profiles of the Directors, detailing their experience, appear in **Annexure 8**.

### 7.2. Directors of Major Subsidiaries

The full names, ages, business address and capacities of the directors of the Company's Major Subsidiary, Trellicor Subco, appear in **Annexure 13**.

### 7.3. Additional information

- 7.3.1. A list of other directorships held by the Directors of the Company and the directors of its Major Subsidiary is set out in **Annexure 9**.
- 7.3.2. Save for Messrs Olivier and Winship, who are both citizens of the United Kingdom, all Directors of the Company and all directors of its Major Subsidiary are South African citizens.
- 7.3.3. No Director of the Company and no director of a Major Subsidiary is a partner with unlimited liability.



- 7.3.4. None of the Directors of the Company and none of the directors of its Major Subsidiary:
- 7.3.4.1. have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
  - 7.3.4.2. have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;
  - 7.3.4.3. have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
  - 7.3.4.4. have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
  - 7.3.4.5. have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
  - 7.3.4.6. have been involved in any offence of dishonesty;
  - 7.3.4.7. have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
  - 7.3.4.8. have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

#### **7.4. Chief financial officer**

Mr CG Cunningham is the chief financial officer of the Company. The audit committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Cunningham.

#### **7.5. Borrowing powers**

- 7.5.1. The provisions of the New MOI regarding the borrowing powers exercisable by Directors are set out in **Annexure 5** to this Pre-listing Statement. The New MOI does not provide for the borrowing powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to approve a special resolution amending the New MOI.
- 7.5.2. The borrowing powers of the Directors have not been exceeded during the three years preceding the Last Practicable Date. There are no exchange control or other restrictions on the borrowing powers of the Company or any of its subsidiaries.

#### **7.6. Appointment and qualification of Directors**

- 7.6.1. The relevant provisions of the New MOI regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 5**. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.
- 7.6.2. The relevant provisions of the New MOI relating to the qualification of Directors appear in **Annexure 5**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of the Company.
- 7.6.3. The New MOI does not prescribe an age limit at which Directors are to retire.

#### **7.7. Remuneration of Directors**

- 7.7.1. The Company may pay remuneration to non-executive Directors for their services as directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of the Company in this regard is not limited or restricted by the New MOI.
- 7.7.2. Any Director who (1) serves on any executive or other committee; or (2) devotes special attention to the business of the Company; or (3) goes or resides outside South Africa for the purpose of the Company; or (4) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 7.7.3. Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and attending meetings of the Directors or of committees of the Directors of the Company.

7.7.4. In terms of the New MOI, the remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board, shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Board may determine, and may consist of a salary or a commission on profits or dividends or both, as the Board may direct.

7.7.5. The remuneration of Directors for the previous financial year ended 30 June 2015, is set out below:

Director	Salary (R)	Directors' fees (R)	Bonuses (R) <sup>(4)</sup>	Pension contributions (R)	Vehicle allowance (R)	Medical group life and other (R)	Total remuneration (R)
MC Olivier	-	105 000	-	-	-	-	105 000
TM Dennison	2 300 432	-	1 672 920	138 026	120 000	143 403	4 374 781
CG Cunningham <sup>(1)</sup>	593 741	-	-	35 624	-	13 426	642 791
P Rawson <sup>(2)</sup>	1 635 584	-	674 220	98 135	52 470	120 292	2 580 701
JB Winship	-	84 000	-	-	-	-	84 000
RB Patmore <sup>(3)</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>4 529 757</b>	<b>189 000</b>	<b>2 347 140</b>	<b>271 785</b>	<b>172 470</b>	<b>277 121</b>	<b>7 787 273</b>

**Notes:**

<sup>(1)</sup> Mr Cunningham was appointed to the Board with effect from 27 August 2015. The remuneration reflected in the above tables relates to the period prior to Mr Cunningham's appointment to the Board.

<sup>(2)</sup> Mr Rawson resigned from the Board with effect from 27 August 2015 and was appointed as a director of Trellicor Subco.

<sup>(3)</sup> RB Patmore has been appointed to the Board with effect from the Listing Date and accordingly received no remuneration during the financial year ended 30 June 2015.

<sup>(4)</sup> Includes cash bonuses and amounts received in terms of the Cash Incentive Scheme.

7.7.5.1. Share Incentive Scheme

The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. The awarding, vesting and exercising of options in Shares are regulated under the Trellicor SIT Deed. Options vest in four equal tranches on the second, third, fourth and fifth anniversaries of the option award date, with each tranche having to be exercised by the participant within a specified period thereafter, failing which such options lapse. To date no options have been awarded or have vested in terms of the Share Incentive Scheme.

7.7.5.2. Cash Incentive Scheme

The Company's Cash Incentive Scheme will be closed out prior to the Listing (will be replaced by the Share Incentive Scheme) and involved cash-settled appreciation rights, based on hypothetical shares awarded to scheme participants. No actual Shares were issued thereunder and no actual share options were granted to participants.

7.7.6. Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with the Company. Save for the emoluments set out in paragraph 7.7.5 above, no other material benefits were received by Directors for the previous financial year ended 30 June 2015.

7.7.7. No fees have been paid to any third party in lieu of directors' fees.

7.7.8. There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

7.7.9. The Company has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation the Company.

**7.8. Interests of directors**

7.8.1. No director of the Company or of any of its subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by the Company (1) during the current or immediately preceding financial year, or (2) during an earlier financial year and remain in any respect outstanding or unperformed.

7.8.2. Save for being a Shareholder of the Company (or of SAIOL or Newgen Trust), no Director has had any material beneficial interest, either direct or indirect, in the Listing or the Private Placement and no promoter or Director of the Company is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

7.8.3. No Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

- 7.8.4. As at the Last Practicable Date, prior to the Private Placement and the Listing, but after the Share Split, the direct and indirect beneficial interests of the Directors (including any Directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of the Company, were as follows:

<b>Director</b>	<b>Direct number of Shares held</b>	<b>Direct % of Shares in issue held</b>	<b>Indirect number of Shares held</b>	<b>Indirect % of Shares in issue held</b>	<b>Total number of Shares held</b>	<b>Total % of Shares in issue held</b>
MC Olivier <sup>(1)</sup>	–	–	4 699 327	4.7	4 699 327	4.7
TM Dennison	8 704 000	8.7	–	–	8 704 000	8.7
CG Cunningham	–	–	–	–	–	–
P Rawson <sup>(2)</sup>	3 303 168	3.3	–	–	3 303 168	3.3
JB Winship <sup>(3)</sup>	–	–	3 054 320	3.1	3 054 320	3.1
<b>Total</b>	<b>12 007 168</b>	<b>12.0</b>	<b>7 753 647</b>	<b>7.8</b>	<b>19 760 815</b>	<b>19.8</b>

**Notes:**

- <sup>(1)</sup> Effective indirect interest, based on Mr Olivier's shareholding in SAIOL.  
<sup>(2)</sup> Mr Rawson resigned from the Board with effect from 27 August 2015 and was appointed as a director of Trellicor Subco.  
<sup>(3)</sup> Effective indirect interest, based on Mr Winship's shareholding in Newgen Trust.

- 7.8.5. There have been no changes in the shareholdings of the Directors in the Company between the end of the financial year ended 30 June 2015 and the Last Practicable Date.

- 7.8.6. As indicated in paragraph 9.2, SAIOL and Newgen Trust will on Listing, distribute all Shares held by those entities to their underlying shareholders (in the case of SAIOL) and to their beneficiaries (in the case of Newgen Trust). As far as the Company is aware, following the Private Placement (assuming a placement of 53.2 million Private Placement Shares) and the Distribution by SAIOL and Newgen Trust, the direct and indirect beneficial interests of the Directors (including any Directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of the Company, will, on the Listing Date, be as follows:

<b>Director</b>	<b>Direct number of Shares held</b>	<b>Direct % of Shares in issue held</b>	<b>Indirect number of Shares held</b>	<b>Indirect % of Shares in issue held</b>	<b>Total number of Shares held</b>	<b>Total % of Shares in issue held</b>
MC Olivier	–	–	2 349 663	2.18	2 349 663	2.18
TM Dennison	7 833 600	7.25	–	–	7 833 600	7.25
CG Cunningham	–	–	–	–	–	–
P Rawson <sup>(1)</sup>	2 972 852	2.75	–	–	2 972 852	2.75
JB Winship	806 303	0.75	–	–	806 303	0.75
<b>Total</b>	<b>11 612 755</b>	<b>10.75</b>	<b>2 349 663</b>	<b>2.18</b>	<b>13 962 418</b>	<b>12.93</b>

**Notes:**

- <sup>(1)</sup> Mr Rawson resigned from the Board with effect from 27 August 2015 and was appointed as a director of Trellicor Subco.

## 7.9. Service contracts of Directors

- 7.9.1. Employment agreements have been concluded with Messrs Dennison and Cunningham as the executive Directors. The employment agreements concluded with them include standard termination and other provisions for contracts of this nature.
- 7.9.2. No restraint of trade payments have been paid or are payable to any of the Directors.

## 8. PRIVATE PLACEMENT

### 8.1. Overview of the Private Placement

- 8.1.1. The Company will, in conjunction with the Listing, undertake the Private Placement by way of an offer to Invited Investors to acquire and/or subscribe for Private Placement Shares in the Company at the Placement Price (assumed, for purposes of this Pre-listing Statement, to be the Indicative Price of R6.25 per Private Placement Share). Such placement is to be implemented by:
- 8.1.1.1. the Company placing up to approximately 45.2 million Shares held by SAIOL, Newgen Trust and other existing Shareholders with Invited Investors for an aggregate amount of approximately R282.6 million (based on the Indicative Price); and
- 8.1.1.2. the Company issuing up to approximately 8 000 000 new Shares to Invited Investors, thereby raising approximately R50 million for the Company (based on the Indicative Price).
- 8.1.2. The Private Placement shall take the form of a bookbuild.
- 8.1.3. Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

8.1.4. The proceeds of the Private Placement (Placement of New Shares) will be employed, *inter alia*, to fund the establishment and launch of a new substantive in-house developed product in mid 2016 and to pursue synergistic acquisitions during the next 12 months.

## 8.2. Salient dates

The salient dates for the Private Placement are contained in the table appearing on the front cover of this Pre-listing Statement, as well as in the “*Salient Dates and Times*” section on page 7.

## 8.3. Conditions Precedent

**The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE. In addition, should any of these Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.**

## 8.4. Further details of the Private Placement

Please refer to **Annexure 14** for further particulars regarding the Private Placement, including, *inter alia*, the procedures for acceptance, payment and delivery of the Private Placement Shares and the position in the event of an overapplication for Private Placement Shares.

## 9. DISTRIBUTION

9.1. As at the Last Practicable Date, SAIOL and Newgen Trust, between them, held 76.1% of the Company’s issued share capital. SAIOL and Newgen Trust are both managed by Hibridge Capital of which Mr MC Olivier, the chairman of the Company, is the managing director. Assuming the placement of 53.2 million Private Placement Shares, they will, following the Private Placement and prior to the Distribution, hold 36.6% of the Company’s issued share capital.

9.2. In order to improve liquidity in the trading of the Company’s Shares, SAIOL and Newgen Trust will following the closing date of the Private Placement, on the Listing Date, distribute all Shares held by those entities to their underlying shareholders (in the case of SAIOL) and to their beneficiaries (in the case of Newgen Trust), so as to ensure that the Company complies with the public shareholder spread requirements under the JSE Listings Requirements. The above distribution by SAIOL will form part of a distribution of shares and cash by SAIOL to its shareholders pursuant to its winding-up.

## 10. SHARE CAPITAL

### 10.1. Authorised and issued share capital

10.1.1. The authorised and issued share capital of the Company, as at the Last Practicable Date, was as set out below:

	Number of Shares	R’000
<b>Authorised share capital</b>		
Ordinary Shares of no par value	5 000 000 000	–
<b>Issued share capital</b>		
Stated capital – ordinary Shares of no par value	100 006 784	0
Treasury Shares	–	–
<b>Total</b>		<b>0</b>

10.1.2. Following the Private Placement, the authorised and issued share capital of the Company on the Listing Date is expected to be as follows (on the assumption that 8 000 000 new Private Placement Shares are issued at the Indicative Price):

	Number of Shares	R’000
<b>Authorised share capital</b>		
Ordinary Shares of no par value	5 000 000 000	–
<b>Issued share capital</b>		
Stated capital – ordinary Shares of no par value	108 006 784	45 000
Treasury Shares	–	–
<b>Total</b>		<b>45 000</b>

10.1.3. As at the Last Practicable Date and following the Private Placement and the Listing:

10.1.3.1. no debentures had been, or will have been, created or issued by the Company;

10.1.3.2. all Shares in issue were and will be fully paid up and freely transferable; and

10.1.3.3. all Shares in issue ranked and will rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

## 10.2. Major and controlling Shareholders

10.2.1. As far as the Company is aware, as at the Last Practicable Date, prior to the Private Placement, Distribution and Listing, the following Shareholders were beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	% of Shares in issue held
SAIOL	62 707 546	62.7
Newgen Trust	13 432 870	13.4
TM Dennison	8 704 000	8.7
Garphil Trust	8 160 000	8.2
<b>Total</b>	<b>93 004 416</b>	<b>93.0</b>

10.2.2. Currently SAIOL is the controlling shareholder of the Company and there has been no change in this regard during the past five years prior to the Last Practicable Date.

10.2.3. As indicated in paragraph 9.2 above, SAIOL and Newgen Trust will following the closing date of the Private Placement and prior to the Listing, distribute all Shares held by those entities to their underlying shareholders (in the case of SAIOL) and to their beneficiaries (in the case of Newgen Trust), following which neither SAIOL nor Newgen Trust will hold any Shares in the Company.

10.2.4. As far as the Company is aware, following the Private Placement (assuming the placement of 53.2 million Private Placement Shares) and the Distribution by SAIOL and Newgen Trust, the following Shareholders, other than Directors, are expected to be beneficially interested, on the Listing Date, directly or indirectly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	% of Shares in issue held
Cannon International Limited	8 160 002	7.56
Coronation Group Investments Limited	6 435 608	5.96
<b>Total</b>	<b>14 595 610</b>	<b>13.52</b>

### Notes:

- The table above does not include any Invited Investors who may be acquiring Shares in terms of the Private Placement.
- It is assumed, for purposes of the above table, that 8 000 000 new Private Placement Shares will be issued.

## 10.3. Rights attaching to Shares

Salient provisions in the New MOI relating to the rights attaching to Shares, and the variation of such rights, appear in **Annexure 5** hereto.

## 10.4. Changes to share capital

10.4.1. The share capital of the Company has undergone the following alterations in the three years prior to the date of this Pre-listing Statement:

10.4.1.1. A special resolution reclassifying the Company's existing share capital (to the extent that it may have been incorrectly registered as a single class of common shares) to ordinary shares, was approved by Shareholders on or about 8 September 2015 and was subsequently registered with CIPC.

10.4.1.2. A special resolution converting the Company's entire authorised and issued share capital from par value ordinary shares of R0.0005 each into no par value Shares, was approved by Shareholders on or about 8 September 2015 and was subsequently registered with CIPC.

10.4.1.3. A special resolution subdividing each Share in the Company's authorised and issued ordinary share capital into 544 no par value ordinary shares, was approved by Shareholders on or about 8 September 2015 and was subsequently registered with CIPC.

10.4.1.4. A special resolution increasing the Company's authorised share capital to five billion Shares, was approved by Shareholders on or about 8 September 2015 and was subsequently registered with CIPC.

10.4.2. Save as set out in paragraph 10.4.1 above, there have been no consolidations or subdivisions of the Company's securities over the three years preceding the date of this Pre-listing Statement.

## 10.5. Shares issued

Neither the Company, nor any of its subsidiaries has issued any shares within the three years preceding this Pre-listing Statement.

## 10.6. Share repurchases

10.6.1. On or about 30 March 2012 the Company agreed to repurchase 8 000 Shares from A Thomas, a director of a subsidiary of the Company, for an amount of R8 800 000. Payment of the repurchase price occurred during August 2012.

10.6.2. Save as set out in paragraph 10.6.1 above, neither the Company, nor any of its subsidiaries has repurchased any shares within the three years preceding this Pre-listing Statement.

## 10.7. Options and preferential rights in respect of Shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares.

## 10.8. Dividends

10.8.1. In terms of the New MOI all unclaimed monies that are due to any Shareholder pursuant to the declaration of a dividend shall be held by the Company in trust until lawfully claimed by such Shareholder, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.

10.8.2. No arrangements exist under which future dividends are waived or are agreed to be waived.

## 10.9. No other listings

As at the date of this Pre-listing Statement, no securities of the Company are listed on the JSE or on any other stock exchange. Upon the Listing, all of the Company's issued ordinary Shares will be listed on the JSE under the abbreviated name "Trellidor", share code "TRL" and ISIN ZAE000209342. As at the Listing Date, no Shares of the Company will be listed on any other stock exchange.

## 11. FINANCIAL INFORMATION

### 11.1. Historical financial information

A report on the historical financial information of the Company, showing its financial results for the financial years ended 30 June 2015, 30 June 2014 and 30 June 2013, is presented in **Annexure 1** and is the responsibility of the Directors, while the Independent Reporting Accountants' report thereon is included as **Annexure 2** to this Pre-listing Statement.

### 11.2. Pro forma financial effects

The consolidated *pro forma* financial effects of the Share Split, Share Issue and the Listing, as set out below, are the responsibility of the Directors. The consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of the Company has been prepared and in terms of the Company's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Company's financial position post the Private Placement.

The consolidated *pro forma* financial effects are summarised below and should be read in conjunction with the consolidated *pro forma* statement of financial position and statement of comprehensive income as set out in **Annexure 3**, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in **Annexure 3**. The Independent Reporting Accountants' report on the consolidated *pro forma* financial information appears at **Annexure 4** to this Pre-listing Statement.

	Audited financial information before share split cents	Pro forma adjustment – Share Split cents	Pro forma adjustment – Share Issue cents	Pro forma financial information after Share Issue cents	% change
Earnings per Share	24 706	(24 661)	(5)	40	(99)
Headline earnings per Share	24 719	(24 674)	(4)	41	(99)
Net asset value per Share	37 134	(37 066)	35	103	(99)
Tangible net asset value per Share	33 998	(33 936)	36	98	(99)

#### Notes and assumptions

1. The "Audited financial information before share split" figures are extracted from the audited financial statements of Trellidor Holdings for the year ended 30 June 2015.
2. The net asset value per share and net tangible asset value per share figures are calculated based on the actual number of shares in issue at 30 June 2015.
3. The earnings per share and headline earnings per share figures are calculated based on the weighted average number of shares in issue at 30 June 2015. The diluted earnings per share and diluted headline earnings per share are calculated based on the weighted average number of shares in issue at 30 June 2015.
4. Share split of 1:544. 1 share is split into 544, issued share capital increases by 99,822,948 shares.
5. The *Pro forma* financial information after share split is based on the assumption that the share split was implemented on 30 June 2015.
6. 8,000,000 shares are issued at, an indicative price of, R6.25 per share, raising capital of R50,000,000.
7. The *Pro forma* financial information after share issue column is based on the assumption that the share issue was implemented on 30 June 2015.
8. The capital raised through the share issue will be utilised to fund expansion and future growth.
9. It is assumed transaction costs will amount to R6.7m (based on estimates received). R5.0m of which relates to fees for the placement of shares and has been assumed therefore to be capital in nature and offset against Share Capital. The remaining R1.7m is an estimate of advisory, professional, secretarial etc. fees and has been assumed to be expense in nature. These have been expensed in the Statement of Comprehensive Income.

### 11.3. Material changes

11.3.1. There have been no material changes in the financial or trading position of the Company and its subsidiaries since the end of its last financial year ended 30 June 2015.

11.3.2. There have been no material changes in the business of the Company, and no changes in the trading objects of the Company, within the past five years preceding this Pre-listing Statement.

#### **11.4. Material commitments, lease payments and contingent liabilities**

As at the Last Practicable Date, the Company had no material commitments, lease payments or contingent liabilities.

#### **11.5. Material borrowings**

11.5.1. Trellidor Propco has obtained a loan facility from BOE Private Bank (“**BOE**”) in order to finance the acquisition of land and buildings for the Group’s factory. This loan is secured by a first-ranking mortgage over such land and buildings. The BOE loan facility is to be repaid in monthly instalments by no later than February 2022 and is subject to interest at the prime rate of interest less 0.75%. BOE has approved a further drawdown of R5 million on this facility for factory expansion, which is due to occur during 2015/16 (this amount has not yet been drawn down). As at the Last Practicable Date, the outstanding balance of the BOE loan facility amounted to approximately R18.7 million.

11.5.2. As at the Last Practicable Date, no debentures have been issued by the Company or any of its subsidiaries and no material loans have been advanced to them, save for as set out in paragraph 11.5.1 above. The Group has no material loans that are repayable within the next 12 months.

11.5.3. No debentures have been created in terms of a trust deed and no replacement debentures have been issued by the Company.

#### **11.6. Loans receivable**

As at the Last Practicable Date –

11.6.1. no material loans have been made by the Company or by any of its subsidiaries; and

11.6.2. the Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of the Company (or of any associate of any such Director or manager).

### **12. GROUP ACTIVITIES**

#### **12.1. Principal immovable property owned and leased**

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the Group, are detailed in **Annexure 12**.

#### **12.2. Intercompany financial and other transactions**

12.2.1. All inter-company balances between Trellidor Group Companies, before elimination on consolidation, are disclosed in **Annexure 11**.

12.2.2. Save for the inter-company balances referred to in paragraph 12.2.1 above, there are no material inter-company financial and other transactions.

#### **12.3. Material acquisitions**

The Group has not undertaken any material acquisitions within the last three years and is not currently proposing any potential material acquisitions.

#### **12.4. Material property disposed of or to be disposed of**

The Group has not disposed of any material property during the last three years and is not currently contemplating any material disposals.

#### **12.5. Adequacy of working capital**

The Directors are of the opinion that the working capital available to the Group is adequate for the present requirements of Group, that is, for a period of 12 months from the date of issue of this Pre-listing Statement.

#### **12.6. Royalties**

Royalties are payable to Trellidor Folding Bars Limited in Israel (Trellidor Israel) on sales of Trellidor Burglar Guard, a product designed by Trellidor Israel. Royalties paid in the financial year ended 30 June 2015 amounted to R121 451.

### **13. KING III CODE AND CORPORATE GOVERNANCE**

Shareholders are referred to **Annexure 6**, which concerns the application of the King III Code and other corporate governance principles.

### **14. LISTING ON JSE**

**14.1. The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE.**

- 14.2. Assuming that the Private Placement is successful, Trellidor will, following the implementation of the Private Placement and the Distribution by SAIOL and Newgen Trust, comply with the JSE's listing criteria, in that:
- 14.2.1. the subscribed capital of the Company, including reserves will exceed R50 000 000;
  - 14.2.2. the Company will have more than 25 000 000 Shares in issue;
  - 14.2.3. the Company has audited financial statements for the preceding three financial years, the last of which reported an audited profit before tax of R63 606 793 for the Group (financial year ended 30 June 2015); and
  - 14.2.4. more than 20% of the issued ordinary share capital of the Company is held by the public.
- 14.3. The JSE has granted the Company a listing by way of introduction of all its issued ordinary shares on the JSE main board under the abbreviated name "Trellidor", share code "TRL" and ISIN ZAE000209342 with effect from the commencement of trade on 28 October 2015, subject to the Company having satisfied the JSE Listings Requirements regarding the spread of public shareholders. The Company will be listed in the "Building Material & Fixtures" sector.
- 14.4. Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form. Shareholders who wish to trade their Shares following the Listing will first need to dematerialise their Shares into an account held at a suitable service provider. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing dematerialisation, the Shareholder will be unable to trade them.
- 14.5. Each existing Shareholder wishing to trade his Shares on the JSE, should instruct his Broker or CSDP to liaise with the Transfer Secretaries, in order to arrange for his current Certificated Shares to be replaced by a statement of holdings to be dematerialised and credited to his account. This statement of holdings must be surrendered to the Shareholder's Broker or CSDP, who will send those documents to the Transfer Secretaries to dematerialise the Shares in question. The Transfer Secretaries can be contacted through their call-centre on 086 1100 634 (or +27 11 370 5000 if telephoning from outside South Africa) on every business day between 8:30 and 16:00.

## 15. EXCHANGE CONTROL

- 15.1. The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional advisor.
- 15.2. In terms of the Exchange Control Regulations of the Republic of South Africa –
- 15.2.1. a former resident of the Common Monetary Area who has emigrated, may use emigrant blocked funds to purchase or subscribe for Private Placement Shares in terms of the Private Placement detailed in this Pre-listing Statement;
  - 15.2.2. all payments in respect of the purchase of or subscriptions for Private Placement Shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;
  - 15.2.3. any Private Placement Shares issued or sold (as the case may be) pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;
  - 15.2.4. Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
  - 15.2.5. if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Private Placement Shares in terms of this Pre-listing Statement, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.
- 15.3. Invited Investors resident outside the Common Monetary Area should note that, where Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.
- 15.4. Emigrants from the Common Monetary Area**
- 15.4.1. A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to purchase or subscribe for Shares in terms of the Private Placement.
  - 15.4.2. All payments in respect of the purchase of, or subscription for, Private Placement Shares by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.
  - 15.4.3. Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".
  - 15.4.4. If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant's blocked Rand account.
  - 15.4.5. No residents of the Common Monetary Area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.



## 15.5. Applicants resident outside the Common Monetary Area

- 15.5.1. In terms of the Exchange Control Regulations of the Republic of South Africa, non-residents of the Common Monetary Area to whom the offer under the Private Placement is addressed and made as Invited Investors, may apply for Private Placement Shares under the Private Placement, provided that payment is received in foreign currency or in Rand from a non-resident account. All applications by non-residents in respect of the above must be made through an authorised dealer in foreign exchange. Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident".
- 15.5.2. A person who is not resident in the Common Monetary Area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Private Placement.
- 15.5.3. This Pre-listing Statement is accordingly not a Private Placement in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this Pre-listing Statement is provided for information purposes only.

## 16. ADDITIONAL INFORMATION

### 16.1. Promoters' and other interests

- 16.1.1. No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member.
- 16.1.2. Save for being a Shareholder of the Company (or of SAIOL or Newgen Trust), no Director or promoter has any material beneficial interest, direct or indirect, in the promotion of the Company or in any material property referred to in paragraph 12.3 above.
- 16.1.3. No commissions were paid, or accrued as payable, by the Company within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.
- 16.1.4. No commissions, discounts, brokerages or other special terms have been granted by the Company within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of the Company.

### 16.2. Government protection and investment encouragement law

There is no Government protection or investment encouragement law affecting the Company or its subsidiaries.

### 16.3. Litigation

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the Group.

### 16.4. Material contracts

No material contracts (including no restrictive funding arrangements) have been entered into by the Group, other than in the ordinary course of business, (1) within the two years prior to the date of this Pre-listing Statement or, (2) at any other time where such agreement contains an obligation or settlement that is material to the Company as at the date of this Pre-listing Statement.

### 16.5. Experts' consents

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

### 16.6. Expenses

The Company's preliminary and issue expenses relating to the Private Placement and the Listing, which have been incurred or which are expected to be incurred, including the fees payable to professional advisers, are anticipated to amount to approximately R6 700 000, excluding VAT, and include the following:

<b>Expense</b>	<b>Recipient</b>	<b>R</b>
Capital raising fees	PSG Capital	5 000 000
Corporate advisor and sponsor	PSG Capital	1 000 000
Independent Reporting Accountant	Mazars	150 000
Attorneys	Cliffe Dekker Hofmeyr	30 000
Printing, publication, distribution and advertising expenses	Greymatter & Finch	85 000
JSE documentation fees	JSE	76 123
JSE listing fees	JSE	212 200
Transfer Secretaries	Computershare	80 000
Administration fees	Strate	20 000
Contingency		46 677
<b>TOTAL</b>		<b>6 700 000</b>

**16.7. Responsibility statement**

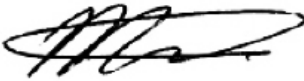
The Directors, whose names are set out in paragraph 7.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to the Company and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

**16.8. Documents available for inspection**

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the “*Corporate Information*” section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement until the Listing Date:

- 16.8.1. the New MOI of the Company and the memorandums of incorporation of its subsidiaries;
- 16.8.2. the Trelidor SIT Deed;
- 16.8.3. the Independent Reporting Accountants’ report on the historical financial information of the Company, as reproduced at **Annexure 2** of this Pre-listing Statement;
- 16.8.4. the Independent Reporting Accountants’ report on the *pro forma* financial information of the Company, as reproduced at **Annexure 4** of this Pre-listing Statement;
- 16.8.5. the audited consolidated financial statements of the Company for the financial years ended 30 June 2013, 2014 and 2015;
- 16.8.6. the employment agreements of Messrs Dennison and Cunningham;
- 16.8.7. written consent letters by experts and advisers, as referred to in paragraph 16.5 above; and
- 16.8.8. a copy of this Pre-listing Statement.

**SIGNED ON 5 OCTOBER 2015 BY MC OLIVIER ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS**



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**MC OLIVIER**  
Chairman

MC Olivier

TM Dennison

CG Cunningham

JB Winship

## HISTORICAL FINANCIAL INFORMATION OF TRELIDOR HOLDINGS LIMITED (FORMERLY TRELICOR HOLDINGS PROPRIETARY LIMITED)

### CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF TRELIDOR HOLDINGS LIMITED AND ITS SUBSIDIARIES (FORMERLY TRELICOR HOLDINGS PROPRIETARY LIMITED) FOR THE YEARS ENDED 30 JUNE 2013, 30 JUNE 2014 AND 30 JUNE 2015

#### INTRODUCTION

The historical financial information **Annexure 1** of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited) set out below has been extracted from the audited annual financial statements of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited) for the years ended 30 June 2013, 30 June 2014 and 30 June 2015. The annual financial statements were audited by Mazars and reported on without qualification.

This historical financial information was prepared by the finance department of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited), acting under the supervision of CG Cunningham (CA) SA, the finance director designate of Trellidor Holdings Limited (formerly Trellidor Holdings Proprietary Limited).

The historical financial information of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited) is the responsibility of the Directors of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited).

The historical financial information of Trellidor Holdings Limited and its subsidiaries (formerly Trellidor Holdings Proprietary Limited) for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 were authorised for issue on 27 August 2015 by the Board of Directors.

#### COMMENTARY

##### 1. Nature of business and the year in review

Trellidor Holdings Limited (formerly Trellidor Holdings Proprietary Limited) ("Trellidor") is the holding company of various operating subsidiaries engaged in the manufacture and sale of Trellidor barrier security products in South Africa and Africa and the owning and letting of the main operating premises of Trellidor. Trellidor has been careful to maintain its focus in the custom designed, manufactured and installed barrier security market.

Trellidor has produced commendable results for the year ended 30 June 2015. Trellidor has shown growth in profits notwithstanding a month long national metal workers strike in July 2014, the first month of the 2015 financial year. This anticipated industrial action saw the group focus on sales, production and exports to Africa during the last quarter of the financial year 2014. The strategy of managing costs and improving margins during the 2015 financial year has enabled the group to generate an 8% increase in profits notwithstanding the strike and many African economies being subdued by the impact of commodity prices, plunging exchange rates and shortage of foreign exchange.

At year-end, Trellidor had 72 franchises, offering a national distribution network throughout South Africa, 17 distributors in Africa and 360 direct employees at its head office and manufacturing site in Durban. To complement Trellidor's well known product range and newly launched products in recent years, Trellidor launched a further new product, Trellidor Polycarbonate Bar during the financial year, which has been well received in the market.

##### 2. Financial results

The operating results and the state of affairs of the group are fully set out in the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto.

##### 3. Dividends

Dividends were paid to shareholders as per the table below. The total dividend for this year amounted to 23,662 cents per share (2014: 22,194 cents per share) (2013: 10,879 cents per share). Note that these dividends are calculated before an anticipated share split in the ratio 1:544.

	Year ended 30 June 2015	Year ended 30 June 2014	Year end 30 June 2013
Interim Dividend	3 October 2014 paid 4,624 cents per share	1 October 2013 paid 4,352 cents per share	–
Interim Dividend	12 December 2014 paid 5,984 cents per share	6 December 2013 paid 4,787 cents per share	14 December 2012 paid 4,352 cents per share
Interim Dividend	20 March 2015 paid 6,527 cents per share	7 March 2014 paid 7,615 cents per share	12 March 2013 paid 6,527 cents per share
Final Dividend	5 June 2015 paid 6,527 cents per share	11 June 2014 paid 5,440 cents per share	–
Total paid	23,662 cents per share	22,194 cents per share	10,879 cents per share

#### HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of the Issuer and its subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of the Issuer and the date of this Pre-listing Statement, in so far as not already dealt with in the historical financial information outlined in this **Annexure 1**. The historical financial information was audited by Mazars and should be read in conjunction with their Independent Reporting Accountants Report set out in **Annexure 2**.

**Consolidated Statement of Financial Position as at 30 June 2015**

Figures in Rands	Notes	2015	2014	2013
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	3	41,488,834	44,685,121	46,193,531
Goodwill	4	2,388,498	2,388,498	2,388,498
Intangible assets	5	675,894	769,117	873,828
Other financial assets	7	455,150	728,845	1,078,806
Deferred tax	8	2,702,024	552,423	49,642
		<b>47,710,400</b>	<b>49,124,004</b>	<b>50,584,305</b>
<b>Current Assets</b>				
Inventories	9	21,369,847	22,258,348	19,966,237
Current tax receivable		5,473	70,185	49,228
Trade and other receivables	10	40,719,224	43,357,204	29,684,577
Other financial assets	7	1,080,672	366,460	813,621
Cash and cash equivalents	11	15,424,293	11,191,778	15,999,532
		<b>78,599,509</b>	<b>77,243,975</b>	<b>66,513,195</b>
<b>Total assets</b>		<b>126,309,909</b>	<b>126,367,979</b>	<b>117,097,500</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
<b>Equity attributable to equity holders of parent</b>				
Share capital	13	92	92	92
Reserves		(201,798)	(1,263,343)	(2,641,704)
Retained income		69,762,595	67,843,479	66,293,800
Attributable to owners of the parent		69,560,889	66,580,228	63,652,188
Non-controlling interest	16	(1,294,401)	(1,397,192)	(1,271,398)
		<b>68,266,488</b>	<b>65,183,036</b>	<b>62,380,790</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other financial liabilities	17	18,776,249	22,224,082	24,521,620
Deferred tax	8	–	–	950,005
Provisions	18	5,644,237	3,376,627	2,000,000
		<b>24,420,486</b>	<b>25,600,709</b>	<b>27,471,625</b>
<b>Current liabilities</b>				
Trade and other payables	19	27,708,089	28,510,327	22,887,253
Other financial liabilities	17	3,676,557	3,641,091	2,988,680
Current tax payable		2,013,567	3,286,665	1,238,138
Provisions	18	224,722	146,151	131,014
		<b>33,622,935</b>	<b>35,584,234</b>	<b>27,245,088</b>
<b>Total liabilities</b>		<b>58,043,421</b>	<b>61,184,943</b>	<b>54,716,710</b>
<b>Total equity and liabilities</b>		<b>126,309,909</b>	<b>126,367,979</b>	<b>117,097,500</b>

Consolidated Statement of Profit or Loss and Other Comprehensive Income for year ended 30 June 2015

Figures in Rands	Notes	2015	2014	2013
<b>Continuing operations</b>				
Revenue	21	293,775,739	295,480,565	266,333,279
Cost of sales	22	(144,916,961)	(149,586,143)	(137,827,223)
<b>Gross profit</b>		<b>148,858,778</b>	<b>145,894,422</b>	<b>128,506,056</b>
Other income	23	2,863,787	4,807,574	4,134,240
Operating expenses		(85,336,767)	(88,682,373)	(79,279,817)
<b>Operating profit</b>	24	<b>66,385,798</b>	<b>62,019,623</b>	<b>53,360,480</b>
Investment revenue	26	320,414	347,872	476,910
Finance costs	27	(3,099,419)	(3,212,228)	(3,554,098)
<b>Profit before taxation</b>		<b>63,606,793</b>	<b>59,155,267</b>	<b>50,283,291</b>
Taxation	28	(18,097,072)	(16,999,476)	(13,783,023)
<b>Profit for the year from continuing operations</b>		<b>45,509,721</b>	<b>42,155,791</b>	<b>36,500,268</b>
<b>Discontinued operations</b>				
Loss from discontinued operations	31	–	–	(495,105)
<b>Profit for the year</b>		<b>45,509,721</b>	<b>42,155,791</b>	<b>36,005,163</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Exchange differences on translating foreign operations		81,235	453,959	(73,576)
Unwinding of cash flow hedge		992,496	992,496	–
Income tax relating to items that may be reclassified		–	–	–
<b>Total items that may be reclassified to profit or loss</b>		<b>1,073,731</b>	<b>1,446,455</b>	<b>(73,576)</b>
Other comprehensive income (loss) for the year net of taxation	30	1,073,731	1,446,455	(73,576)
<b>Total comprehensive income for the year</b>		<b>46,583,452</b>	<b>43,602,246</b>	<b>35,931,587</b>
<b>Profit attributable to:</b>				
<b>Owners of the parent:</b>				
Profit for the year from continuing operations		45,419,116	42,349,679	36,569,463
Loss for the year from discontinuing operations		–	–	(495,105)
<b>Profit for year attributable to owners of the parent</b>		<b>45,419,116</b>	<b>42,349,679</b>	<b>36,074,358</b>
<b>Non-controlling interest:</b>				
Profit/(loss) for the year from continuing operations		90,605	(193,888)	(69,195)
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		46,480,660	43,728,040	36,011,818
Non-controlling interest		102,792	(125,794)	(80,231)
		<b>46,583,452</b>	<b>43,602,246</b>	<b>35,931,587</b>
Basic and diluted earnings per share (cents)	35	24,706	23,037	19,623

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

	Share Capital	Foreign currency translation reserve	Hedging reserve	Total Reserves	Retained Income	Total attributable to equity holders of the group	Non-controlling interest	Total equity
<b>Figures in Rand</b>								
<b>Balance at 1 July 2012</b>	<b>92</b>	<b>1,059,988</b>	<b>(3,639,152)</b>	<b>(2,579,164)</b>	<b>50,219,442</b>	<b>47,640,370</b>	<b>(1,191,167)</b>	<b>46,449,203</b>
Profit (loss) for the year	-	-	-	-	36,074,358	36,074,358	(69,195)	36,005,163
Other comprehensive income (loss)	-	(62,540)	-	(62,540)	-	(62,540)	(11,036)	(73,576)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(62,540)</b>	<b>-</b>	<b>(62,540)</b>	<b>36,074,358</b>	<b>36,011,818</b>	<b>(80,231)</b>	<b>35,931,587</b>
Dividends	-	-	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
<b>Total distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000,000)</b>	<b>(20,000,000)</b>	<b>-</b>	<b>(20,000,000)</b>
<b>Balance at 1 July 2013</b>	<b>92</b>	<b>997,448</b>	<b>(3,639,152)</b>	<b>(2,641,704)</b>	<b>66,293,800</b>	<b>63,652,188</b>	<b>(1,271,398)</b>	<b>62,380,790</b>
Profit (loss) for the year	-	-	-	-	42,349,679	42,349,679	(193,888)	42,155,791
Other comprehensive income	-	385,865	992,496	1,378,361	-	1,378,361	68,094	1,446,455
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>385,865</b>	<b>992,496</b>	<b>1,378,361</b>	<b>42,349,679</b>	<b>42,728,040</b>	<b>(125,794)</b>	<b>43,602,246</b>
Dividends	-	-	-	-	(40,800,000)	(40,800,000)	-	(40,800,000)
<b>Total distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,800,000)</b>	<b>(40,800,000)</b>	<b>-</b>	<b>(40,800,000)</b>
<b>Balance at 1 July 2014</b>	<b>92</b>	<b>1,383,313</b>	<b>(2,646,656)</b>	<b>(1,263,343)</b>	<b>67,843,479</b>	<b>66,580,228</b>	<b>(1,397,192)</b>	<b>65,183,036</b>
Profit for the year	-	-	-	-	45,419,116	45,419,116	90,605	45,509,721
Other comprehensive income	-	69,049	992,496	1,061,545	-	1,061,545	12,186	1,073,731
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>69,049</b>	<b>992,496</b>	<b>1,061,545</b>	<b>45,419,116</b>	<b>46,480,661</b>	<b>102,791</b>	<b>46,583,452</b>
Dividends	-	-	-	-	(43,500,000)	(43,500,000)	-	(43,500,000)
<b>Total distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,500,000)</b>	<b>(43,500,000)</b>	<b>-</b>	<b>(43,500,000)</b>
<b>Balance as 30 June 2015</b>	<b>92</b>	<b>1,452,362</b>	<b>(1,654,160)</b>	<b>(201,798)</b>	<b>69,762,595</b>	<b>69,560,889</b>	<b>(1,294,401)</b>	<b>68,266,488</b>

Consolidated Statement of Cash Flows for the year ended 30 June 2015

Figures in Rands	Notes	2015	2014	2013
<b>Cash flows from operating activities</b>				
Cash receipts from customers		299,278,974	286,616,424	269,438,240
Cash paid to suppliers and employees		(220,888,434)	(226,709,601)	(207,605,418)
<b>Cash generated from operations</b>	32	<b>78,390,540</b>	<b>59,906,823</b>	<b>61,832,822</b>
Interest income	26	320,414	347,872	476,910
Finance costs	27	(3,099,419)	(3,212,228)	(3,554,098)
Tax paid	33	(21,455,059)	(16,424,695)	(14,349,354)
Cash flows of discontinued operations		–	–	(1,871,442)
<b>Net cash from operating activities</b>		<b>54,156,476</b>	<b>40,617,772</b>	<b>42,534,838</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	3	(3,218,573)	(4,732,438)	(3,900,342)
Proceeds of sale of property, plant and equipment	3	30,494	41,412	44,811
Purchase of other intangible assets	5	(16,063)	–	(13,435)
Repayment of other financial assets		429,979	797,123	–
(Advance of) proceeds from other financial assets		(870,497)	–	828,320
Cash inflow from sale of business operations		–	–	5,364,690
<b>Net cash (used in) from investing activities</b>		<b>(3,644,660)</b>	<b>(3,893,903)</b>	<b>2,324,690</b>
<b>Cash flows from financing activities</b>				
Repayment of other financial liabilities		(2,835,389)	(781,847)	(15,947,468)
Dividends paid	36	(43,500,000)	(40,800,000)	(20,000,000)
<b>Net cash used in financing activities</b>		<b>(46,335,389)</b>	<b>(41,581,847)</b>	<b>(35,947,468)</b>
<b>Total cash movement for the year</b>		<b>4,176,427</b>	<b>(4,857,978)</b>	<b>8,911,414</b>
Cash at the beginning of the year		11,191,778	15,999,532	7,079,164
Effect of exchange rate movement on cash balances		56,088	50,224	8,954
<b>Total cash at the end of the year</b>	11	<b>15,424,293</b>	<b>11,191,778</b>	<b>15,999,532</b>

## ACCOUNTING POLICIES

### 1 PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act 71 of 2008 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The group annual financial statements have been prepared on the historical cost basis, except as indicated below, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Consolidation

##### Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of its returns.

The results of subsidiaries are included in the group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for the non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

#### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

##### Impairment of financial assets at amortised cost

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of trade receivables and loans and receivables is determined by management based on historical information about the credit quality of the debt.

##### Impairment of inventory

Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note 24, using an allowance account.

##### Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of each reporting period.

The carrying value less impairment provision of short-term trade receivables and cash and cash equivalents are assumed to approximate their fair values. The fair value of short term trade payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.



### **Impairment of non-financial assets**

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

### **Provisions**

Provisions are estimated by management based on the information available. Additional disclosure of these estimate of provisions are included in the Provisions note 18.

### **Operating lease commitments**

The group has entered into commercial property leases for the premises they occupy. The directors have determined, based on all available information, that the lessor retains the significant risks and rewards of ownership of these properties and, consequently, the property leases have been accounted for as operating leases.

### **Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### **Useful lives of intangible assets**

The best estimate of the useful life of intangible assets is linked to the period over which the group expects economic inflows from the use of the patents and trademarks. The useful life is never longer than the legal limit of the patent and trademark.

### **Useful lives and residual value of depreciable assets**

The group assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Where the group determines that the useful life of property, plant and equipment should be shortened or the residual value reduced, it depreciates the net book value in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense.

## **1.3 Property, plant and equipment**

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Costs incurred to add an improvement to the current condition of the building are capitalised as assets under construction. Once the construction is complete the costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### 1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment.

#### 1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Amortisation of intangible assets are included in the operating expenses as incurred.

The useful life and amortisation method of each intangible asset is reviewed at the end of each reporting period. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and is recognised in profit or loss on de-recognition.

Amortisation is provided to write down the intangible assets on a straight line basis as follows:

<b>Item</b>	<b>Useful life</b>
Patents, trademarks and other rights	10 – 20 years

#### 1.6 Impairment of assets

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. Where the recoverable amount of a previously impaired asset or a cash generating unit exceeds the carrying amount, the impairment is reversed, except when the impairment relates to goodwill. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## **1.7 Interests in subsidiaries**

### **Company annual financial statements**

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

## **1.8 Financial instruments**

### **Classification**

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities at fair value through profit or loss held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances, and
- if the asset meets the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

### **Initial recognition and measurement**

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, including transaction costs, except for equity investments for which a fair value through profit or loss transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

### **Subsequent measurement**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Effective interest rate method**

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a debt instrument to the net carrying amount on initial recognition.

#### **De-recognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

#### **Impairment of financial assets**

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### **Loans to (from) group companies**

These include loans to and from holding companies and subsidiaries.

Loans to (from) group companies are initially recognised at fair value and subsequently measured at amortised cost.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### **Trade and other receivables**

Trade and other receivables are classified as loans and receivables.

Trade receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue for local trade receivables and 90 days overdue for foreign trade receivables) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

#### **Trade and other payables**

Trade payables are classified as financial liabilities at amortised cost.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Cash and cash equivalents**

These are classified as loans and receivables.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **Borrowings**

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

## **Derivatives**

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss held for trading.

## **Derivative financial instruments and hedge accounting**

Derivatives are classified as financial assets at fair value through profit or loss.

The group designates certain derivatives as:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

The group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are classified as derivatives designated as hedging instruments in effective hedges.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of the derivatives are taken directly to profit or loss, except for the effective portion of the cash flow hedges, which is recognised in other comprehensive income.

The group enters into cash flow hedges:

- when the hedging exposure to variability in cash flows that is neither attributable to a particular risk related to a recognised asset or liability or a highly probable forecast transaction.

At the inception of the hedge relationship, the group formally designated and documented the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instruments fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

### **Cash flow hedge**

The group has cash flow hedges in the form of interest rate swaps. The interest rate swap is used as a hedge for the exposure of changes in cash flows on interest and its secured borrowings that are subject to a variable interest rate. See note 17 for more details.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve while the ineffective portion is recognised immediately in profit or loss within 'other operating expenses'.

When a hedging instrument no longer qualifies for hedge accounting, the hedge accounting is discontinued prospectively from the date it becomes ineffective. All hedge differences are recognised immediately in profit or loss. Any gains or losses previously recognised in equity remain in equity until the related cash flow occurs. From that point on the interest rate swap will be accounted for as a derivative and classified as a "financial liability at fair value through profit or loss" or "held for trading" with changes in fair value being recognised in profit or loss.

## **1.9 Inventories**

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## **1.10 Share capital and equity**

Ordinary shares are classified as an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## 1.11 Tax

### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

It is probable that taxable profit will be available against which a deductible temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same tax entity which are expected either to reverse in the same period as the deductible temporary difference or to reverse in periods into which a tax loss resulting in the deferred tax asset can be carried forward.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and are included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited in other comprehensive income or equity if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or equity.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.12 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

## 1.13 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates and value added tax.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

#### **1.14 Cost of sales**

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### **1.15 Employee benefits**

##### **Short-term employee benefits**

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the service is rendered, such as sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as the related service is rendered.

#### **1.16 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### **Operating leases – lessee**

Operating lease payments are recognised as an expense on an accrual basis.

Any contingent rents are expensed in the period they are incurred.

#### **1.17 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **1.18 Translation of foreign currencies**

##### **Functional and presentation currency**

Items included in the group annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated group annual financial statements are presented in Rands which is the group functional and presentation currency.

##### **Foreign currency transactions**

The functional currency of the company is South African Rands.

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

##### **Net investment in foreign operations**

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and

- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and accumulated in the reserve. They are recognised in profit or loss as a reclassification adjustment from other comprehensive income on disposal of the net investment.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

### 1.19 Segmental reporting

Operating segments are components of entities from which revenue may be earned and expenses may be incurred, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resource allocations and for which discrete financial information is available. The group operates as a single operating segment, the manufacturing of barrier security, which the CEO assesses for resource allocation.

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 Standards and interpretations not yet effective and Standards and interpretations effective and adopted in the current year:

#### IFRS 9 Financial Instruments

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and de-recognition of financial assets and liabilities as well as new hedging requirements. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the group changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on de-recognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.
- The new hedging provisions align hedge accounting more closely with the actual risk management approach.
- Certain non-derivative financial instruments are now allowed as hedging instruments.
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.
- The hedge effectiveness criteria have been amended, including the removal of the 80% – 125% “bright line test” to qualify for hedge accounting.
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.
- Additional disclosure requirements have been introduced for hedging.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 group annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

#### Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment to IAS 36 Impairment of Assets now require:

- Disclosures to be made of all assets which have been impaired, as opposed to only material impairments,
- The disclosure of an individual impaired assets (or cash generating units) recoverable amount, and
- Certain disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the requirements of IFRS 13 Fair Value Measurement.



The effective date of the amendment is for years beginning on or after 1 January 2014.

The group has adopted the amendment for the first time in the 2015 group annual financial statements.

The impact of the amendment is not material.

#### **Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting**

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central counterparty.

The effective date of the amendment is for years beginning on or after 1 January 2014.

The group has adopted the amendment for the first time in the 2015 group annual financial statements.

The impact of the amendment is not material.

#### **Amendment to IAS 24: Related Party Disclosures: Annual improvements project**

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group has adopted the amendment for the first time in the 2015 group annual financial statements.

The impact of the amendment is not material.

#### **Amendment to IFRS 13: Fair Value Measurement: Annual improvements project**

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group has adopted the amendment for the first time in the 2015 group annual financial statements.

The impact of the amendment is not material.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 group annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

#### **IAS 1 Presentation of Financial Statements**

Amendment as part of a major initiative to improve presentation and disclosure in financial reports, designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements, such as the following:

- materiality consideration
- line items in the Statement of Financial Position and Statement of Comprehensive Income can be aggregated or disaggregated as relevant
- ordering of notes to assist understandability and comparability.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2017 group annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

## 3. PROPERTY, PLANT AND EQUIPMENT

	2015			2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	5,762,925	–	5,762,925	5,762,925	–	5,762,925	5,762,925	–	5,762,925
Buildings	23,712,086	(4,064,601)	19,647,485	23,548,948	(3,395,461)	20,153,487	23,548,948	(2,726,320)	20,822,628
Plant, machinery and moulds	42,986,245	(30,866,287)	12,119,958	40,858,668	(26,769,606)	14,089,062	37,241,800	(22,916,854)	14,324,946
Furniture and fixtures	1,980,731	(1,413,668)	567,063	1,980,731	(1,219,812)	760,919	2,031,033	(1,026,818)	1,004,215
Motor vehicles	223,339	(223,337)	2	223,339	(222,296)	1,043	223,339	(219,796)	3,543
Office equipment	1,145,492	(676,371)	469,121	837,725	(544,265)	293,460	1,073,468	(625,273)	448,195
IT equipment	1,538,071	(977,832)	560,239	1,252,544	(736,378)	516,166	1,199,586	(789,664)	409,922
Computer software	1,600,843	(1,141,726)	(459,117)	1,600,843	(850,308)	750,535	1,096,092	650,813	445,279
Leasehold improvements	4,506,397	(2,840,969)	1,665,428	4,083,700	(2,223,834)	1,859,866	3,139,882	(1,684,580)	1,455,302
Assets under construction	217,792	–	217,792	469,039	–	469,039	1,460,090	–	1,460,090
Equipment and loose tools	404,874	(385,170)	19,704	392,521	(363,902)	28,619	405,990	(349,504)	56,486
<b>Total</b>	<b>84,078,795</b>	<b>(42,589,961)</b>	<b>41,488,834</b>	<b>81,010,983</b>	<b>(36,325,862)</b>	<b>44,685,121</b>	<b>77,183,153</b>	<b>(30,989,622)</b>	<b>46,193,531</b>

## Reconciliation of property, plant and equipment – 2015

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Depreciation	Total
Land	5,762,925	–	–	–	–	–	5,762,925
Buildings	20,153,487	163,138	–	–	–	(669,140)	19,647,485
Plant, machinery and moulds	14,089,062	2,163,377	(63,576)	114,959	707	(4,184,571)	12,119,958
Furniture and fixtures	760,919	–	–	–	–	(193,856)	567,063
Motor vehicles	1,043	–	–	–	–	(1,041)	2
Office equipment	293,460	310,840	–	–	302	(135,481)	469,121
IT equipment	516,166	287,410	–	–	282	(243,619)	560,239
Computer software	750,535	–	–	–	16	(291,434)	459,117
Leasehold improvements	1,859,866	68,617	–	354,080	–	(617,135)	1,665,428
Assets under construction	469,039	217,792	–	(469,039)	–	–	217,792
Equipment and loose tools	28,619	7,399	–	–	5	(16,319)	19,704
<b>Total</b>	<b>44,685,121</b>	<b>3,218,573</b>	<b>(63,576)</b>	<b>–</b>	<b>1,312</b>	<b>(6,352,596)</b>	<b>41,488,834</b>

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Depreciation	Total
Land	5,762,925	–	–	–	–	–	5,762,925
Buildings	20,822,628	–	–	–	–	(669,141)	20,153,487
Plant, machinery and moulds	14,324,946	2,069,335	(282)	1,757,112	(564)	(4,061,485)	14,089,062
Furniture and fixtures	1,004,215	–	(6)	–	–	(243,290)	760,919
Motor vehicles	3,543	–	–	–	–	(2,500)	1,043
Office equipment	448,195	–	(32,128)	–	116	(122,723)	293,460
IT equipment	409,922	233,707	(8,865)	145,342	545	(264,485)	516,166
Computer software	445,279	258,100	(2)	284,220	–	(237,062)	750,535
Leasehold improvements	1,455,302	719,643	(301)	242,600	–	(557,378)	1,859,866
Assets under construction	1,460,090	1,438,223	–	(2,429,274)	–	–	469,039
Equipment and loose tools	56,486	13,430	(3)	–	15	(41,309)	28,619
<b>Total</b>	<b>46,193,531</b>	<b>4,732,438</b>	<b>(41,587)</b>	<b>–</b>	<b>112</b>	<b>(6,199,373)</b>	<b>44,685,121</b>

Reconciliation of property, plant and equipment – 2013

	Opening balance	Additions	Disposals	Transfers	Foreign exchange movements	Depreciation	Total
Land	5,762,925	–	–	–	–	–	5,762,925
Buildings	20,351,723	–	–	1,141,639	–	(670,734)	20,822,628
Plant, machinery and moulds	17,658,974	986,769	(207)	–	–	(4,320,590)	14,324,946
Furniture and fixtures	701,151	595,498	(2)	–	–	(292,432)	1,004,215
Motor vehicles	51,476	–	(43,608)	–	–	(4,325)	3,543
Office equipment	399,260	249,577	(2,345)	–	–	(198,297)	448,195
IT equipment	467,098	256,848	(1,259)	–	52	(312,817)	409,922
Computer software	368,992	246,349	(2)	–	–	(170,060)	445,279
Leasehold improvements	1,391,401	510,966	(1,008)	–	2,081	(448,138)	1,455,302
Assets under construction	1,554,937	1,046,792	–	(1,141,639)	–	–	1,460,090
Equipment and loose tools	122,604	7,543	(14)	–	342	(73,989)	56,486
<b>Total</b>	<b>48,830,541</b>	<b>3,900,342</b>	<b>(48,445)</b>	<b>–</b>	<b>2,475</b>	<b>(6,491,382)</b>	<b>46,193,531</b>

#### Property, plant and equipment pledged as security

	2015	2014	2013
Plant, machinery and moulds	2,083,154	2,364,504	9,809,883
Plant, machinery and moulds are encumbered as referred to in note 17.			
Land and buildings	24,105,633	24,774,773	25,443,914
Erf 158 and Erf 159 Phoenix Industrial Park is pledged as security for BOE Private Bank mortgage bond as described in note 17.			

#### Depreciation rates

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Buildings	Straight line basis years	50	50	50
Leasehold property	Straight line basis years	10	10	10
Plant, machinery and moulds	Straight line basis years	3 – 6	3 – 6	3 – 6
Furniture and fixtures	Straight line basis years	6	6	6
Motor vehicles	Straight line basis years	4	4	4
Office equipment	Straight line basis years	6	6	6
IT equipment	Straight line basis years	3	3	3
Computer software	Straight line basis years	2	2	2
Equipment and loose tools	Straight line basis years	4 – 5	4 – 5	4 – 5

#### Details of properties

##### Erf 158 and Erf 159 Phoenix Industrial Park

Property is described as Erf 159 Phoenix Industrial Park, Registration Division FT, Province of KwaZulu-Natal, in the extent of 2.4229 (two point four two two nine) hectares and property described as Erf 158 Phoenix Industrial Park, Registration Division FT, Province of KwaZulu-Natal, in the extent of 0.6282 (point six two eight two) hectares.

Purchase price	27,006,000	27,006,000	27,006,000
Additions since purchase	2,469,010	2,305,873	1,116,223
Accumulated depreciation	(4,064,600)	(3,395,461)	(2,726,319)
	<b>25,410,410</b>	<b>25,916,412</b>	<b>25,443,914</b>

#### 4. GOODWILL

	2015			2014			2013		
	Cost	Accu- mulated impair- ment	Carrying value	Cost	Accu- mulated impair- ment	Carrying value	Cost	Accu- mulated impair- ment	Carrying value
Goodwill	2,388,498	–	2,388,498	2,388,498	–	2,388,498	2,388,498	–	2,388,498

Goodwill relates to the Rollerstyle and Clearguard product ranges. Management have tested goodwill for impairment based on a five year cash flow forecast for each product assuming no growth. Based on the results of impairment test performed no impairment was required.

#### 5. INTANGIBLE ASSETS

	2015			2014			2013		
	Cost	Accu- mulated amorti- sation	Carrying value	Cost	Accu- mulated amorti- sation	Carrying value	Cost	Accu- mulated amorti- sation	Carrying value
Patents, trademarks and other rights	1 542 492	(866 598)	675 894	1 526 429	(757 312)	769 117	1 526 429	(652 601)	873 828

##### Reconciliation of intangible assets 2015

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	769,117	16,063	(109,286)	675,894

##### Reconciliation of intangible assets 2014

	Opening balance	Foreign exchange movements	Amortisation	Total
Patents, trademarks and other rights	873,828	10	(104,721)	769,117

##### Reconciliation of intangible assets 2013

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	964,472	13,435	(104,079)	873,828

## 6. INTERESTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

### Company

<b>Name of company</b>	<b>% holding 2015</b>	<b>% holding 2014</b>	<b>%holding 2013</b>
Trellidor Proprietary Limited	100.00%	100.00%	100.00%
Trellidor Ghana Limited	85.00%	85.00%	85.00%
Trellicor Proprietary Limited	100.00%	100.00%	100.00%

### Principle place of business

The table above lists the entities which are controlled by the group, either directly or indirectly through subsidiaries. Trellidor Ghana Limited is a subsidiary of Trellicor Proprietary Limited and is thus indirectly owned by the group. All the entities are domiciled and operate locally except for Trellidor Ghana Limited which is domiciled in Ghana.

Non-controlling interests are not material to the group.

## 7. OTHER FINANCIAL ASSETS

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Loans and receivables</b>			
Gary's Mansion Makers CC The loan bears interest at a fixed rate of 12.30% per annum, is secured by a franchise right and its repayments are linked to sales via a reduced trade discount on a monthly basis.	144,435	286,110	390,231
Thaumaturgy Trading Proprietary Limited The loan bears interest at the South African prime interest rate plus 2% per annum, is secured by a franchise right and its repayments are linked to sales via a reduced trade discount on a monthly basis.	262,023	459,401	614,049
Banzi Trading Proprietary Limited The loan attracts interest at the South African prime interest rate plus 2%, is secured by a franchise right and its repayments are linked to sales via a reduced trade discount on a monthly basis and payment of any commercial "deal" profits that arise during the period. The loan is repayable by 30 November 2015.	588,218	–	–
Plessis Distribution Proprietary Limited The loan attracts interest at the South African prime interest rate plus 2%, is secured by a franchise right and its repayments are linked to sales via a reduced trade discount on a monthly basis, payment of any commercial "deal" profits that arise during the period and monthly instalments of R10 000. The loan is repayable by 30 May 2017.	231,352	–	–
W.D. Jaggard The loan is interest free, secured by a personal deed of suretyship by W.D. Jaggard and repayable in monthly instalments.	309,794	349,794	385,293
Trellisec CC The loan attracted interest at prime plus 1% per annum, was secured by a franchise right and was repaid during the year.	–	–	502,854
	<b>1,535,822</b>	<b>1,095,305</b>	<b>1,892,427</b>
<b>Non-current assets</b>			
Loans and receivables	455,150	728,845	1,078,806
<b>Current assets</b>			
Loans and receivables	1,080,672	366,460	813,621
	<b>1,535,822</b>	<b>1,095,305</b>	<b>1,892,427</b>
<b>Fair values of loans and receivables</b>			
Loans and receivables	1,535,822	1,095,305	1,892,427

The directors consider the carrying amounts of the loans and receivables to approximate their fair value as they bear interest at market related rates. For the non-interest bearing loan and receivable the assessment is based on the financial position of the debtor as well as past experience.

## Currencies

The carrying amounts of loans and receivables are denominated in the following currencies:

	2015	2014	2013
Rand	1,535,822	1,095,305	1,892,427

## Credit quality of loans and receivables

The credit quality of financial assets that are neither past due nor impaired are evaluated by management on an ongoing basis based on the franchisee's financial position where applicable, past experience and other relevant factors. The credit quality is currently assessed as being good.

## 8. DEFERRED TAX ASSET

### Deferred tax asset/(liability)

Property plant and equipment	(1,304,741)	(2,103,744)	(2,912,437)
Prepayments	(486,768)	(326,029)	(440,942)
Provision for doubtful debts	(673)	(9,061)	(8,297)
Section 24C allowance	(47,036)	(36,934)	(146,168)
Provisions	3,948,752	2,339,905	1,887,008
Income received in advance	98,555	107,135	309,639
Unrealised profit in stock	493,935	581,151	410,834
<b>Total deferred tax asset/(liability)</b>	<b>2,702,024</b>	<b>552,423</b>	<b>(900,363)</b>

The directors are satisfied that the underlying entities will have sufficient taxable profits to utilise the deferred tax assets.

Deferred tax asset	2,702,024	552,423	49,642
Deferred tax liability	–	–	(950,005)
<b>Total net deferred tax asset/(liability)</b>	<b>2,702,024</b>	<b>552,423</b>	<b>(900,363)</b>

### Reconciliation of deferred tax asset/(liability)

At the beginning of the year	552,423	(900,363)	(2,346,513)
Prior year underprovision	–	(34,638)	707
Originating and reversing temporary difference on tangible fixed assets	779,018	809,331	772,953
Originating and reversing temporary differences on prepayments	(160,739)	114,913	(117,944)
Originating and reversing temporary differences on provision of doubtful debts	8,387	(765)	22,710
Deductible temporary differences on provisions	1,608,832	452,898	516,807
Other originating temporary differences	–	–	109,011
Originating and reversing temporary differences on income received in advance	(8,580)	(98,990)	–
Originating and reversing temporary differences on section 24C allowance	(10,099)	39,880	–
Originating and reversing temporary difference on unrealised profit in stock	(87,217)	170,157	141,906
	<b>2,702,024</b>	<b>552,423</b>	<b>(900,363)</b>

## 9. INVENTORIES

	2015	2014	2013
Raw materials, components	18,326,892	17,554,539	17,442,707
Work in progress	1,329,071	695,917	1,863,735
Finished goods	703,562	1,059,120	596,425
Production supplies	1,329,000	779,822	474,067
Goods in transit	–	2,457,899	565,433
	21,688,525	22,547,297	20,942,367
Provision for obsolescence of raw materials	(318,678)	(288,949)	(976,130)
	<b>21,369,847</b>	<b>22,258,348</b>	<b>19,966,237</b>

## 10. TRADE AND OTHER RECEIVABLES

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Trade receivables	37,959,127	41,264,691	27,352,821
Provision for credit notes	(655,470)	(473,966)	(268,111)
Prepayments	2,117,172	1,344,889	1,835,158
Deposits	298,425	298,425	179,410
Value Added Tax	299,231	52,598	22
Sundry debtors	–	–	108,933
Staff Debtors	62,929	74,756	139,815
Other receivables	637,810	795,811	336,529
	<b>40,719,224</b>	<b>43,357,204</b>	<b>29,684,577</b>

R20,000,000 of Trellicor Proprietary Limited's trade debtors are pledged as security for banking facilities from First National Bank Limited.

Terms and conditions for security provided for banking facilities:

The following conditions are required to be complied with in order to ensure the ongoing availability of the facilities approved with First National Bank Limited:

The group's shareholders' interest will not reduce to below R35,000,000. Shareholders' interest for these purposes include ceded loan accounts, share capital and retained earnings and excludes any intangibles, intercompany debit loans and loans to other entities; and

The utilisation of the Short-Term Direct, Presettlement and/or Contingent facilities in excess of R7,000,000 will not exceed 40% of the combined value of good ceded debtors. For these purposes, good ceded debtors excludes those outstanding for longer than 60 days, those provided for as bad or doubtful, intercompany debtors and any such other accounts as the bank may identify and advise the company. This implies that to utilise the facility in full, good cover of at least R20,000,000 is required. This good debtor cover is currently being achieved; and

Unless approved by the bank, the concentration of any one debtor is not to exceed 10% of the total good debtor book.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan receivable mentioned above. The fair value of trade receivables is the carrying amount due to the short term nature of the receivables. The group does not hold any collateral as security.

### Fair value of trade and other receivables

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Trade and other receivables	40,719,224	43,357,204	29,684,577

### Trade and other receivables past due but not impaired

Local trade receivables which are less than 30 days past due are not considered to be impaired.

Foreign trade receivables which are less than 90 days past due are not considered impaired.

Past due but not impaired trade receivables relate to customers for whom there is no history of default or for whom management is aware of the client's particular circumstances and are of the opinion that the receivable is fully recoverable.

At 30 June 2015, R3,340,598 (2014: R3,211,895) (2013: 3,639,761) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Ageing of local trade debtors</b>			
30 to 90 days	485,751	887,931	369,434
Over 90 days	2,250,921	160,494	1,201,321
<b>Ageing of foreign trade debtors</b>			
30 to 90 days	382,370	51,337	503,473
Over 90 days	221,556	2,112,133	1,565,533
	<b>3,340,598</b>	<b>3,211,895</b>	<b>3,639,761</b>

### Trade and other receivables impaired

As of 30 June 2015, trade and other receivables of R246,117 (2014: R463,815) (2013: R402,186) were impaired and provided for.

	2015	2014	2013
30 – 90 days	–	–	64,912
Over 90 days	246,117	463,815	337,274
	<b>246,117</b>	<b>463,815</b>	<b>402,186</b>

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	(463,815)	(402,186)	(442,945)
Provision for impairment	(246,117)	(720,809)	(886,860)
Amounts written off as uncollectable	21,142	99,158	(261,574)
Unused amounts reversed	442,673	560,022	1,189,193
	<b>(246,117)</b>	<b>(463,815)</b>	<b>(402,186)</b>

### Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	36,517,644	34,996,050	24,226,878
US Dollar	2,995,559	6,795,825	3,477,376
Great British Pound	86,541	403,985	548,219
Euro	6,345	20,325	7,629
Australian Dollar	–	433	–
Ghanaian Cedi	1,113,135	1,140,586	1,424,474
	<b>40,719,224</b>	<b>43,357,204</b>	<b>29,684,577</b>

## 11. CASH AND CASH EQUIVALENTS

Cash on hand	55,632	36,744	37,537
Bank balances	15,368,661	11,155,034	15,961,995
	<b>15,424,293</b>	<b>11,191,778</b>	<b>15,999,532</b>

The total amount of undrawn facilities available for future operating activities and commitments	20,514,695	29,859,562	32,484,440
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### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings of the group's bankers.

### Currencies of cash and cash equivalents

Rand	10,905,926	7,768,614	15,477,924
AUD	14,874	–	4
USD	3,991,882	2,862,798	472,762
EUR	152,365	–	9,977
GHS	359,246	560,366	38,865
	<b>15,424,293</b>	<b>11,191,778</b>	<b>15,999,532</b>



## Cash and cash equivalents pledged as collateral

	2015	2014	2013
Total financial assets pledged as security as collateral for overdraft facilities:	20,000,000	20,000,000	20,000,000

Any and all rights which Trellicor Proprietary Limited has over its debtors is pledged as security for banking facilities from First National Bank Limited as referred to in note 10.

## Facilities

At year end the group had negotiated the following facilities:

Overdraft facility	13,750,000	14,000,000	15,000,000
Credit card facility (First card)	100,000	700,000	700,000
Cheque encashments	–	200,000	200,000
Guarantees	1,000,000	1,000,000	1,000,000
Asset finance (Wesbank facility)	8,000,000	18,986,893	18,986,893
Forward exchange contracts	250,000	–	–
Settlement: global banking	200,000	–	–
	<b>23,300,000</b>	<b>34,886,893</b>	<b>35,886,893</b>

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate its fair value.

## 12. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2015	Loans and receivables	Total
Other financial assets	1,535,822	1,535,822
Trade and other receivables	38,239,890	38,239,890
Cash and cash equivalents	15,424,293	15,424,293
	<b>55,200,005</b>	<b>55,200,005</b>

2014	Loans and receivables	Total
Other financial assets	1,095,305	1,095,305
Trade and other receivables	41,884,961	41,884,961
Cash and cash equivalents	11,191,778	11,191,778
	<b>54,172,044</b>	<b>54,172,044</b>

2013	Loans and receivables	Total
Other financial assets	1,892,427	1,892,427
Trade and other receivables	27,669,987	27,669,987
Cash and cash equivalents	15,999,532	15,999,532
	<b>45,561,946</b>	<b>45,561,946</b>

## 13. SHARE CAPITAL

	2015	2014	2013
<b>Authorised</b>			
8,000,000 Ordinary shares of R0.0005 each	4,000	4,000	4,000

7,816,164 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

<b>Issued</b>			
183,836 Ordinary shares of R0.0005 each	92	92	92

#### 14. FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve comprises exchange differences on consolidation of foreign subsidiaries into the functional currency of the group. The consolidated annual financial statements are presented in Rand which is the Group functional and presentation currency.

	2015	2014	2013
Opening balance	1,383,313	997,448	1,059,988
Movement on translation	69,049	385,865	(62,540)
	<b>1,452,362</b>	<b>1,383,313</b>	<b>997,448</b>

#### 15. HEDGING RESERVE

The hedge reserve represents the effective portion of gains or losses on the interest rate swap as hedging instrument recognised directly in equity. As the hedge no longer qualifies for hedge accounting the remaining balance is recognised in other comprehensive income over the same period as the hedged instrument affects profit or loss.

Opening balance	(2,646,656)	(3,639,152)	(3,639,152)
Recognised to other comprehensive income	992,496	992,496	–
	<b>(1,654,160)</b>	<b>(2,646,656)</b>	<b>(3,639,152)</b>

#### 16. NON-CONTROLLING INTEREST

Opening balance	(1,397,192)	(1,271,398)	(1,191,167)
Share of profit/(loss) for the year	90,605	(193,888)	(69,195)
Share of foreign currency translation reserve	12,186	68,094	(11,036)
	<b>(1,294,401)</b>	<b>(1,397,192)</b>	<b>(1,271,398)</b>

#### 17. OTHER FINANCIAL LIABILITIES

##### At fair value through profit or loss

ABSA Bank Limited Interest rate swap

Details of financial liability at fair value through profit and loss as disclosed below.

1,384,374	1,961,352	2,824,631
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##### Held at amortised cost

BOE Private Bank

The loan is secured by a first mortgage over land and buildings with a total book value of R24,105,633 (2014: R24,774,773) (2013: R25,443,914) as described in note 3, bears interest at prime less 0.75% per annum and is repayable in monthly instalments until February 2022.

18,547,575	20,439,950	22,761,287
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Wesbank Corporate First National Bank Limited

Instalment sale agreements repayable in average monthly instalments of R85,364 (2014: R115,489), (2013: R186,134) secured by plant, machinery and moulds with a carrying value of R2,083,154 (2014: R2,364,504) (2013: R9,809,883) as referred to in note 3, bearing interest at variable rates linked to prime overdraft rate.

2,476,445	3,289,199	1,502,454
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Merchant West

The loan is unsecured and bears interest at prime plus 1.5% per annum. Repayments are made quarterly in fixed amounts of R24,121 (2014: R68,886) (2013: R68,863).

44,412	174,672	421,928
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<b>21,068,432</b>	<b>23,903,821</b>	<b>24,685,669</b>
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<b>22,452,806</b>	<b>25,865,173</b>	<b>27,510,300</b>
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##### Non-current liabilities

Fair value through profit or loss

1,384,374	1,961,352	2,824,631
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At amortised cost

17,391,875	20,262,730	21,696,989
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18,776,249	22,224,082	24,521,620
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##### Current liabilities

At amortised cost

3,676,557	3,641,091	2,988,680
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<b>22,452,806</b>	<b>25,865,173</b>	<b>27,510,300</b>
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##### Fair value of the financial liabilities carried at amortised cost

Bank loans

21,068,432	23,903,821	24,685,669
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The directors consider the carrying amounts of other financial liabilities at amortised to approximate their fair values as the loans bear interest at market related rates.

The carrying amounts of financial liabilities at fair value through profit or loss are denominated in the following currencies:

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Rand	1,384,374	1,961,352	2,824,631

The carrying amounts of financial liabilities at amortised cost are denominated in the following currencies:

Rand	21,068,432	23,903,821	24,685,669
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#### **Fair value hierarchy of financial liabilities at fair value through profit or loss**

For financial liabilities recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical liabilities.

Level 2 applies inputs other than quoted prices that are observable for the liabilities either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

<b>Level 2</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
ABSA Bank Limited Interest rate swap	1,384,374	1,961,352	2,824,631

The ABSA Bank Limited interest rate swap financial liability is designated as a financial liability at fair value through profit and loss. In the past the group had applied hedge accounting with regard to the interest rate swap as the hedge was assessed as being effective. Since the hedge no longer qualifies for hedge accounting the hedge accounting was discontinued prospectively. All hedge differences are recognised immediately in profit and loss. Gains and losses that were previously recognised in equity are continuously released to the statement of comprehensive income until the repayment of the bank borrowings.

The portion recognised in profit or loss due to the change in fair value of the interest rate swap amounts to a gain of R576,978 (2014: R863,279) (2013: R1,417,390).

The notional principle amounts of outstanding interest swap contracts at 30 June 2015 were R40,000,000 (2014: R40,000,000) (2013: R40,000,000).

At June 2015, the fixed interest rate maintained at 12.30% (2014: 12.30%) (2013: 12.30%), and the floating rate are prime interest rate in South Africa.

The valuation technique used by the third party, ABSA Bank Limited is the discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

## **18. PROVISIONS**

### **Reconciliation of provisions 2015**

	<b>Opening balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Total</b>
Product warranties	146,151	78,571	–	224,722
Long term incentive bonus	3,376,627	2,800,000	(532,390)	5,644,237
	<b>3,522,778</b>	<b>2,878,571</b>	<b>(532,390)</b>	<b>5,868,959</b>

### **Reconciliation of provisions 2014**

	<b>Opening balance</b>	<b>Additions</b>	<b>Reversed during the year</b>	<b>Total</b>
Product warranties	131,014	42,590	(27,453)	146,151
Long term incentive bonus	2,000,000	1,376,627	–	3,376,627
	<b>2,131,014</b>	<b>1,419,217</b>	<b>(27,453)</b>	<b>3,522,778</b>

### **Reconciliation of provisions 2013**

	<b>Opening balance</b>	<b>Additions</b>	<b>Reversed during the year</b>	<b>Total</b>
Product warranties	153,370	34,612	(56,968)	131,014
Long term incentive bonus	–	2,000,000	–	2,000,000
	<b>153,370</b>	<b>2,034,612</b>	<b>(56,968)</b>	<b>2,131,014</b>

	2015	2014	2013
Non-current liabilities	5,644,237	3,376,627	2,000,000
Current liabilities	224,722	146,151	131,014
	<b>5,868,959</b>	<b>3,522,778</b>	<b>2,131,014</b>

#### Warranty provision

The warranty provision represents management's best estimate of the group's liability in respect of products based on historical data.

#### Long term bonus incentive

Certain employees participate in a long term incentive plan. This is a bonus scheme linked to the growth in the group's long term value. The long term incentive plan is divided into tranches, each tranche representing a period of time. The first tranche was issued effective 1 July 2011, a second tranche was issued effective 1 July 2012, a third tranche was issued effective 1 July 2013, and a fourth tranche was issued effective 1 July 2014.

### 19. TRADE AND OTHER PAYABLES

	2015	2014	2013
Trade payables	12,034,649	13,982,686	9,855,043
Amounts received in advance	1,409,622	1,080,186	918,363
Value Added Tax	1,158,317	1,208,215	493,989
Sundry creditors	1,972,817	1,613,350	1,832,625
Accrued leave pay and bonus	3,353,041	3,069,638	3,267,873
Accrued short term incentive bonus	3,856,123	4,287,401	3,700,000
Accruals	923,164	1,554,971	969,756
Dividends withholding tax payable	1,047,562	-	-
Other payroll accruals	1,952,794	1,713,880	1,849,604
	<b>27,708,089</b>	<b>28,510,327</b>	<b>22,887,253</b>

#### Fair value of trade and other payables

Trade payables	27,708,089	28,510,327	22,887,253
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The directors consider the carrying amount of trade and other payables to approximate their fair value based on the short term nature of the trade and other payables.

#### Currencies

The carrying amounts of trade and other payables are denominated in the following currencies:

Rand	25,507,521	27,162,950	20,998,053
US Dollar	481,906	11,558	12,346
Ghanaian Cedi	1,715,049	1,335,819	1,440,499
Euro	3,613	-	436,355
	<b>27,708,089</b>	<b>28,510,327</b>	<b>22,887,253</b>

Trade and other payables consist of purchases from suppliers at normal trade terms and are generally payable between 30 – 90 days.

### 20. FINANCIAL LIABILITY BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Fair value through profit or loss held for trading	Total
<b>2015</b>			
Other financial liabilities	21,068,432	1,384,374	22,452,806
Trade and other payables	14,930,629	-	14,930,629
	<b>35,999,061</b>	<b>1,384,374</b>	<b>37,383,435</b>
<b>2014</b>			
Other financial liabilities	23,903,822	1,961,352	25,865,174
Trade and other payables	17,151,008	-	17,151,008
	<b>41,054,829</b>	<b>1,961,352</b>	<b>43,016,181</b>

	Financial liabilities at amortised cost	Fair value through profit or loss held for trading	Total
<b>2013</b>			
Other financial liabilities	24,685,669	2,824,631	27,510,300
Trade and other payables	21,482,027	–	21,482,027
	<b>46,167,696</b>	<b>2,824,631</b>	<b>48,992,327</b>
<b>21. REVENUE</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Sale of goods	293,159,704	294,955,565	265,888,203
Royalty income	616,035	525,000	445,076
	<b>293,775,739</b>	<b>295,480,565</b>	<b>266,333,279</b>
<b>22. COST OF SALES</b>			
<b>Sale of goods</b>			
Cost of goods sold	144,916,961	149,586,143	137,827,223
<b>23. OTHER INCOME</b>			
Sundry income	–	–	1,139
Profit on exchange differences	344,216	1,130,529	1,120,047
SETA Grant receipts	106,176	102,280	248,057
Recoveries	989,092	1,401,893	1,031,868
Sale of steel and aluminium scrap	1,424,303	2,172,872	1,733,129
	<b>2,863,787</b>	<b>4,807,574</b>	<b>4,134,240</b>
<b>24. OPERATING PROFIT</b>			
Operating profit for the year is stated after accounting for the following:			
<b>Operating lease charges</b>			
Premises			
• Contractual amounts	764,690	688,178	577,565
Motor vehicles			
• Contractual amounts	200,940	192,035	196,449
Equipment			
• Contractual amounts	70,435	48,571	58,923
	<b>1,036,065</b>	<b>928,784</b>	<b>832,937</b>
Loss on disposal of property, plant and equipment	33,082	175	3,634
Loss on exchange differences	655,809	1,925,941	–
Profit on exchange differences	(288,128)	(1,080,305)	(1,120,047)
Amortisation on intangible assets	109,288	104,711	104,078
Depreciation on property, plant and equipment	6,352,596	6,199,566	6,491,382
Employee costs	73,504,472	74,100,334	68,589,785
Research and development costs	181,773	94,416	129,847
Unwinding of cash flow hedge	992,496	992,496	–
Advertising	13,455,688	12,876,576	13,911,905
Cartage	6,567,381	6,993,095	6,720,651
Impairment of financial assets	–	–	604,162
<b>Hedging gains or losses</b>			
Fair value on interest rate swap	(576,978)	(863,279)	(1,417,390)

## 25. RETIREMENT BENEFITS

### Defined contribution plan

It is the policy of the group to provide retirement benefits to all its employees. The group makes contributions to the Trellicor Pension Fund which is subject to the Pension Fund Act, and to the MEIBC Provident Fund.

The group is under no obligation to cover any unfunded benefits.

	2015	2014	2013
The total group contribution to such schemes	2,725,881	2,443,853	2,707,437

## 26. INVESTMENT REVENUE

### Interest revenue

Bank	230,821	121,031	159,299
Interest other	89,593	226,841	317,611
	<b>320,414</b>	<b>347,872</b>	<b>476,910</b>

## 27. FINANCE COSTS

Non-current borrowings	1,713,150	1,729,986	1,914,365
Bank	113,161	–	42,626
Interest rate swap	1,226,718	1,439,452	1,506,849
Other finance	46,390	42,790	–
Other interest paid	–	–	90,258
	<b>3,099,419</b>	<b>3,212,228</b>	<b>3,554,098</b>

## 28. TAXATION

### Current

Local income tax current period	20,246,673	18,504,835	15,236,968
Local income tax recognised in current tax for prior periods	–	(52,574)	(7,796)
	<b>20,246,673</b>	<b>18,452,261</b>	<b>15,229,172</b>

### Deferred

Originating and reversing temporary differences	(2,149,601)	(1,487,424)	(1,446,488)
Prior year deferred tax adjustment	–	34,639	339
	<b>(2,149,601)</b>	<b>(1,452,785)</b>	<b>(1,446,149)</b>
	<b>18,097,072</b>	<b>16,999,476</b>	<b>13,783,023</b>

### Reconciliation of tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00%	28.00%	28.00%
Assessed loss utilised	– %	– %	(0.08)%
Tax incentives	(0.01)%	– %	– %
Non-taxable fair value adjustments	(0.25)%	(0.11)%	– %
Difference in tax rate of foreign subsidiaries	0.08%	0.30%	– %
Non-taxable expenses	0.63%	0.55%	(0.41)%
Capital gain	– %	– %	0.62%
Other	– %	– %	(0.72)%
	<b>28.45%</b>	<b>28.74%</b>	<b>27.41%</b>

## 29. AUDITORS' REMUNERATION

Fees	888,087	725,601	707,856
Adjustment for previous year	–	23,260	–
Other expenses	19,638	82,368	126,859
	<b>907,725</b>	<b>831,229</b>	<b>834,715</b>

### 30. OTHER COMPREHENSIVE INCOME

#### Components of other comprehensive income – 2015

	Gross	Tax	Net
<b>Items that may be reclassified to profit or loss</b>			
<b>Exchange differences on translating foreign operations</b>			
Exchange differences arising during the year	81,235	–	81,235
<b>Effects of cash flow hedges</b>			
Unwinding of cash flow hedge	992,496	–	992,496
<b>Total</b>	<b>1,073,731</b>	<b>–</b>	<b>1,073,731</b>

#### Components of other comprehensive income – 2014

	Gross	Tax	Net
<b>Items that may be reclassified to profit or loss</b>			
<b>Exchange differences on translating foreign operations</b>			
Exchange differences arising during the year	453,959	–	453,959
<b>Effects of cash flow hedges</b>			
Unwinding of cash flow hedge	992,496	–	992,496
<b>Total</b>	<b>1,446,455</b>	<b>–</b>	<b>1,446,455</b>

#### Components of other comprehensive income – 2013

	Gross	Tax	Net
<b>Items that may be reclassified to profit or loss</b>			
<b>Exchange differences on translating foreign operations</b>			
Exchange differences arising during the year	(73,576)	–	(73,576)
<b>Total</b>	<b>(73,576)</b>	<b>–</b>	<b>(73,576)</b>

### 31. DISCONTINUED OPERATIONS

In the 2013 year the following franchise areas were sold in Gauteng:

Kempton Park  
Benoni  
Roodepoort

At 30 June 2014 there were no franchise rights classified as held for sale. Franchises sold reported the following loss for the 2013 period.

	2015	2014	2013
<b>Profit and Loss</b>			
Revenue	–	–	<b>3,456,683</b>
Cost of Sales	–	–	(1,702,042)
<b>Gross profit</b>	<b>–</b>	<b>–</b>	<b>1,754,641</b>
Other Income	–	–	34,426
Operating expenses	–	–	(3,786,651)
<b>Operating loss</b>	<b>–</b>	<b>–</b>	<b>(1,997,584)</b>
Investment revenue	–	–	6,617
Profit on non-current assets held for sale	–	–	1,495,862
<b>Net loss for the year</b>	<b>–</b>	<b>–</b>	<b>(495,105)</b>
Tax	–	–	–
<b>Net loss after tax</b>	<b>–</b>	<b>–</b>	<b>(495,105)</b>

### 32. CASH GENERATED FROM OPERATIONS

	2015	2014	2013
Profit before taxation	63,606,793	59,155,267	50,283,291
<b>Adjustments for:</b>			
Depreciation and amortisation	6,461,882	6,304,094	6,595,460
Loss on disposal of property, plant and equipment	33,082	175	3,634
Unrealised exchange gain on restatement of foreign bank balances	(56,088)	(50,224)	(8,954)
Interest received investment	(320,414)	(347,872)	(476,910)
Finance costs	3,099,419	3,212,228	3,554,098
Movements in provisions	2,346,180	1,391,764	1,977,644
Interest rate swap	(576,978)	(863,279)	(1,417,390)
Unwinding of cash flow hedge	992,496	992,496	-
Impairment loss	-	-	604,162
<b>Changes in working capital:</b>			
Inventories	888,501	(2,292,112)	(3,683,932)
Trade and other receivables	2,637,977	(13,672,627)	(1,029,275)
Trade and other payables	(722,310)	6,076,913	5,430,994
	<b>78,390,540</b>	<b>59,906,823</b>	<b>61,832,822</b>

### 33. TAX PAID

Balance at beginning of the year	(3,216,480)	(1,188,914)	(309,096)
Current tax for the year recognised in profit or loss	(20,246,673)	(18,452,261)	(15,229,172)
Balance at end of the year	2,008,094	3,216,480	1,188,914
	<b>(21,455,059)</b>	<b>(16,424,695)</b>	<b>(14,349,354)</b>

### 34. CASH FLOWS OF DISCONTINUED OPERATIONS

Loss from discontinued operations	-	-	(495,105)
Gains on non-current assets held for sale	-	-	(1,495,862)
Property, plant and equipment	-	-	(78,109)
Loss on sale of assets	-	-	3,530
Levy account	-	-	(100,000)
Prior year depreciation realised through sale	-	-	45,198
Inventories	-	-	248,906
	-	-	<b>(1,871,442)</b>

### 35. EARNINGS AND DILUTED EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

Profit attributable to ordinary shareholders	45,419,116	42,349,679	36,074,358
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Non-headline earnings (net of non-controlling interest and related tax effect):

Loss on disposal of property, plant & equipment	23,819	126	-
Gross amount	33,082	175	-
Non-controlling interest	-	-	-
Tax effect	(9,263)	(49)	-
Loss from discontinued operation	-	-	356,476
Gross Amount	-	-	495,105
Non-controlling interest	-	-	-
Tax effect	-	-	(138,629)
<b>Headline earnings</b>	<b>45,442,935</b>	<b>42,349,805</b>	<b>36,430,834</b>

	Number of shares	Number of shares	Number of shares
The calculation of the weighted average number of shares is as follows:			
Number of shares at the beginning of the year	183,836	183,836	183,836
Net movement	-	-	-
<b>Weighted number of shares at the end of year</b>	<b>183,836</b>	<b>183,836</b>	<b>183,836</b>
<b>Diluted weighted number of shares at the end of year</b>	<b>183,836</b>	<b>183,836</b>	<b>183,836</b>



	2015	2014	2013
<b>Basic and diluted</b>			
Earnings attributable to ordinary shareholders	45,419,116	42,349,679	36,074,358
Headline earnings	45,442,935	42,349,805	36,430,834
Weighted average of ordinary shares in issue	183,836	183,836	183,836
Basic and diluted earnings per share (cents)	24,706	23,037	19,623
Headline earnings per share (cents)	24,719	23,037	19,817
Net asset value per share (cents)	37,134	35,457	33,933
Tangible net asset value per share (cents)	33,998	33,439	32,648

### 36. DIVIDENDS PAID

Dividends	(43,500,000)	(40,800,000)	(20,000,000)
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Dividends per share of R236.62 (2014: R221.94) (2013: R108.79) were distributed to owners. Dividends are not accounted for until they have been approved by the company's board of directors.

### 37. RELATED PARTIES

#### Relationships

Holding company	SA Investment Opportunities Limited
Subsidiaries	Refer to note 6
Key management personnel	

#### Related party transactions and balances

Details of related party transactions are presented below.

Intragroup transactions and balances have been eliminated on consolidation and are not presented in the group figures.

The company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions. These transactions are under terms that are no less favourable to the group than those arranged with third parties.

#### Key management personnel compensation:

	2015	2014	2013
Short term employee benefits	10,135,628	9,317,456	7,197,220

Refer to note 38 for details of director's and prescribed officer's emoluments.

### 38. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

#### Executive

#### 2015

	Emoluments	Other Benefits	Directors' Fees for Services as Directors' of subsidiaries	Total
TM Dennison	4,095,893	281,429	-	4,377,322
MV Araujo	705,577	36,709	-	742,286
CJ Wright	-	-	1,792,529	1,792,529
PWE Rawson	2,362,274	218,428	-	2,580,702
	<b>7,163,744</b>	<b>536,566</b>	<b>1,792,529</b>	<b>9,492,839</b>

#### 2014

	Emoluments	Other Benefits	Directors' Fees for Services as Directors' of subsidiaries	Total
TM Dennison	3,562,866	284,116	-	3,846,982
MV Araujo	1,458,723	145,118	-	1,603,481
CJ Wright	-	-	1,620,107	1,620,107
PWE Rawson	2,044,316	202,210	-	2,246,526
	<b>7,065,905</b>	<b>631,444</b>	<b>1,620,107</b>	<b>9,317,456</b>

**2013**

	<b>Emoluments</b>	<b>Other Benefits</b>	<b>Directors' Fees for Services as Directors' of subsidiaries</b>	<b>Total</b>
TM Dennison	2,424,071	260,244	–	2,684,315
MV Araujo	1,195,755	123,689	–	1,319,444
CJ Wright	–	–	1,329,181	1,329,181
PWE Rawson	1,654,281	209,999	–	1,864,280
	<b>5,274,107</b>	<b>593,932</b>	<b>1,329,181</b>	<b>7,197,220</b>

Other benefits comprise of pension and medical contributions paid on behalf of the directors. All employee benefits comprise short term employee benefits.

**Non-Executive****2015**

	<b>Directors' Fees</b>	<b>Total</b>
MC Olivier	105,000	105,000
JB Winship	84,000	84,000
	<b>189,000</b>	<b>189,000</b>

**2014**

	<b>Directors' Fees</b>	<b>Total</b>
MC Olivier	101,000	101,000
JB Winship	80,000	80,000
	<b>181,000</b>	<b>181,000</b>

**2013**

	<b>Directors' Fees</b>	<b>Total</b>
MC Olivier	96,000	96,000
JB Winship	76,000	76,000
	<b>172,000</b>	<b>172,000</b>

**Prescribed officers**

	<b>Emoluments</b>	<b>Other Benefits</b>	<b>Total</b>
CG Cunningham	593,740	49,049	642,789

Other benefits comprise of pension and medical contributions paid on behalf of the prescribed officer. All employee benefits are short term employee benefits. There were no prescribed officer's emoluments in the prior year.

**39. CONTINGENCIES**

A dispute is in the process against the group relating to former employees who were dismissed by the group. The employees are claiming compensation for loss of earnings. The group however has a counter claim against the employees for damage to property. The directors are of the opinion that the current dispute will not result in a material outflow, if any, to the group.

**40. COMMITMENTS****Authorised capital expenditure**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Already contracted for but not provided for			
• Property, plant and equipment	321,165	–	–
Not yet contracted for and authorised by directors			
• Property, plant and equipment	209,982	631,629	–

This committed expenditure relates to property, plant and equipment will be financed by available finance facilities and existing cash resources.

#### 41. GUARANTEES

First National Bank Limited has issued the following guarantees on behalf of the group to the following parties:

	2015	2014	2013
Ethekwini Municipality	202,580	202,580	202,580
The South African Post Office	40,000	40,000	40,000
Dipula Property Investment Trust	–	–	147,741
	<b>242,580</b>	<b>242,580</b>	<b>390,321</b>

#### 42. RISK MANAGEMENT

##### Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders through an appropriate debt/equity balance.

The capital structure of the group consists of debt, which includes the borrowings as disclosed in note 17, cash and cash equivalents as disclosed in note 11 and equity as disclosed in the statement of financial position.

The group monitors capital on the basis of the debt: equity ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is represented in the statement of financial position. The ratio is closely monitored by management.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The debt: equity ratio at 2015, 2014 and 2013 respectively were as follows:

		2015	2014	2013
<b>Total borrowings</b>				
Other financial liabilities	17	21,068,432	23,903,821	24 685 669
Less: Cash and cash equivalents	11	15,424,293	11,191,778	15,999,532
Net debt		5,644,139	12,712,043	8,686,137
Total equity		68,266,488	65,183,036	62,380,787
<b>Total capital</b>		<b>73,910,627</b>	<b>77,895,079</b>	<b>71,066,924</b>
Debt equity ratio		8%	19%	18%

##### Financial risk management

The group's financial instruments consist primarily of cash resources invested with financial institutions, accounts receivable, accounts payable, loans to/(from) companies, bonds, long term loans, an interest rate swap and instalment sale agreements. The group's activities expose it to a variety of financial risks including credit, interest, foreign currency, capital and liquidity risk.

Risk management policies have been established to identify and analyse the risks faced by the group, to set approximate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are regularly reviewed to reflect changes in the market conditions and the group's activities. The group through training, management standards and procedures aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

There have been no changes to the group's overall risks or financial risk management objectives, policies and processes from the previous period.

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining facilities under committed credit lines.

These facilities are used whenever an entity within the group requires cash to maintain operations. Overall credit lines are approved by the Board. There is a concentration risk in that both the major facilities used (Wesbank and FNB) are part of the FirstRand Group. However, this risk is mitigated by the fact that the FirstRand Group is a strong financial services provider and that a large substitution market exists. Credit facilities also exist with ABSA Bank Limited and Nedbank Limited.

Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of expected cash flow. There is a central cash management function at group level, which manages cash flows and balances, ensuring liquidity by operation as required and the maximisation of the overall return on free cash.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
At 30 June 2015				
Trade and other payables	14,930,629	–	–	–
Other financial liabilities	4,131,622	3,921,116	10,158,069	4,839,977
	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
At 30 June 2014				
Trade and other payables	17,151,008	–	–	–
Other financial liabilities	4,165,227	3,994,875	10,616,583	7,554,919
	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
At 30 June 2013				
Trade and other payables	21,482,027	–	–	–
Other financial liabilities	4,434,779	3,743,153	10,215,992	11,642,649

#### Interest rate risk

Based on the various scenarios, the group manages its cash flow interest rate risk by using a floating-to-fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rates to fixed rates. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the group borrowed at fixed rates directly. Under the interest rate swaps, the group agrees with other parties to exchange, at monthly intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

The group's interest rate risk arises from cash deposits and financial liabilities, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through a central cash management mechanism at group level, which enables the group to maximise returns whilst minimising risk.

As the reference rate applicable to the interest rate swap is fixed at 12.30% per annum, a change in the prime rate of interest has no economic impact on the group. This assumes a constant debt of R40,000,000 and no change in the bank's margin that is charged to the group.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet their contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents and trade receivables.

The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The measurement and control of credit risk relating to trade receivables is achieved through a combination of weekly reviews by executive management, monthly review by executive committee and quarterly review by the Trelidor Holdings Board. The latter reviews are undertaken by people independent of the daily operations of the group. Executive management is held accountable for any defaults. A suitable provision is made for doubtful debts, which is formally reviewed at least on a quarterly basis.

Financial assets exposed to credit risk at year end were as follows:

<b>Financial instrument</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Financial assets	1,535,822	1,095,305	1,892,427
Trade and other receivables	38,239,890	41,884,961	27,669,987
Cash and cash equivalents	15,424,293	11,191,778	15,999,532

#### Foreign exchange risk

The group imports raw materials and components and exports finished goods. These transactions are foreign currency based, hence there is exposure to foreign currency risk in the form of transactions and translation of expenses from the fluctuations in the foreign currency rates. The group does not hedge foreign exchange fluctuations but utilises as part of its risk management, the natural hedging that arises from being an importer and exporter of goods.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

At 30 June 2015, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, pretax profit for the year would have been R63,319 (2014: R96,517) (2013: R39,378) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

**Foreign currency exposure at the end of each reporting period**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Current assets</b>			
Trade debtors, USD 243,672 (2014: USD 641,176) (2013: USD 351,516)	2,995,559	6,795,825	3,477,376
Trade debtors, GBP 4,478 (2014: GBP 22,358) (2013: GBP 36,420)	86,541	403,985	548,219
Trade debtors, EUR 465 (2014: EUR 1,404) (2013: EUR 581)	6,345	20,325	7,629
Cash and cash equivalents, USD 324,807 (2014: USD 270,075) (2013: USD 47,790)	3,991,882	2,862,798	472,763
Cash and cash equivalents, AUD1,580 (2014: AUD Nil) (2013: AUD 0.40)	14,874	–	4
Cash and cash equivalents, EUR 11,172 (2014: Nil) (2013: EUR 760)	152,365	–	9,977
Cash and cash equivalents, GHS128,762 (2014: GHS 171,365) (2013: GHS 8,080)	359,246	560,366	38,865
<b>Current Liabilities</b>			
Trade payables USD 39,200 (2014: USD 1,090) (2013: USD 1,248)	481,906	11,558	12,346
Trade payables, EUR 265 (2014: EUR Nil) (2013: EUR: 33,420)	3,613	–	436,355
<b>Exchange rates used for conversion of foreign items were:</b>			
USD	R12.29	R10.60	R9.88
GBP	R19.32	R18.07	R15.03
EUR	R13.64	R14.47	R12.85
AUD	R9.41	R10.00	R10.00
GHS	R2.79	R3.27	R4.81

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY FOR THE 2013, 2014 AND 2015 FINANCIAL YEARS

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The Directors  
20 Aberdare Drive  
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Durban  
4001

### INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TRELLIDOR HOLDINGS LIMITED (Previously Trellicor Holdings Proprietary Limited) ("THE GROUP")

#### Introduction

At your request, we present our Reporting Accountant's Report on the Consolidated Historical Financial Information of the group for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013, (the "Historical Financial Information") for inclusion in the Pre-listing statement to be dated on or about 9 October 2015 ("Pre-listing statement"). This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and is given for the purpose of complying with those requirements and for no other purpose. We are the independent auditors of the company.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the Pre-listing statement.

#### Responsibility of the Directors

The Directors of the company are responsible for the compilation, contents and preparation of the Pre-listing statement in accordance with the Listings Requirements. The Directors are also responsible for the fair presentation in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of the Consolidated Historical Financial Information contained therein to which this Independent Reporting Accountant's Report relates, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### Historical Financial Information subjected to audit or review

We have audited the consolidated historical financial information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013, attached as **Annexure 1** to the Pre-listing statement to be dated on or about 9 October 2015, prepared in accordance with IFRS and in compliance with the JSE Listings Requirements.

#### Responsibility of the Independent Reporting Accountant's on the Consolidated Historical Financial Information for the three years ended 30 June 2015

Our responsibility is to express an audit opinion on the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 all included in **Annexure 1** to the Pre-listing statement based on our procedures.

#### Scope of audit

We conducted our audit of the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Historical Financial Information, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion on Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013**

In our opinion, the Consolidated Historical Financial Information for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 consisting of the consolidated financial position of Trelldor Holdings Limited (Previously Trellicor Holdings Proprietary Limited) and its consolidated financial performance and its consolidated cash flows for the three years ended 30 June 2015, 30 June 2014 and 30 June 2013 included in the Pre-listing statement has been prepared, in all material respects, in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

**Mazars**

Registered Auditor  
Dave Bates  
Chartered Accountant (SA)  
Registered Auditor  
28 September 2015  
197 Peter Mokaba Road, Durban

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## PRO FORMA FINANCIAL INFORMATION OF TRELLIDOR

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The definitions and interpretations commencing on page 8 of the Pre-listing statement apply throughout this **Annexure 3**. The *pro forma* financial information of Trellidor is set out below. The *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income have been prepared for illustrative purposes only to show the financial effects of the Share split, Share issue and the Listing. Because of its nature, the *pro forma* statement of financial position and of comprehensive income may not fairly present Trellidor's financial position, changes in equity, results of operations or cash flows after the Share split and Share issue.

The *pro forma* financial information as at 30 June 2015 is presented in a manner that is consistent with the accounting policies of Trellidor, IFRS and the basis on which the historical financial information has been prepared. The financial information has been prepared in accordance with the Listing Requirements and in compliance with the revised SAICA Guide on *pro forma* Financial Information.

The *pro forma* statement of financial position and statement of comprehensive income as set out below should be read in conjunction with the report of the independent reporting accountants which is included as **Annexure 4** to this Circular.

The directors of Trellidor are responsible for the preparation of the *pro forma* financial information.

The *pro forma* statement of financial position of Trellidor at 30 June 2015 has been prepared on the assumption that the Share split and Share issue was affected on 30 June 2015 and that the Share issue was fully subscribed.



**PRO FORMA STATEMENT OF FINANCIAL POSITION OF TRELIDOR HOLDINGS**

	<b>Audited financial information before share split Note 1</b>	<b>Pro forma adjustment – Share split Note 3</b>	<b>Pro forma financial information after Share Split Note 4</b>	<b>Pro forma adjustment – Share Issue Note 5</b>	<b>Notes</b>	<b>Pro forma financial information after share issue Note 6</b>
<b>Assets</b>						
<b>Non-Current Assets</b>	<b>47,710,400</b>	<b>–</b>	<b>47,710,400</b>	<b>–</b>		<b>47,710,400</b>
Property, plant and equipment	41,488,834	–	41,488,834	–		41,488,834
Goodwill	2,388,498	–	2,388,498	–		2,388,498
Intangible assets	675,894	–	675,894	–		675,894
Other financial assets	455,150	–	455,150	–		455,150
Deferred tax	2,702,024	–	2,702,024	–		2,702,024
<b>Current assets</b>	<b>78,599,509</b>	<b>–</b>	<b>78,599,509</b>	<b>43,300,000</b>		<b>121,899,509</b>
Inventories	21,369,847	–	21,369,847	–		21,369,847
Current tax receivable	5,473	–	5,473	–		5,473
Trade and other receivables	40,719,224	–	40,719,224	–		40,719,224
Other financial assets	1,080,672	–	1,080,672	–		1,080,672
Cash and cash equivalents	15,424,293	–	15,424,293	43,300,000	4,7,9	58,724,293
<b>Total assets</b>	<b>126,309,909</b>	<b>–</b>	<b>126,309,909</b>	<b>43,300,000</b>		<b>169,609,909</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
<b>Equity Attributable to Equity Holders of Parent</b>						
	<b>69,560,889</b>	<b>–</b>	<b>69,560,889</b>	<b>43,300,000</b>		<b>112,860,889</b>
Share Capital	92	–	92	45,000,000	4,9	45,000,092
Reserves	(201,798)	–	(201,798)	–		(201,798)
Retained income	69,762,595	–	69,762,595	(1,700,000)	9	68,062,595
Non-controlling interest	(1,294,401)	–	(1,294,401)	–		(1,294,401)
<b>Total Equity</b>	<b>68,266,488</b>	<b>–</b>	<b>68,266,488</b>	<b>43,300,000</b>		<b>111,566,488</b>
<b>Liabilities</b>						
<b>Non-Current Liabilities</b>						
	<b>24,420,486</b>	<b>–</b>	<b>24,420,486</b>	<b>–</b>		<b>24,420,486</b>
Other financial liabilities	18,776,249	–	18,776,249	–		18,776,249
Provisions	5,644,237	–	5,644,237	–		5,644,237
<b>Current Liabilities</b>						
	<b>33,622,935</b>	<b>–</b>	<b>33,622,935</b>	<b>–</b>		<b>33,622,935</b>
Trade and other payables	27,708,089	–	27,708,089	–		27,708,089
Other financial liabilities	3,676,557	–	3,676,557	–		3,676,557
Current tax payable	2,013,567	–	2,013,567	–		2,013,567
Provisions	224,722	–	224,722	–		224,722
<b>Total Liabilities</b>	<b>58,043,421</b>	<b>–</b>	<b>58,043,421</b>	<b>–</b>		<b>58,043,421</b>
<b>Total Equity and Liabilities</b>	<b>126,309,909</b>	<b>–</b>	<b>126,309,909</b>	<b>43,300,000</b>		<b>169,609,909</b>
Net asset value per share (cents)	37,134	(37,066)	68	35	2	103
Net tangible asset value per share (cents)	33,998	(33,936)	62	36	2	98
Number of shares in issue						
– Basic and Diluted	183,836	99,822,948	100,006,784	8,000,000	4,6,8	108,006,784
Weighted average number of shares in issue						
– Basic and Diluted	183,836	99,822,948	100,006,784	8,000,000	4,6,8	108,006,784

**Notes and assumptions:**

- The "Audited financial information before share split" figures are extracted from the audited financial statements of Trelidor Holdings for the year ended 30 June 2015.
- The net asset value per share and net tangible asset value per share figures are calculated based on the actual number of shares in issue at 30 June 2015.
- Share split of 1:544. 1 share is split into 544, issued share capital increases by 99,822,948 shares.
- The "Pro forma financial information after share split" column is based on the assumption that the share split was implemented on 30 June 2015.
- 8,000,000 shares are issued at, an indicative price of, R6.25 per share, raising capital of R50,000,000.
- The "Pro forma financial information after share issue" column is based on the assumption that the share issue was implemented on 30 June 2015.
- The capital raised through the share issue will be utilised to fund expansion and future growth.
- There are no rights or options resulting in a difference between Basic and Diluted shares in issue.
- It is assumed transaction costs will amount to R6.7m (based on estimates received). R5.0m of which relates to fees for the placement of shares and has been assumed therefore to be capital in nature and offset against Share Capital. The remaining R1.7m is an estimate of advisory, professional, secretarial etc. fees and has been assumed to be expense in nature. These have been expensed in the Statement of Comprehensive Income.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF TRELIDOR HOLDINGS**

	<b>Audited financial information before share split Note 1</b>	<b>Pro forma adjustment – Share split Note 3</b>	<b>Pro forma financial information after Share Split Note 4</b>	<b>Pro forma adjustment – Share Issue Note 5</b>	<b>Notes</b>	<b>Pro forma financial information after share issue Note 6</b>
Revenue	293,775,739	–	293,775,739	–		293,775,739
Cost of Sales	(144,916,961)	–	(144,916,961)	–		(144,916,961)
<b>Gross Profit</b>	<b>148,858,778</b>	<b>–</b>	<b>148,858,778</b>	<b>–</b>		<b>148,858,778</b>
Other Income	2,863,787	–	2,863,787	–		2,863,787
Operating expenses	(85,336,767)	–	(85,336,767)	(1,700,000)	10	(87,036,767)
<b>Operating Profit</b>	<b>66,385,798</b>	<b>–</b>	<b>66,385,798</b>	<b>(1,700,000)</b>		<b>64,685,798</b>
Investment revenue	320,414	–	320,414	–		320,414
Finance costs	(3,099,419)	–	(3,099,419)	–		(3,099,419)
<b>Profit before taxation</b>	<b>63,606,793</b>	<b>–</b>	<b>63,606,793</b>	<b>(1,700,000)</b>		<b>61,906,793</b>
Taxation	(18,097,072)	–	(18,097,072)	–	12	(18,097,072)
<b>Profit for the year</b>	<b>45,509,721</b>	<b>–</b>	<b>45,509,721</b>	<b>(1,700,000)</b>		<b>43,809,721</b>
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	81,235	–	81,235	–		81,235
Unwinding of cash flow hedge	992,496	–	992,496	–		992,496
Total Other comprehensive income for the year net of taxation	1,073,731	–	1,073,731	–		1,073,731
<b>Total comprehensive income</b>	<b>46,583,452</b>	<b>–</b>	<b>46,583,452</b>	<b>(1,700,000)</b>		<b>44,883,452</b>
<b>Profit attributable to:</b>						
Owners of the parent	45,419,116	–	45,419,116	(1,700,000)	10	43,719,116
Non-controlling interest	90,605	–	90,605	–		90,605
	<b>45,509,721</b>	<b>–</b>	<b>45,509,721</b>	<b>(1,700,000)</b>		<b>43,809,721</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	46,480,660	–	46,480,660	(1,700,000)		44,780,660
Non-controlling interest	102,792	–	102,792	–		102,792
	<b>46,583,452</b>	<b>–</b>	<b>46,583,452</b>	<b>(1,700,000)</b>		<b>44,883,452</b>
<b>Reconciliation of headline earnings</b>						
Net profit after tax attributable to owners of parent	45,419,116	–	45,419,116	(1,700,000)	10	43,719,116
Adjusted for profit on sale of fixed asset after taxation	23,819	–	23,819	–		23,819
<b>Headline earnings</b>	<b>45,442,935</b>	<b>–</b>	<b>45,442,935</b>	<b>(1,700,000)</b>		<b>43,742,935</b>
Earnings per share (cents)						
– Basic and Diluted	24,706	(24,661)	45	(5)	2,11	40
Headline earnings per share (cents)						
– Basic and Diluted	24,719	(24,674)	45	(4)	2,11	41
Number of shares in issue						
– Basic and Diluted	183,836	99,822,948	100,006,784	8,000,000		108,006,784
Weighted average number of shares in issue						
– Basic and Diluted	183,836	99,822,948	100,006,784	8,000,000		108,006,784

**Notes and assumptions:**

- The "Audited financial information before share split" figures are extracted from the audited financial statements of Trelidor Holdings for the year ended 30 June 2015.
- The earnings per share and headline earnings per share figures are calculated based on the weighted average number of shares in issue at 30 June 2015. The diluted earnings per share and diluted headline earnings per share are calculated based on the weighted average number of shares in issue at 30 June 2015.
- Share split of 1:544. 1 share is split into 544, issued share capital increases by 99,822,948 shares.
- The "Pro forma financial information after share split" column is based on the assumption that the share split was implemented on 1 July 2014.
- 8,000,000 shares are issued.
- The "Pro forma financial information after share issue" column is based on the assumption that the share issue was implemented on 1 July 2014.
- The adjustment for transaction costs is not expected to have a continuing effect.
- No interest received or other income has been assumed on the proceeds of the share issue.
- The capital raised through the share issue will be utilised to fund expansion and future growth.
- It is assumed transaction costs will amount to R6.7m (based on estimates received). R5.0m of which relates to fees for the placement of shares and has been assumed therefore to be capital in nature and offset against Share Capital. The remaining R1.7m is an estimate of advisory, professional, secretarial etc. fees and has been assumed to be expense in nature. These have been expensed in the Statement of Comprehensive Income.
- There are no rights or options resulting in a difference between Basic and Diluted shares in issue.
- The tax rate is assumed to be 28% however the transaction costs are assumed to be not tax deductible.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

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The Directors  
20 Aberdare Drive  
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Durban  
4001

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PRE-LISTING STATEMENT

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Trelidor Holdings Limited (previously Trellicor Holdings Proprietary Limited) by the Directors. The *pro forma* financial information, as set out in **Annexure 3** of the pre-listing statement, consists of a Consolidated *Pro Forma* Statement of Comprehensive Income and Consolidated *Pro Forma* Statement of Financial Position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 3**, on the group's financial position as at 30 June 2015 and the group's financial performance for the period ended, as if the corporate action or event had taken place at and for the period then ended. As part of this process, information about the group's financial position and financial performance has been extracted by the directors from the group's financial statements for the period ended 30 June 2015, on which an auditor's report was issued on 31 August 2015.

### DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements as described in **Annexure 3**.

### REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a pre-listing statement which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction on or about 28 October 2015 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the group, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OPINION

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 3**.

### MAZARS

Registered Auditors  
Anoop Ninan  
Partner  
Reporting Accountant Specialist  
28 September 2015  
5 St Davids Place, Johannesburg

## RELEVANT PROVISIONS FROM THE NEW MOI

This **Annexure 5** contains extracts of various provisions from the New MOI, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the New MOI.

For a full appreciation of the provisions of the New MOI, Shareholders are referred to the full text of the New MOI, which is available for inspection, as provided for in paragraph 16.8 of the Pre-listing Statement.

### 6 ISSUE OF SHARES AND VARIATION OF RIGHTS

- 6.1 The Company is authorised to issue –
- 6.1.1 5 000 000 000 (five billion) Ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –
- 6.1.1.1 vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;
- 6.1.1.2 participate proportionally in any distribution made by the Company; and
- 6.1.1.3 receive proportionally the net assets of the Company upon its liquidation;
- 6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.
- 6.2 For purposes of clause 6.1, *pari passu* shall have the meaning attributed thereto in terms of the JSE Listings Requirements.
- 6.3 The Board shall not have the power to –
- 6.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;
- 6.3.2 create any new class or classes of authorised but unissued Shares;
- 6.3.3 consolidate and reduce the number of the Company's issued and authorised Shares of any class;
- 6.3.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
- 6.3.5 convert any class of Shares into one or more other classes of Shares;
- 6.3.6 reclassify any classified Shares that have been authorised but not issued;
- 6.3.7 classify any unclassified Shares that have been authorised but not issued;
- 6.3.8 determine the preferences, rights, limitations or other terms of any Shares; or
- 6.3.9 change the name of the Company,
- and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.
- 6.4 All Securities of a class shall rank *pari passu* in all respects.
- 6.5 The Company has the power, subject to the authority of a special resolution as contemplated in clause 6.3 to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new shares and an increase of its capital.
- 6.6 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution adopted by the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation or any other terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a special resolution, taken by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of Ordinary Shareholders subject to clause 22.2. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a special resolution of the holders of the Shares of that class approve the amendment.
- 6.7 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and, subject to clause 6.6, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.
- 6.8 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied and no such resolution may be proposed to Shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act.
- 6.9 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

- 6.10 The Board may, subject to clauses 6.11 and 6.16, issue Shares at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 6.11 Subject to clause 6.17, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Ordinary Shares –
- 6.11.1 is for the acquisition of assets, is a vendor consideration placing related to an acquisition of assets, or is an issue for the purposes of an amalgamation or merger; or
  - 6.11.2 is an issue pursuant to options or conversion rights; or
  - 6.11.3 is an issue in terms of an approved share incentive scheme; or
  - 6.11.4 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 (fifteen) months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or
  - 6.11.5 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Ordinary Shareholders; or
  - 6.11.6 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting,
- provided that fractions of Shares will not be issued and that any fractions of Shares will be rounded or otherwise dealt with in accordance with the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company.
- 6.12 The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 6.11 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.
- 6.13 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be undertaken in accordance with the JSE Listings Requirements.
- 6.14 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 6.15 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 6.15.1 those Shares are fully paid up; and
  - 6.15.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 6.16 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, if and to the extent that this may be required in terms of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 6.17 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 6.11), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

### 13 DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments, such as attending and voting at general meetings and the appointment of Directors, or any other special privileges contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

### 14 CAPITALISATION SHARES

- 14.1 The Board shall have the power and authority to –
- 14.1.1 approve the issuing of any authorised Shares as capitalisation Shares;
  - 14.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; and
  - 14.1.3 resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that such issue is effected in accordance with the requirements of section 47 and has been approved by the JSE to the extent required under the JSE Listings Requirements and that the JSE Listings Requirements have otherwise been complied with.

- 14.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 14.1.3, unless the Board –
- 14.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and
  - 14.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

## **16 FINANCIAL ASSISTANCE**

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in (and in accordance with) section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

## **17 ACQUISITION BY THE COMPANY OF ITS OWN SHARES**

- 17.1 Subject to the JSE Listings Requirements, the provisions of the Act, including section 48, and the further provisions of this clause 17 –
- 17.1.1 the Board may determine that the Company acquire a number of its own Shares; and
  - 17.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –
    - 17.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and
    - 17.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.
- 17.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of section 46 and, accordingly, the Company may not acquire its own Shares unless –
- 17.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and unless such acquisition otherwise complies with the applicable provisions of paragraphs 5.67 to 5.81 of the JSE Listings Requirements (or such other sections as may be applicable from time to time);
  - 17.2.2 the acquisition –
    - 17.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or
    - 17.2.2.2 the Board, by resolution, has authorised the acquisition;
  - 17.2.3 it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and
  - 17.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.
- 17.3 A decision of the Board referred to in clause 17.1.1 –
- 17.3.1 must be approved by a special resolution of the Shareholders if any Shares are to be acquired by the Company from a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company; and
  - 17.3.2 is subject to the requirements of sections 114 and 115 if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% (five percent) of the issued Shares of any particular class of the Company's Shares.
- 17.4 Notwithstanding any other provision of this Memorandum of Incorporation, the Company may not acquire its own Shares, and no subsidiary of the Company may acquire Shares of the Company if, as a result of that acquisition, there would no longer be any Shares of the Company in issue other than –
- 17.4.1 Shares held by one or more subsidiaries of the Company; or
  - 17.4.2 convertible or redeemable Shares.

## **26 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

### **26.1 Number of Directors**

- 26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

- 26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.
- 26.1.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

## 26.2 Election of Directors

- 26.2.1 In any election of Directors –
- 26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and
- 26.2.1.2 in each vote to fill a vacancy –
- 26.2.1.2.1 each vote entitled to be exercised may be exercised once; and
- 26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.
- 26.2.2 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

## 26.3 Eligibility, Resignation and Rotation of Directors

- 26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.
- 26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –
- 26.3.2.1 at each annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;
- 26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 26.3.2.3 a retiring Director shall be eligible for re-election;
- 26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;
- 26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.5 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.
- 26.3.3 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

## 26.4 Powers of the Directors

- 26.4.1 The Board has the power to –
- 26.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and
- 26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),
- and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.4.
- 26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders,

directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. Any reference to a power of attorney herein shall include any other form of delegation including the right to sub-delegate.

- 26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

#### 26.5 **Directors' Interests**

- 26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.
- 26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 26.5.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.
- 26.5.4 Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

### 28 **DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE**

- 28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 28.2 Any Director who –
- 28.2.1 serves on any executive or other committee; or
  - 28.2.2 devotes special attention to the business of the Company; or
  - 28.2.3 goes or resides outside South Africa for the purpose of the Company; or
  - 28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 28.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with –
- 28.3.1 the business of the Company; and
  - 28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.



- 28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

## **29 EXECUTIVE DIRECTORS**

- 29.1 The Directors may from time to time appoint –
- 29.1.1 managing and other executive Directors (with or without specific designation) of the Company;
  - 29.1.2 any Director to any other executive office with the Company,
- as the Directors may think fit, for a period as the Directors may think fit, (provided that, for as long as it may be required by the Act or the JSE Listings Requirements, the appointment of a managing or other executive Director in terms of clause 29.1.1, must be confirmed by the Shareholders at the next annual general meeting of the Company) and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.
- 29.2 Any Director appointed in terms of clause 29.1.1 –
- 29.2.1 shall (subject to the provisions of the contract under which he is appointed) whilst he continues to hold that position or office, not be subject to retirement by rotation; and
  - 29.2.2 shall, subject to the provisions of any contract between himself and the Company, be subject to the same provisions as to disqualification and removal as the other Directors of the Company. If he ceases to hold office as a Director, his appointment to such position or executive office shall ipso facto terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination.
- 29.3 The remuneration of a Director appointed to any position or executive office in terms of clause 29.1.1 –
- 29.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;
  - 29.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;
  - 29.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.
- 29.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

## **31 BORROWING POWERS**

- 31.1 Subject to the provisions of clause 31.2 the other provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 31.1.1 borrow for the purposes of the Company such sums as they think fit; and
  - 31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –
- 31.2.1 the Company; and
  - 31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),
- shall not exceed the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be).

## **35 DISTRIBUTIONS**

- 35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
  - 35.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements,
- provided that if such distribution is a repayment of capital, the Company shall not be entitled to make such distribution on the basis that it may be called up again.
- 35.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

- 35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 35.5 All distributions are to be declared by the Directors in accordance with the provisions of the Act.
- 35.6 All unclaimed monies due to any Shareholder/s shall be held by the Company in trust until lawfully claimed by such Shareholder/s, provided that such unclaimed monies shall be subject to the laws of prescription.
- 35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –
- 35.7.1 the holder at his registered address; or
- 35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
- 35.7.3 such person and at such address as the holder or joint holders may in writing direct.
- 35.8 Every such cheque or warrant shall –
- 35.8.1 be made payable to the order of the person to whom it is addressed; and
- 35.8.2 be sent at the risk of the holder or joint holders.
- 35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 35.12 A distribution may also be paid in any other way determined by the Directors (including by way of electronic funds transfer), and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –
- 35.13.1 by the distribution of specific assets; or
- 35.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or
- 35.13.3 in cash; or
- 35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 35.15 The Directors may –
- 35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
- 35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 35.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

### **39 AMENDMENT OF MEMORANDUM OF INCORPORATION**

- 39.1 Subject to the provisions of clause 6.6, this Memorandum of Incorporation may only be amended by way of a special resolution of the Ordinary Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in sections 16(1)(a) and 16(4).
- 39.2 An amendment of this Memorandum of Incorporation will take effect from the later of –
- 39.2.1 the date on, and time at, which the notice of amendment contemplated in section 16(7) is filed with the Commission; and
- 39.2.2 the date, if any, set out in the said notice of amendment,
- save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

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## KING III CODE AND CORPORATE GOVERNANCE

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### **PART A**

Trellidor is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code.

The King III Code recognises that no “*one size fits all*” approach can be adopted in the application of its principles and that it may not be appropriate for entities to adopt all of its principles, in the context of its particular business and/or operational environment.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the Board, sets out the extent of the Company’s current application of the principles of the King III Code and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder.

#### **1. THE BOARD**

##### **1.1. Introduction**

The Board consists of five members, of whom three are independent non-executive Directors (see **Annexure 8** of the Pre-listing Statement for their profiles). The following changes occurred in the composition of the Board during the most recent financial year ended 30 June 2015, as well as during the period thereafter up to the publication of this Pre-listing Statement:

- Mr CG Cunningham was appointed to the Board with effect from 27 August 2015;
- Mr P Rawson resigned from the Board with effect from 27 August 2015 and was appointed as a director of Trellicor Subco; and
- Mr RB Patmore has been appointed to the Board with effect from the Listing Date.

Trellidor does not have a nomination committee and Director appointments are considered to be a matter for the Board as a whole with all appointments being made in a formal and transparent manner.

There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.

The key roles and responsibilities of the Board include acting as the focal point for, and custodian of, corporate governance; determining the strategies and strategic objectives of Group and monitoring the implementation of the Board’s strategies, decisions, values and policies.

Directors disclose their personal financial interests at the start of every Board or committee meeting.

##### **1.2. Composition of the Board**

The Board consists of five members, of whom three are independent non-executive Directors.

The Company has an appointed chief executive officer and chairman, being, respectively, Mr TM Dennison and Mr MC Olivier.

The chairman is independent for purposes of the King III Code.

##### **1.3. Expertise and experience of the chief financial officer**

Mr CG Cunningham is the chief financial officer of Trellicor. The audit committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr CG Cunningham.

##### **1.4. Company secretary**

Paula Nel has been appointed as the company secretary with effect from the Listing Date.

All Board members will have access to the advice and services of the company secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out her duties as stipulated under section 84 of the Companies Act.

The Board will, through discussion and assessment, review the qualifications, experience and competence of the company secretary. The Board is satisfied that an arm’s length relationship exists.

## **2. BOARD COMMITTEES**

### **2.1. Audit committee**

The Company's audit and risk committee will, following the Listing, have the following members:

- RB Patmore (chairman of audit committee)
- JB Winship; and
- MC Olivier,

all of whom are independent non-executive Directors.

The audit and risk committee assists the Board by providing an objective and independent view on the Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the Group and any proposed revisions thereto;
- the effectiveness of the Group's information systems and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness, expertise and experience of the chief financial officer;
- setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
- the annual report and specifically the annual financial statements included therein;
- the reports of the external auditors;
- the Group's going concern status; and
- compliance with applicable legislation and requirements of regulatory authorities.

In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

This committee will hold at least two meetings per year.

### **2.2. Remuneration committee**

The remuneration committee consists of the following members:

- JB Winship (Chairman);
- MC Olivier;
- TM Dennison; and
- RB Patmore.

A majority of the members of the remuneration committee are non-executive Directors. All the non-executive Directors serving on the remuneration committee are independent non-executive Directors.

The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and the Company.

This committee will hold at least one meeting per year.

## **3. LEGAL AND COMPLIANCE**

The Board recognises its responsibility to ensure that Trellidor complies with all applicable laws and considers adherence to all industry charters, codes and standards.

The risk and internal audit function manages the process of compliance and is monitored by the audit and risk committee.

During the past financial year no instances of material non-compliance were noted and no judgements, damages, penalties or fines were recorded or levied against Trellidor, its directors or employees for non-compliance with any legislation.

## **4. REMUNERATION REPORT**

Trellidor's remuneration approach is aimed at remunerating Directors, executives and employees fairly and responsibly. This approach takes cognisance of local and international remuneration best practices to ensure that the Company attracts and retains appropriate skills and talent.

Remuneration is governed by the remuneration committee, which is mandated by and reports to the Board, and which oversees the setting and administration of remuneration.

Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

## **5. IT GOVERNANCE REPORT**

The majority of the IT functions of the Group are outsourced to external service providers. The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed and addressed by the Board. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

## **PART B – APPLICATION OF PRINCIPLES IN THE KING III CODE**

### **Preamble**

Trellidor is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code. It therefore strives to meet those objectives in accordance with the content of the table below.

*Key – Level of compliance:*

*Applied ✓*

*Partially applied ★*

*Not applicable ✘*

	<b>PRINCIPLE</b>	<b>LEVEL OF COMPLIANCE</b>	<b>COMMENTS</b>
<b>1.</b>	<b>Ethical leadership and corporate citizenship</b>		
1.1	The board should provide effective leadership based on an ethical foundation	✓	The board provides effective leadership
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	✓	The board ensures that the company is and is seen to be a good corporate citizen
1.3	The board should ensure that the company's ethics are managed effectively	✓	The board ensures that the company's ethics are managed effectively
<b>2.</b>	<b>Board and Directors</b>		
2.1	The board should act as the focal point for and custodian of corporate governance	✓	The board acts as the focal point for and custodian of corporate governance
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	The board appreciates that strategy, risk, performance and sustainability are inseparable
2.3	The board should provide effective leadership based on an ethical foundation	✓	The board provides effective leadership based on an ethical foundation
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	The board ensures that the company is and is seen to be a responsible corporate citizen
2.5	The board should ensure that the company's ethics are managed effectively	✓	The board ensures that the company's ethics are managed effectively
2.6	The board should ensure that the company has an effective and independent audit committee	✓	On Listing, Mr MC Olivier will be replaced by Mr RB Patmore as the chairman of the audit committee, whereupon the audit committee will comprise Mr RB Patmore (chairman of audit committee), Mr JB Winship and Mr MC Olivier, all of whom are independent non-executive Directors
2.7	The board should be responsible for the governance of risk	✓	The board is responsible for the governance of risk
2.8	The board should be responsible for information technology (IT) governance	✓	The board is responsible for information technology (IT) governance
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards
2.10	The board should ensure that there is an effective risk-based internal audit	✓	The board ensures that there is an effective risk-based internal audit
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓	The board appreciates that stakeholders' perceptions affect the company's reputation
2.12	The board should ensure the integrity of the company's integrated report	✓	The board ensures the integrity of the company's integrated report
2.13	The board should report on the effectiveness of the company's system of internal controls	✓	The board reports on the effectiveness of the company's system of internal controls
2.14	The board and its directors should act in the best interests of the company	✓	The board and its directors act in the best interests of the company

2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓	The board will consider business rescue proceedings or other turnaround mechanisms should the company ever be financially distressed as defined in the Act
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	✓	The board has elected a chairman, Mr MC Olivier, who is an independent non-executive director. The CEO of the company does not fulfil the role of chairman of the board
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	The board has appointed a chief executive officer, Mr T Dennison, and has established a framework for the delegation of authority
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓	The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent
2.19	Directors should be appointed through a formal process	✓	Directors are appointed through a formal process
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	✓	The induction of and ongoing training and development of directors is conducted through formal processes
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	The board is assisted by a competent, suitably qualified and experienced company secretary. Paula Nel has been appointed as the company secretary with effect from the Listing Date.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✓	An evaluation of the board, its committees and the individual directors is performed every year
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	✓	The board delegates certain functions to well-structured committees without abdicating its own responsibilities
2.24	A governance framework should be agreed between the group and its subsidiary boards	✓	A governance framework is agreed between the group and its subsidiary boards
2.25	Companies should remunerate directors and executives fairly and responsibly	✓	The company remunerates its directors and executives fairly and responsibly
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	✓	The company discloses the remuneration of each individual director and certain senior executives
2.27	Shareholders should approve the company's remuneration policy	✓	Shareholders approve the company's remuneration policy
<b>3.</b>	<b>Audit Committees</b>		
3.1	The board should ensure that the company has an effective and independent audit committee	✓	On Listing, Mr MC Olivier will be replaced by Mr RB Patmore as the chairman of the audit committee, whereupon the audit committee will comprise Mr RB Patmore (chairman of audit committee), Mr JB Winship and Mr MC Olivier, all of whom are independent non-executive Directors
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	✓	Audit committee members are suitably skilled and experienced independent, non-executive directors (subsidiary exemption)
3.3	The audit committee should be chaired by an independent non-executive director	✓	The audit committee is chaired by an independent non-executive director

3.4	<p>The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)</p> <p>The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report</p> <p>The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents</p>	✓	<p>The audit committee oversees the integrated reporting (integrated reporting, financial, sustainability and summarised information)</p> <p>The audit committee is responsible for evaluating the significant judgements and reporting decisions affecting the integrated report</p> <p>The audit committee's review of the financial reports encompasses the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents</p>
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	The audit committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓	The audit committee satisfies itself of the expertise, resources and experience of the company's finance function
3.7	The audit committee should be responsible for overseeing of internal audit	✓	The audit committee is responsible for overseeing of internal audit
3.8	The audit committee should be an integral component of the risk management process	✓	The audit committee is an integral component of the risk management process
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓	The audit committee reports to the board and shareholders on how it has discharged its duties
<b>4.</b>	<b>The governance of risk</b>		
4.1	The board should be responsible for the governance of risk	✓	The board is responsible for the governance of risk
4.2	The board should determine the levels of risk tolerance	✓	The board determines the levels of risk tolerance
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	The audit committee assists the board in carrying out its risk responsibilities
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	The board delegates to management the responsibility to design, implement and monitor the risk management plan
4.5	The board should ensure that risk assessments are performed on a continual basis	✓	The board ensures that risk assessments are performed on a continual basis
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	The board ensures that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
4.7	The board should ensure that management considers and implements appropriate risk responses	✓	The board ensures that management considers and implements appropriate risk responses
4.8	The board should ensure continual risk monitoring by management	✓	The board ensures continual risk monitoring by management
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✓	The board receives assurance regarding the effectiveness of the risk management process
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	The board ensures that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders

<b>5.</b>	<b>The governance of Information Technology</b>		
5.1	The board should be responsible for information technology (IT) governance	✓	The board is responsible for information technology (IT) governance
5.2	IT should be aligned with the performance and sustainability objectives of the company	✓	IT is aligned with the performance and sustainability objectives of the company
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	The board delegates to management the responsibility for the implementation of an IT governance framework
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓	The board monitors and evaluates significant IT investments and expenditure
5.5	IT should form an integral part of the company's risk management	✓	IT forms an integral part of the company's risk management
5.6	The board should ensure that information assets are managed effectively	✓	The board ensures that information assets are managed effectively
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓	A risk committee and audit committee assists the board in carrying out its IT responsibilities
<b>6.</b>	<b>Compliance with laws, codes, rules and standards</b>		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	✓	The board ensures that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓	The board and each individual director has a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business
6.3	Compliance risk should form an integral part of the company's risk management process	✓	Compliance risk forms an integral part of the company's risk management process
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✓	The board delegates to management the implementation of an effective compliance framework and processes
<b>7.</b>	<b>Internal Audit</b>		
7.1	The board should ensure that there is an effective risk-based internal audit	✓	The board ensures that there is an effective risk-based internal audit
7.2	Internal audit should follow a risk-based approach to its plan	✓	Internal audit follows a risk-based approach to its plan
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	✓	Internal audit provides a written assessment of the effectiveness of the company's system of internal control and risk management
7.4	The audit committee should be responsible for overseeing internal audit	✓	The audit committee is responsible for overseeing internal audit
7.5	Internal audit should be strategically positioned to achieve its objectives	✓	Internal audit is strategically positioned to achieve its objectives



<b>8.</b>	<b>Governing stakeholder relationships</b>		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	The board appreciates that stakeholders' perceptions affect a company's reputation
8.2	The board should delegate to management to proactively deal with stakeholder relationships	✓	The board delegates to management to proactively deal with stakeholder relationships
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	The board strives to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company
8.4	Companies should ensure the equitable treatment of shareholders	✓	The company ensures the equitable treatment of shareholders
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓	The board ensures that disputes are resolved as effectively, efficiently and expeditiously as possible
<b>9.</b>	<b>Integrated Reporting and disclosure</b>		
9.1	The board should ensure the integrity of the company's integrated report	✓	The board ensures the integrity of the company's integrated report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	Sustainability reporting and disclosure is integrated with the company's financial reporting
9.3	Sustainability reporting and disclosure should be independently assured	✓	Sustainability reporting and disclosure is independently assured

## SALIENT TERMS OF THE TRELLIDOR SIT

This **Annexure 7** contains extracts of various provisions from the Trellidor SIT Deed. In each case, the numbering and wording below matches that of the applicable provisions in the Trellidor SIT Deed. For a full appreciation of the provisions of the Trellidor SIT Deed, Shareholders are referred to the full text of the Trellidor SIT Deed, which is available for inspection, as provided for in paragraph 16.8 of the Pre-listing Statement.

- 2.4 The main object and purpose of the Company adopting the Share Scheme is the incentivisation and retention of Employees and to this extent the Share Scheme as contemplated in this Trust Deed will not to be used for trading purposes. The Trust is adopted to facilitate and govern the implementation of the Share Scheme. Employees, as beneficiaries of the Share Scheme, shall be provided with an incentive to advance the interests and growth of the Group Companies by awarding to them in terms of the Share Scheme the opportunity to acquire and obtain the benefit of Shares in the Company.

### 4. TRUSTEES

- 4.1 John Bartram Winship and Mark Cyril Olivier are hereby appointed as the First Trustees of the Trust and they accept such appointment by their signatures to this Deed, including, without limitation, their obligation to administer the Trust property from time to time and to further the object of the Trust in accordance with the provisions of this Deed.
- 4.2 The number of Trustees shall at all times not be less than 2 (two) nor more than 5 (five).
- 4.3 A Trustee may not be or become a Beneficiary under this Trust whilst acting as a Trustee.
- 4.4 Executive Directors of the Company may not be appointed as Trustees of the Trust. Non-executive Directors, subject to any restriction contained in the Act, may be appointed as Trustees, provided they do not benefit from the Scheme.

### 6. TERMINATION OF OFFICE AS A TRUSTEE

Each Trustee shall remain in office until such Trustee ceases to hold office as contemplated in this clause 6. A Trustee shall cease to hold office as such upon –

- 6.1 such Trustee's estate being sequestrated; or
- 6.2 such Trustee having become incapacitated in law to hold the office of trustee, in the circumstances as contemplated in section 20(2) of the Trust Property Control Act; or
- 6.3 such Trustee having been removed from office at any time if the Board is of the opinion that such Trustee is not fulfilling his role as contemplated herein; or
- 6.4 the Board giving one calendar month's notice in writing to such Trustee that such Trustee has been removed from office; or
- 6.5 such Trustee having resigned at any time on giving one calendar month's notice in writing to the Company, provided that the Board may, at the request of a Trustee, waive the full period of notice; or
- 6.6 such Trustee becoming disqualified, in terms of the Act or any other law or regulation, from holding an appointment as a director of a company (or similar position); or
- 6.7 such Trustee having been removed from a position of trust or as a trustee from another trust with similar provisions as described in this clause 6; or
- 6.8 such Trustee becoming a Participant under the Scheme.

### 7. SUCCESSION AND APPOINTMENT OF TRUSTEES

- 7.1 Upon any Trustee succeeding to office as Trustee, he shall, in his representative capacity, automatically become vested with the assets and liabilities of the Trust and in every way, with immediate effect, take the place of and assume the powers and duties of the Trustee whom he has succeeded.
- 7.2 On any Trustee ceasing to hold office for any reason whatsoever, the Board may, subject to clause 4, appoint a successor, but who may not be –
- 7.2.1 a Beneficiary;
- 7.2.2 an executive Director of the Company; or
- 7.2.3 disqualified from holding such office by virtue of the provisions of clause 6,  
as a Trustee to fill the vacancy.
- 7.3 The Board shall be entitled from time to time to appoint additional trustees, subject to the maximum number of Trustees and other restrictions provided for in clauses 4 and 7.2 above.

### 8. POWERS OF TRUSTEES

- 8.1 The Trustees shall, in addition to such other powers as may be conferred upon them by law or in terms of this Deed (whether express or implied), and subject to any other provisions of this Deed and any applicable peremptory statutory or regulatory provisions have the following powers –
- 8.1.1 to implement the main object and purpose of the Trust as contemplated in clause 2.4;

- 8.1.2 to implement the principles of the Share Scheme;
  - 8.1.3 to acquire Shares for purpose of the Share Scheme, either by original subscription, purchase through the market or otherwise, exchange or any other means, and upon such terms as they in their discretion may deem fit, provided that –
    - 8.1.3.1 any Shares purchased through the market will not be taken into account when calculating the number of Shares utilised by the Share Scheme;
    - 8.1.3.2 the provisions of paragraphs 3.63 to 3.74 of the JSE Listings Requirements apply *mutatis mutandis* to any dealings by the Trustees, save for the circumstances pursuant to paragraph 3.92 being present; and
    - 8.1.3.3 Shares may not be purchased during a prohibited period (as defined in the JSE Listings Requirements), unless the Scheme has in place a purchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Shares independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the purchase programme submitted to the JSE;
  - 8.1.4 to acquire any other marketable securities, whether in the Company or otherwise, either by original subscription, purchase (including the purchase of securities through the stock market in order to satisfy any obligations in terms of the Scheme), exchange or any other means, and upon such terms as they in their discretion may deem fit provided that the acquisition thereof falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
  - 8.1.5 to sell, exchange, donate, alienate, pledge, encumber or in any other manner deal with, dispose of or transfer Shares or the marketable securities as contemplated in 8.1.4 upon such terms as they in their discretion may deem fit;
  - 8.1.6 to participate in any Rights Offer or Capitalisation Issue (including any dividend capitalisation issue) of the Group Companies or in respect of any other company (to the extent applicable);
  - 8.1.7 to buy back Shares or other marketable securities from Participants and to sell such Shares or marketable securities to the Company if the Company lawfully wishes to acquire its own Shares or other Group Company shares or to acquire such marketable securities;
  - 8.1.8 to acquire assets for such purposes and upon such terms as they in their discretion may deem fit, provided that the acquisition of such assets falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
  - 8.1.9 to take and act upon any expert or professional advice that may be required for any purposes of the Scheme;
  - 8.1.10 subject to any applicable statute, to open and operate accounts of all descriptions with registered financial institutions as may be required for the efficient administration of the Scheme;
  - 8.1.11 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust in administering the Scheme;
  - 8.1.12 to exercise all rights conferred by shares and any other assets beneficially held by the Trust including voting rights, rights of conversion and redemption, rights to take up further allotments of shares (including by way of rights or Capitalisation Issues) and the like as they in their discretion may deem fit. As indicated in clause 37.4, Shares held by the Trust will not have their votes at general or annual general meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements;
  - 8.1.13 to invest the surplus moneys of the Trust in such investments as they in their discretion may determine and to realise any such investment and to reinvest the proceeds thereof;
  - 8.1.14 subject to the provisions of the Act, and with the prior written approval of the Board, to borrow or raise moneys from Group Companies or any other third party for the purposes of the Share Scheme (including for the purposes of subscribing for or purchasing Shares or other marketable securities), on such terms as they in their discretion may deem fit;
  - 8.1.15 to delegate to any person the performance of any acts which they are entitled to perform or exercise under this Deed;
  - 8.1.16 subject to the provisions of the Act, and with the prior written approval of the Board, to make loans to any persons (including Participants), whether interest-bearing or otherwise or whether secured or unsecured, for any purpose considered by the Trustees to be within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.4;
  - 8.1.17 instead of acting personally, to employ, and to pay, any attorney or any other person to transact business or do any act of whatsoever nature to be done pursuant to this Deed provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust and/or the Company; and
  - 8.1.18 to exercise such further rights, powers and authorities as may from time to time be conferred upon them under the Share Scheme or by resolution of the Board or, if applicable, by Shareholders in general meeting.
- 8.2 The Trustees shall have –
- 8.2.1 full capacity to contract on behalf of the Trust, subject always to such limitations, if any, as may be imposed by this Deed, provided that, subject to any applicable statute, they will under no circumstances be personally liable in respect of any such contract; and

- 8.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the Trust;
- 8.2.3 without in any way derogating from the powers and authorities hereinbefore vested in the Trustees, such ancillary and/or additional powers as shall be necessary or requisite (including the power to sign all necessary or requisite documentation) to enable them from time to time to deal with all matters appertaining to the Trust and the Share Scheme hereunder in such manner as they shall in their discretion deem advisable in the interests of the Trust and/or any Beneficiary hereunder;
- 8.2.4 the power to pay any surplus funds held by the Trust from time to time (after discharging liabilities and having made provision for contingent liabilities) to the Company;
- 8.2.5 the power, in their sole discretion, to resolve to distribute any income and/or capital assets of the Trust to the Company in which event such income and/or capital assets shall vest in the Company in the financial year in which such resolution was passed.

#### 10. VOTING OF TRUSTEES

Decisions of Trustees shall be passed by majority of votes of the Trustees present at the meeting, provided that in the event that there are, at any time, only 2 (two) Trustees in office, a decision of the Trustees shall be the unanimous decision of both of them.

#### 14. REMUNERATION OF TRUSTEES

- 14.1 The Trustees may receive for their services as trustees such remuneration as may from time to time be approved by the Board.
- 14.2 The Trustees shall be entitled to be reimbursed for all expenses incurred by them in connection with the execution of their duties as trustees, including, if for any reason they are at any time required to furnish security, the costs from time to time of furnishing such security.

#### 16. ACQUISITION BY TRUST AND FINANCIAL ASSISTANCE TO THE TRUST

- 16.1 The Board may from time to time offer Shares to the Trust or grant options to such Shares to the Trust in respect of Shares which do not exceed the scheme allocation determined in terms of clause 19 below. The Shares referred to in this clause 16.1, or any options in respect thereof are intended to enable the Trustees (in addition to any other Shares acquired by the Trust in terms of this Deed) to fulfil any obligations to Participants from time to time in terms of this Deed. The provisions of clause 26.1 shall apply *mutatis mutandis* to any applicable provisions of this clause 16.1.
- 16.2 Subject to the provisions of this Deed, the purchase or subscription price of Shares acquired by the Trust pursuant to the Share Scheme, the costs incurred in the acquisition of such Shares, any duties payable upon the transfer of Shares, any disbursements and expenditure incurred by the Trustees in their capacity as such, any amount due to the Trustees in terms of clause 14, any amount in respect of which a Trustee has been lawfully indemnified in terms of clause 15 and any money required to effect any loans under the Share Scheme or repayment of any previous borrowings by the Trustees shall be met out of –
  - 16.2.1 loans to be made to the Trust by any of the Group Companies in accordance with the provisions of sections 44 and 45 of the Act;
  - 16.2.2 contributions, awards or funds other than in the form of a loan, to be provided to the Trust by any of the Group Companies;
  - 16.2.3 loans by third parties (plus any interest thereon) to the Trust to be procured by the Board upon such terms as the Board is able to arrange having due regard to the provisions of sections 44 and 45 of the Act; and
  - 16.2.4 the Trust's own resources, if any,
 as the Board may from time to time direct. The Company undertakes to ensure that the Trust shall at all times be in a position to fund the acquisition by it (whether by purchase or subscription) of Shares under the Share Scheme.
- 16.3 Any loss incurred by the Trust pursuant to the implementation of the Share Scheme shall be borne by the Company unless the Board determines to the contrary.
- 16.4 The Trust shall not be entitled to any capital gain or profit on any transactions undertaken by it (including in relation to any Shares) and no such capital gain or profit shall accrue to it, unless the Board determines in writing to the contrary. The Trust (unless the Board determines in writing to the contrary) shall cede and transfer to the Company from time to time upon request, as a quid pro quo for clauses 16.3 and 36.4, its right to any capital gain or profit, which may arise from any such transaction undertaken by it.

#### 18. AWARDING OF OPTIONS

- 18.1 The Board, subject to clause 19.4, may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in this Scheme (“**the Resolution**”). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price and any other relevant terms and conditions as may be determined by the Board. Each such Option shall be offered for purchase at the Strike Price. The Trustees shall as soon as practicable award the Options to the persons named in the Resolution, which award shall be in writing and specify the number of Options, the Option Date, the Strike Price, the obligation of the Participant to adhere strictly to the terms of this Deed (which shall be made available at all times to any Participant) and any other relevant terms and conditions as may be determined by the Trustees.
- 18.2 All Options shall be subject to the provisions of the Trust Deed.

- 18.3 The Board shall determine Employees selected to participate in this Scheme and the number of Options awarded to such Employees based on the main object and purpose of the Trust (as contemplated in clause 2.4) and having regard to incentivising Employees based on recommendations by management and directors of the Company and/or any other Group Companies, to the extent applicable.
- 18.4 The frequency of the awarding of Options (including any new or additional Options from time to time) shall be determined by the Board from time to time.
- 18.5 The Board shall be under no obligation to award any Options to Employees or to award the same or similar amount of Options to Employees.

## 19. PARTICIPATION ALLOCATION AND AMOUNT

- 19.1 The persons eligible for participation in the Share Scheme shall be such Employees determined in accordance with the provisions of this Trust Deed.
- 19.2 The *modus operandi* in terms whereof the Trust procures or acquires Options or Shares for the purposes hereof shall be in terms of clause 16.1 above or as otherwise determined between the Board and the Trustees.
- 19.3 The maximum aggregate number of Shares that may be utilised for the purposes of this Share Scheme, shall not exceed –
  - 19.3.1 10 000 000 Shares; or
  - 19.3.2 such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.
- 19.4 The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed –
  - 19.4.1 5 000 000 Shares; or
  - 19.4.2 such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.
- 19.5 The limits contained in clauses 19.3 or 19.4 are subject to any adjustment in terms of clause 26 below.
- 19.6 Save as expressly indicated otherwise in this Trust Deed, Scheme Shares shall in all respects rank *pari passu* with ordinary issued Shares of the Company, including as to voting, dividend, transfer and other rights and as to rights arising on a liquidation of the Company.
- 19.7 The Company shall make timeous application for any listing on the JSE of the Scheme Shares (to the extent applicable).

## 20. OPTIONS

- 20.1 An Option –
  - 20.1.1 shall be awarded on the basis that if the Option is exercised the purchase price payable by the Beneficiary concerned will be the Strike Price;
  - 20.1.2 shall, save to any extent permitted in terms of this Trust Deed, be personal to and only capable of being accepted by the Beneficiary to whom it is granted;
  - 20.1.3 shall be exercised within the relevant period specified in terms of this Deed;
  - 20.1.4 shall be exercised in writing and duly signed by the Beneficiary concerned or, if after his death it is capable of being exercised by the executors of his estate, by such executors. Such exercise shall include a physical address (and, if available, a telefax number or e-mail address), which address (and telefax number or e-mail address) shall constitute the *domicilium citandi et executandi* of such Beneficiary for all purposes in terms of the Scheme. Any notice addressed to the said *domicilium* of such Beneficiary shall, if sent by prepaid registered post, be deemed to have been received on the 5th (fifth) day after posting (unless the contrary is proved) and shall, if delivered by hand to a responsible person during ordinary business hours, be deemed to have been received on the day of delivery (unless the contrary is proved) and shall, if sent by telefax or e-mail, be deemed to have been received on the date of despatch (unless the contrary is proved). Notwithstanding anything to the contrary contained in this clause 20.1.4 any notice actually received by a Beneficiary shall be an adequate notice for the purposes hereof notwithstanding the fact that it was not sent to or delivered to the said *domicilium* of the Beneficiary;
  - 20.1.5 shall, as to the number thereof awarded from time to time to any Beneficiary, be determined by the Board, in its discretion;
  - 20.1.6 may be awarded from time to time during the existence of the Scheme (subject always to clause 19);
  - 20.1.7 may only be exercised in respect of 100 (one hundred) Shares or multiples thereof at a time, or in full (if permitted in terms of this Deed);
  - 20.1.8 shall, pursuant to the exercise of an Option, be settled upon a Beneficiary only by way of the delivery of Shares and a Beneficiary shall not be entitled to receive cash in lieu of Shares (it being recorded that, for the purposes of International Financial Reporting Standard 2, the foregoing shall be an equity-settled share-based payment transaction);
  - 20.1.9 shall be awarded on the basis that the number of Scheme Shares to be delivered to a Beneficiary, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of this Trust Deed; and
  - 20.1.10 shall be governed by the provisions of this Trust Deed, to which the Beneficiary shall strictly adhere.

- 20.2 Save to any extent contemplated to the contrary in this Trust Deed, the risk in the Scheme Shares shall pass to the Beneficiary on the exercise of the Option.
- 20.3 Ownership or any other vested rights in and to the Scheme Shares shall only pass to the Beneficiary on delivery in terms of clause 23 and against payment of the Strike Price and fulfilment of any other obligations of the Beneficiary in terms of this Deed.
- 20.4 Delivery and registration of Scheme Shares to a Beneficiary shall only take place subject to compliance with the provisions of clause 20.3 and any other applicable provisions of this Deed.
- 20.5 An Option shall immediately lapse –
- 20.5.1 to the extent that it is not exercised within the Exercise Period of such Option; or
- 20.5.2 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, is dismissed from employment by a Group Company on grounds of misconduct, poor performance, dishonesty or fraudulent conduct; or
- 20.5.3 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, ceases to be employed by any Group Company for any reason whatsoever, save to any extent expressly contemplated in terms of clause 25 below; or
- 20.5.4 to the extent contemplated in terms of this Trust Deed; or
- 20.5.5 upon the Beneficiary making application for the voluntary surrender of his estate or his estate becoming subject to any provisional or final order for its sequestration or upon any attachment of any interest of a Beneficiary under the Scheme unless the Board in its discretion passes a resolution to the contrary within 60 (sixty) days of such voluntary surrender, sequestration or attachment.
- 20.6 Neither an Option, nor any rights awarded thereunder may be transferred, ceded, pledged or alienated in any way whatsoever, save as may be expressly permitted in terms of this Trust Deed.

## 21. OPTION EXERCISE

- 21.1 Options forming part of any Employee Allocation shall only be capable of being exercised in terms hereof (during the Exercise Period) on the basis of –
- 21.1.1 25% (twenty-five percent) thereof vesting as at the 2nd (second) anniversary of the Option Date (“**First Vesting Date**”);
- 21.1.2 25% (twenty-five percent) thereof vesting as at the 3rd (third) anniversary of the Option Date (“**Second Vesting Date**”);
- 21.1.3 25% (twenty-five percent) thereof vesting as at the 4th (fourth) anniversary of the Option Date (“**Third Vesting Date**”); and
- 21.1.4 25% (twenty-five percent) thereof vesting as at the 5th (fifth) anniversary of the Option Date (“**Fourth Vesting Date**”).
- 21.2 An Option must be exercised during the applicable Exercise Period of such Option (“**Option Exercise Date**”) and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of this Trust Deed. For the avoidance of any doubt, and having regard to the provisions of clauses 20.5.1 and 21.1, the Exercise Period for Options falling due at the First Vesting Date, the Second Vesting Date, the Third Vesting Date and the Fourth Vesting Date (as the case may be) shall be within 30 (thirty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be).
- 21.3 The Board, in its discretion, may instruct the Trustees to reach more favourable alternative arrangements with Participants or the relevant executor or legal representative in regard to the date or time limits of the lapsing of an Option or the exercising of an Option or the date of payment of the Strike Price (including in respect of any dates or time limits contemplated in clauses 20, 21, 24 or 26 hereof) or the manner for effecting payment thereof.
- 21.4 Failure by a Beneficiary to exercise an Option timeously in accordance with the provisions of this clause 21 shall result in the lapsing of such Option.
- 21.5 Failure by a Beneficiary to comply faithfully and timeously with all his obligations in terms of the Trust Deed shall result in the immediate lapsing of his Options unless the Board instructs the Trustees to the contrary.

## 24. FINANCIAL ASSISTANCE TO BENEFICIARIES

- 24.1 Subject to the provisions of the Act and in amplification of clauses 8.1.14 and 8.1.16, in respect of any Beneficiary (or the relevant executor or legal representative of a Beneficiary’s deceased estate) (“**Borrower**”) who has exercised all or part of his Options in such manner as is contemplated in terms of this Trust Deed, the Trustees (“**Lender**”) shall, in their absolute and unfettered discretion, with the prior written approval of the Board, be entitled to provide financial assistance to the Borrower for the purpose of assisting the Borrower in fulfilling the monetary obligations arising due to the exercise of all or part of his Options in terms of this Trust Deed, which obligations shall include, *inter alia*, the payment of the Strike Price in respect of such Options so exercised and any Beneficiary Taxation (“**the loan**”), subject to the following terms and conditions –
- 24.1.1 the Borrower shall be required to provide the Lender with a deposit equal to at least 10% of the loan value in cash on the applicable Option Exercise Date;
- 24.1.2 the Borrower shall be required, in a separate agreement, to pledge in *securitatum debiti* such number of Shares (whether or not they are the Scheme Shares to be delivered to the Borrower as contemplated in this

clause 24) as is equal to (or more than) 130% (one hundred and thirty percent) of the loan value, unless the Trustees on reasonable grounds decide otherwise, with the value of such security to be calculated in *mutatis mutandis* the same manner as the Strike Price (“**the security**”);

- 24.1.3 to the extent that the value of the security as calculated by the Lender continues to fall below aforementioned percentage in clause 24.1.2 above for a period of at least 5 (five) business days, the Lender shall be entitled to forthwith perfect all or part of the security so as to reduce any outstanding balance in respect the loan and in so doing restore the requisite percentage cover, to the extent additional security is not provided by the Borrower;
- 24.1.4 any outstanding balance in respect of the total amount borrowed by the Borrower from time to time shall attract interest at the South African Revenue Services fringe benefit rate, which shall accrue and be compounded annually in arrears and be payable annually by the Borrower;
- 24.1.5 the capital amount outstanding in respect of the loan, together with all interest accrued thereon, must be paid in full within 3 (three) years of such capital amount having been advanced to the Borrower by the Lender;
- 24.1.6 subject to the provisions of clause 25 and notwithstanding the provisions of clause 24, if the Borrower ceases to be an Employee at any time while any amount (whether capital or interest) in respect of the loan is outstanding, the full amount of the loan plus all interest that accrues thereon shall become due and payable within 7 (seven) days of written notice thereof by the Lender to the Borrower and interest at the prime rate of interest shall be payable on any outstanding amount unless the Lender resolves otherwise. The Lender shall furthermore be entitled forthwith to perfect all or part of the security so as to effect repayment of the full loan amount, including interest that may be outstanding.

Notwithstanding the foregoing, the Board may instruct the Trustees to reach more favourable alternative arrangements with a Borrower, depending on the personal circumstances of such Borrower. Accordingly, the terms and conditions of any financial assistance as granted by the Lender, remain in the Lender’s sole discretion (subject to such aforementioned instructions as may be received from the Board).

### **33. AMENDMENTS TO THE TRUST DEED**

- 33.1 Subject to –
  - 33.1.1 the approval by Shareholders, to the extent that such approval may be required in terms of any law and the JSE Listings Requirements (including schedule 14 of the JSE Listings Requirements); and
  - 33.1.2 compliance with any applicable law and the JSE Listing Requirements (including the provisions contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements),this Deed may be amended from time to time by written agreement between the Board and the Trustees. For the avoidance of doubt, to the extent that any such amendment relates specifically to matters listed in paragraph 14.1 of Schedule 14 of the JSE Listings Requirements, such amendment shall require the approval of an ordinary resolution to this effect, which resolution shall be approved by not less than a 75% (seventy-five percent) majority of the votes cast in respect of such resolution by all Shareholders present in person or by proxy at the general meeting to approve such resolution and duly authorised to vote in terms of paragraph 14.2 of Schedule 14 of the JSE Listings Requirements.
- 33.2 Subject to clause 33.1, if the implementation of any provision of this Deed is rendered impossible or impracticable by reason of any change in law at any time after the signing of this Deed, the Board shall have the power, with the approval of the Trustees, to amend this Deed in such manner as will result in it being capable of practical implementation in terms of the law then in force so as to result in the Trust, the Group and the Participants enjoying such rights as confer, in the opinion of the Auditors (acting as experts and not as arbitrators and whose determination shall be final and binding) for the time being of the Company, substantially the same degree of benefit on them as would have been enjoyed by them but for such amendments and change in law.

### **36. TERMINATION OF THE TRUST**

- 36.1 The Trustees shall be entitled in their discretion to terminate the Trust –
  - 36.1.1 should all Options awarded by it to Employees have been exercised and the Trust has received payment in full of any amounts owed to it by the Participants; or
  - 36.1.2 the Board resolves that the Trust shall be terminated; or
  - 36.1.3 should the Company, the Trustees and the Participants (if any) who have vested rights in terms of this Deed, agree in writing to terminate the Trust.
- 36.2 Upon termination of the Trust, the Trustees shall be entitled in their discretion to release the assets of the Trust and wind-up the affairs of the Trust and pay over to the Company any surplus funds (after having discharged all liabilities) remaining in the Trust. The provision of this clause 36.2 shall apply *mutatis mutandis* to any Shares held by the Trust upon the termination thereof.
- 36.3 Upon termination of the Trust, the Trustees shall be entitled in their discretion to transfer any income or capital (on terms and conditions to be determined by the Board and the Trustees) of the Trust to the Company.
- 36.4 Should the amount paid by the Trustees to the Company in terms of this clause 36 fall short of any indebtedness of the Trust to the Company and/or its Subsidiaries, the Trustees shall be relieved of all liability for such shortfall, which loss shall be constituted as a loss to be borne by the Company and/or its Subsidiaries.
- 36.5 The Trustees shall consult with the Board prior to implementing any aspects of this clause 36 and shall as far as reasonably possible take into consideration any determination of the Board.

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## DIRECTOR PROFILES

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**MARK CYRIL OLIVIER (46)****Independent non-executive Director and chairman**

CA (SA)

Mark, who has been the Company's chairman since 2006, has over 20 years' experience in managing debt, property and private equity assets and providing corporate finance and strategic advice, predominantly to public companies in the United Kingdom. Mark is co-founder and Managing Director of Hibridge Capital, which is the manager of SAIOL and Newgen Trust, who control the Trellidor Group. Mark was a shareholder and employee of Hawkpoint Partners, which was the management buy-out of Natwest Markets' corporate finance business. He also worked for BoE Limited and served on the executive committee of the bank's international business headquartered in London. Mark is a qualified Chartered Accountant with extensive banking and corporate finance experience. Currently Mark is a non-executive director of the Dynasty Group of companies (over \$1 billion market capitalisation), which is owned and managed by Macquarie Bank and Blackstone Inc, and is the Chairman of Rockcastle, a \$2 billion company listed in South Africa and Mauritius investing in retail properties in Africa and in Eastern Europe.

Appointed to the Board on 26 October 2006.

**TERENCE MARK DENNISON (47)****Chief executive officer**

CA (SA)

Terry joined the Company as financial director in 1999 and has fulfilled the position of chief executive officer since 2001. Prior to his time at the Company, Terry was previously the deputy general manager of an agricultural company owned by the Commonwealth Development Corporation. Terry qualified with KPMG as a chartered accountant in 1992.

Appointed to the Board on 1 June 2002.

**CRAIG GAVIN CUNNINGHAM (40)****Chief financial officer**

CA (SA)

Craig is a chartered accountant with experience post-articles with Ernst and Young in the UK, Citigroup and, more recently, financial management posts at Unitrans and Manline (both logistics companies).

Appointed to the Board on 27 August 2015.

**JOHN BARTRAM WINSHIP (61)****Independent non-executive Director**

B. Business Science (UCT), Certificate of Investment (Institute of Actuaries)

John has been a non-executive director of the Company since 2006. He has been involved in various aspects of asset management and financial services through his career and has experience in analysis, portfolio management, executive management and directorships. He worked for Old Mutual and was thereafter instrumental in the founding of BOE Asset Management and served on the board of BOE Limited, before going on to establish ABVEST, an institutional asset manager which was subsequently bought out by ABSA. He is currently self-employed primarily serving on Investment Committees for corporates and high net worth families. He is actively involved in community service through Rotary International.

Appointed to the Board on 26 October 2006.

**RALPH BRUCE PATMORE (63)****Independent non-executive Director**

BCom (Wits), MBL (SBL)

Ralph co-founded and was instrumental in the listing of Iliad Africa Limited, a building material supply company, which he led as chief executive officer until his retirement in 2008. Prior to that he was the managing director of the manufacturing division of Group Five Limited (1988 to 1997), the managing director of M&B Pumps Proprietary Limited, a company within the Malbak Group, supplying clean water surface and submersible pumps to the market (1984 to 1987), as well as the managing director of Exchange Engineering Proprietary Limited, a company within the Unihold Limited group, involved in metal forging and in the manufacturing of mining safety critical lifting equipment.

Appointed to the Board with effect from the Listing Date.



## OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which the Company's Directors, as well as the directors of its Major Subsidiary are or have been directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of Company or Entity	Capacity	Active/Resigned
MC Olivier	Trellidor Holdings Limited	Director	Active
	Rockcastle Global Real Estate Company Limited	Director	Active
	Hibridge Investments Limited	Director	Active
	Hibridge UK Limited	Director	Active
	M Capital Limited	Director	Active
	Hibridge Corporate Services	Director	Active
	Skyprop Limited	Director	Active
	Changsha Holding Company Limited	Director	Active
	Dalian Holding Company Limited	Director	Active
	Harbin International Company Limited	Director	Active
	Jinan Holding Company Limited	Director	Active
	Nanjing Holding Company Limited	Director	Active
	Nanning Holding Company Limited	Director	Active
	Shenyang Holding Company Limited	Director	Active
	Tianjin Holding Company Limited	Director	Active
	Wuhan Holding Company Limited	Director	Active
Dynasty Services Limited	Director	Active	
The Thistle Trust	Beneficiary	Active	
TM Dennison	Trellidor Holdings Limited	Director	Active
	Trellicor Proprietary Limited	Director	Active
	Trellidor Proprietary Limited	Director	Active
	Ligit Props 101 Proprietary Limited	Director	Active
	Coroma SA (Pty) Ltd	Director	Resigned
	CDRCO (Pty) Ltd	Director	Active
	Trellidor JHB Proprietary Limited	Director	Deregistered
	Festipart (Pty) Ltd	Director	Resigned
	Clifton Hill Estate	Director	Resigned
	Serranda Manufacturing	Director	Process of deregistration
CG Cunningham	Trellidor Holdings Limited	Director	Active
	Clifton Hill Estate	Director	Resigned
JB Winship	Trellidor Holdings Limited	Director	Active
	Gamma J Investments CC	Member	Active
RB Patmore	Accentuate Limited	Director	Active
	ARB Holdings Limited	Director	Active
	Calgro M3 Holdings Limited	Director	Active
	EP Capital Finance CC	Member	Active
	Moma Marketing CC	Member	Active
	Mustek Limited	Director	Active
	PSV Holdings Limited	Director	Active
	Sentula Mining Limited	Director	Active
	Summertime Enterprises Proprietary Limited	Director	Active
	William Tell Holdings Limited	Director	Resigned
	Abe Construction Chemicals Limited	Director	Resigned
Erbacon Holdings Limited	Director	Resigned	
<b>Directors of Major Subsidiaries *</b>			
P Rawson	Trellicor Proprietary Limited	Director	Active
	Trellidor Holdings Limited	Director	Resigned
C Wright	Trellicor Proprietary Limited	Director	Active
	Trellidor Proprietary Limited	Director	Active

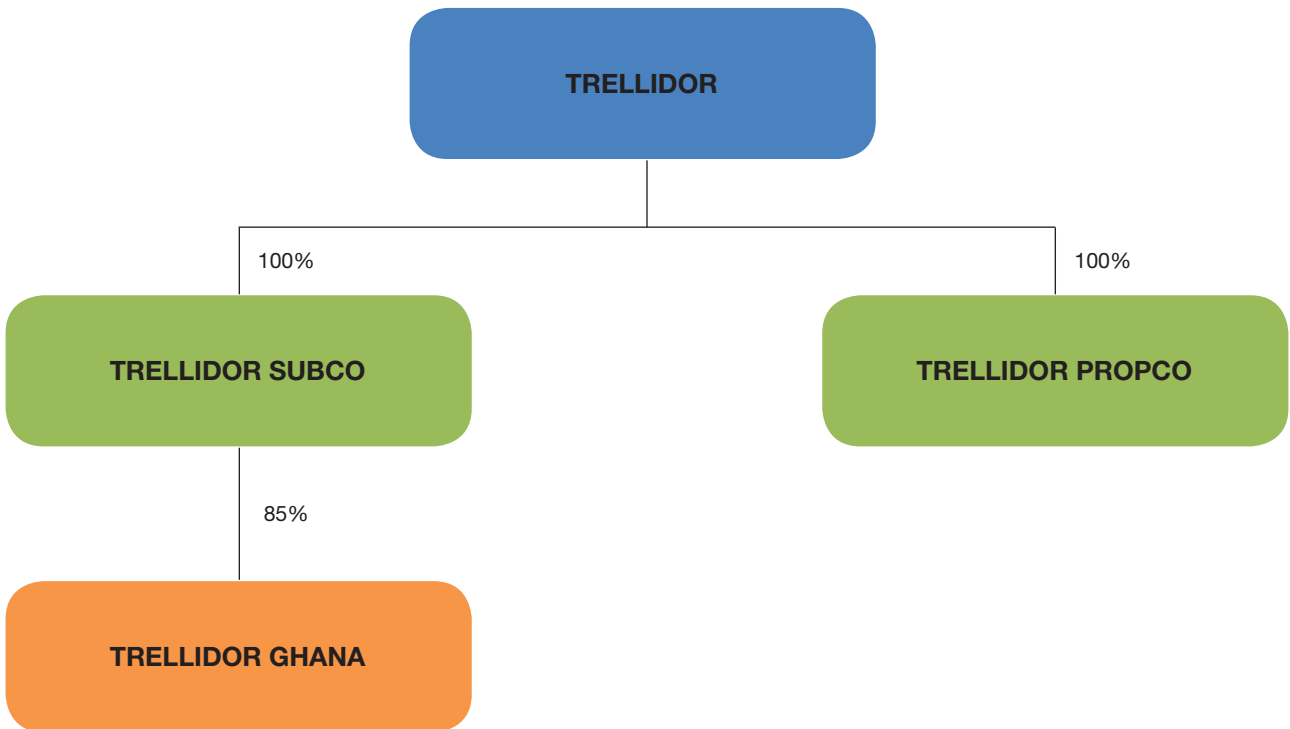
**Note:**

\* Please see above the relevant information in respect of TM Dennison, who is a Director of the Company, as well as a director of its Major Subsidiary.

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**STRUCTURE OF THE TRELLIDOR GROUP**

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## DETAILS OF SUBSIDIARIES OF THE COMPANY

### DETAILS OF SUBSIDIARIES OF TRELIDOR

Subsidiary	Reg No	Place of Incorp.	Incorp. Date	Issued share capital held	Nature of Business	Directors
Trellicor Proprietary Limited	1987/003796/07	South Africa	13 August 1987	100%	Marketing, Sales and Manufacture of security barriers, metal finishing and allied products	TM Dennison C Wright P Rawson
Trellidor Proprietary Limited	1968/003504/07	South Africa	29 March 1968	100%	Property holding company	TM Dennison C Wright
CDRCO Proprietary Limited	1994/009782/07	South Africa	29 November 1994	100%	Dormant – being deregistered	TM Dennison C Wright
Trellidor Ghana Limited	CA – 45,552	Ghana	21 May 2008	85%	Distributor and assembler of Trellidor products in Ghana and surrounding countries	TM Dennison E Korang

### MATERIAL INTERGROUP LOANS

Subsidiary	Material Intergroup loan balance (R) dt/(ct)	Counterparty Name of subsidiary/ holding company	Terms of Loan agreement
Trellidor Proprietary Limited (Registration number 1968/003504/07)	(1 300 000)	Trellicor Proprietary Limited	Interest free with no set terms for repayment
Trellicor Proprietary Limited (Registration number 1987/003796/07)	(872 968)	Trellidor Holdings Limited	Interest free with no set terms for repayment
	1 491 618	Trellidor Ghana Limited	Interest free repayable by June 2016

#### Notes:

- The shareholding of Trellidor in each of its subsidiaries is indicated in **Annexure 10** above.

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**DETAILS REGARDING PRINCIPAL PROPERTIES OCCUPIED**

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<b>No</b>	<b>Location</b>	<b>Area (m<sup>2</sup>)</b>	<b>Tenure</b>	<b>Lease expiration</b>	<b>Monthly rental (R)</b>
1.	20 – 26 Aberdare Drive Phoenix Industrial Park Durban 4001	30 511	Freehold	N/A (internal lease)	N/A (internal lease)

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**DIRECTORS OF MAJOR SUBSIDIARIES**

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The table below contains particulars of the directors of the Company's Major Subsidiary, Trellicor Subco.

<b>Full Name</b>	<b>Age</b>	<b>Capacity</b>	<b>Business Address</b>
Terence Mark Dennison	47	Chief executive officer	20 Aberdare Drive Phoenix Industrial Park Durban, 4001
Peter Walter Edward Rawson	58	Executive director (Sales and Marketing)	20 Aberdare Drive Phoenix Industrial Park Durban, 4001
Christopher John Wright	55	Executive director (Production and Engineering)	20 Aberdare Drive Phoenix Industrial Park Durban, 4001

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## PRIVATE PLACEMENT DETAILS

In addition to the information contained on the front cover and in the body of the Pre-listing Statement, the following will apply in respect of the Private Placement.

**Please note:** Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

### 1. Conditions Precedent

The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE. In addition, should any of these Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.

### 2. Terms of the Private Placement

- 2.1. The Private Placement shall take the form of a bookbuild on the terms set out below.
- 2.2. The Private Placement does not constitute an invitation to the public to subscribe for shares in Trellidor and is only directed at Invited Investors.
- 2.3. The Private Placement Shares will only be issued in dematerialised form. No Certificated Private Placement Shares will be issued.
- 2.4. No fractions of Private Placement Shares will be offered in terms of the Private Placement.
- 2.5. The Private Placement will not be underwritten.
- 2.6. The Board reserves the right to accept or refuse any application for Private Placement Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. The Board may consider, *inter alia*, the spread requirements of the JSE, the liquidity of the Shares and the potential shareholder base that the Board wishes to achieve when making such decision.
- 2.7. The Board may accept or reject, in whole or in part, any application should the terms contained in the Pre-listing Statement, of which the Application Form forms part, and the instructions therein not be properly complied with.
- 2.8. The Board reserves the right to reduce or increase the amount sought to be placed and/or raised in terms of the Private Placement in their sole and absolute discretion, provided that the total number of Private Placement Shares to be placed under the Private Placement shall not exceed 62 500 000 Shares.
- 2.9. The bookbuild will be conducted on the following basis:
  - 2.9.1. the maximum bid price is R7 (seven Rand) per Private Placement Share ("**Maximum Price**");
  - 2.9.2. the minimum bid price is R6 (six Rand) per Private Placement Share ("**Minimum Price**");
  - 2.9.3. bids above the Maximum Price will not be accepted;
  - 2.9.4. bids below the Minimum Price will not be accepted;
  - 2.9.5. allocations will be determined on a top down basis;
  - 2.9.6. the highest bidders will be allocated their allocation first (preferred treatment) and the lowest bidders their allocation last; and
  - 2.9.7. the acquisition/subscription price will be the lowest price at which the book is filled or the lowest bid accepted if the book is not filled.
- 2.10. Neither Trellidor nor PSG Capital, nor any of their directors or employees accept any responsibility, nor will they be held liable, for any damages or loss suffered by any applicant as result of any inability by such parties to allocate Private Placement Shares, as a result of an illegible Application Form or as a result of rejecting any applications or reducing any allocations of Private Placement Shares applied for in the Application Form.

### 3. Procedures for acceptance

- 3.1. Invited Investors are to provide PSG Capital, the bookrunner, with their completed Application Form by 17:00 on 21 October 2015. Invited Investors will be informed of their allocated Private Placement Shares, if any, on 22 October 2015. Invited Investors must make the necessary arrangements to enable their CSDP or Broker, as the case may be, to make payment for the allocated Private Placement Shares on settlement date. The allocated Private Placement Shares will be transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be 28 October 2015.
- 3.2. Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the Companies Act), are entitled to participate in the Private Placement.

- 3.3. The following persons may not participate in the Private Placement:
  - 3.3.1. any person who does not fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who does not purchase or subscribe for Private Placement Shares, the acquisition cost of which is not less than R1 000 000 acting as principal (as contemplated in section 96(1)(b) of the Companies Act);
  - 3.3.2. any person who may not lawfully participate in the Private Placement; and/or
  - 3.3.3. any investor who has not been invited to participate.
- 3.4. No applications will be accepted after 17:00 on 21 October 2015.
- 3.5. Applications submitted by Invited Investors are irrevocable and may not be withdrawn once received by PSG Capital.
- 3.6. Application Forms must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form, a specimen of which is attached to this Pre-listing Statement (*grey*) and which will be made available to Invited Investors.
- 3.7. Copies or reproductions of the Application Form will be accepted at the discretion of the Directors.
- 3.8. Any alterations on the Application Form must be authenticated by full signature.
- 3.9. Receipts will not be issued for applications, application monies or supporting documents received.
- 3.10. Each application will be regarded as a single application.
- 3.11. Other than as detailed in the Application Form, no documentary evidence of capacity to apply need accompany the Application Form, but the Company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Company or the Transfer Secretaries or returned to the applicant at the applicant's risk.
- 3.12. The Directors reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

#### **4. Sale/Issue and allocation of the Private Placement Shares**

- 4.1. All Private Placement Shares sold/subscribed for in terms of the Placement of New Shares will be sold/issued at the expense of the Company.
- 4.2. It is intended that notice of the allocations will be given on 22 October 2015.
- 4.3. Successful applicants' accounts with their CSDP or Broker will be credited with the allocated Private Placement Shares on the settlement date, expected to be 28 October 2015, on a "delivery-versus-payment" basis.

#### **5. Payment and delivery of the Private Placement Shares**

- 5.1. No payment should be submitted with the Application Form delivered to the bookrunner, PSG Capital. Applicants must make the necessary arrangements to enable their CSDP or Broker to make payment for the allocated Private Placement Shares on the settlement date, which is expected to be 28 October 2015, in accordance with each applicant's Custody Agreement with their CSDP or Broker.
- 5.2. The allocated Private Placement Shares will be transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be 28 October 2015.
- 5.3. The applicant's CSDP or Broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on 28 October 2015.
- 5.4. On the settlement date, the applicant's allocation of Private Placement Shares will be credited to the applicant's CSDP or Broker against payment during the Strate settlement runs, prior to the opening of the market.
- 5.5. The CSDP or Broker concerned will receive and hold the dematerialised Private Placement Shares on the applicants' behalf.

#### **6. Representation and warranty**

- 6.1. Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have represented to the Company that such investor was in possession of a copy of this Pre-listing Statement at that time.
- 6.2. Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have warranted and undertaken to the Company that such investor is a person falling within the categories envisaged in section 96(1)(a) of the Companies Act or that such investor's placement consideration will be above the amount prescribed in terms of section 96(1)(b) of the Companies Act, and that such investor is therefore entitled to participate in the Private Placement.
- 6.3. Any party applying for or accepting Private Placement Shares on behalf of another investor shall be deemed to have represented to the Company that they are duly authorised to do so and warrant that they and the purchaser for whom they are acting as agent are duly authorised to do so in accordance with all relevant laws and such investor guarantees the payment of the Placement Price and that a copy of this Pre-listing Statement was in the possession of such investor for whom they are acting as agent.

**7. Applicable law**

The Private Placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Invited Investor will be deemed, by applying for Private Placement Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Private Placement.

**8. Strate**

- 8.1. Shares may be traded only on the JSE in electronic form (as Dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.
- 8.2. Strate is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, CSDP or other appropriate advisor and you are referred to the Strate website (<http://www.strate.co.za>) for more detailed information.
- 8.3. Some of the principal features of Strate are:
  - 8.3.1. electronic records of ownership replace certificates and physical delivery of certificates;
  - 8.3.2. trades executed on the JSE must be settled within five business days;
  - 8.3.3. all investors owning dematerialised shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
  - 8.3.4. unless investors owning dematerialised shares specifically request their CSDP to register them as an “own-name” holder (which entails a fee), their respective CSDP’s or Broker’s nominee company holding shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP’s or Broker’s nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP’s or Broker’s nominee company), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholder meetings.

**9. Overapplication**

- 9.1. In the event of an overapplication for Private Placement Shares, the Board shall, in its sole discretion, determine an appropriate allocation mechanism, however preferential treatment will be given to applicants that bid high in the Private Placement. In considering same, the Board will also take into account the spread requirements of the JSE, the liquidity of the Shares and consider the potential shareholder base that the Board wishes to achieve.
- 9.2. Depending upon the level of demand, Invited Investors may receive no Private Placement Shares or fewer than the number of Private Placement Shares applied for. Any dealing in Shares prior to delivery of the Private Placement Shares is entirely at the Invited Investor’s own risk.

**10. Simultaneous issues**

No Shares are to be issued simultaneously with the issue, under the Placement of New Shares, of the Private Placement Shares for which application is being made.





**TRELLIDOR HOLDINGS LIMITED**  
**(Previously Trellidor Holdings Proprietary Limited)**  
(Incorporated in the Republic of South Africa)  
(Registration number 1970/015401/06)  
(Share Code: TRL, ISIN ZAE000209342)  
("Trellidor" or "the Company")

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## **SPECIMEN PRIVATE PLACEMENT APPLICATION FORM**

***Not for completion or delivery. Application Forms will be provided to Invited Investors by the bookrunner, PSG Capital.***

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*The definitions and interpretations commencing on page 8 of the pre-listing statement to which this Application Form is attached ("Pre-listing Statement") apply mutatis mutandis to this Application Form.*

**This Application Form should be read in conjunction with the Pre-listing Statement.**

### **TO BE COMPLETED BY INVITED INVESTORS ONLY**

The Company is, in conjunction with the Listing, undertaking the Private Placement, involving an offer to Invited Investors to acquire and/or subscribe for Private Placement Shares in the Company at a Placement Price (which will be determined by demand), such placement to be implemented by:

- the Company placing up to approximately 45.2 million Shares held by existing Shareholders with Invited Investors; and
- the Company issuing up to approximately 8 000 000 new Shares to Invited Investors.

Successful applicants will be advised of their allocations of Private Placement Shares on Thursday, 22 October 2015, with the allocated Private Placement Shares thereafter being transferred, on a "delivery-versus-payment" basis, to successful applicants on the settlement date, which is expected to be 28 October 2015.

**Invited Investors are referred to the terms of the Private Placement, as detailed in the Pre-listing Statement and, in particular, in Annexure 14 thereto.**

In addition, please refer to the instructions overleaf before completing this Application Form.

### **Dematerialised Shares**

The allocated Private Placement Shares will be transferred to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a CSDP directly, or a Broker, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder wish to obtain a physical share certificate for its Shares, it may do so following the Listing and should contact its CSDP or Broker in this regard.

As allocated Private Placement Shares will be transferred to successful applicants on a delivery-versus-payment basis, payment will be made by your CSDP or Broker on your behalf.

Invited Investors should complete this Application Form in respect of the Private Placement and hand deliver or email it to:

#### ***If delivered by hand or by courier:***

Attention: Riaan van Heerden

**PSG Capital Proprietary Limited**

1st Floor, Ou Kollege

35 Kerk Street

Stellenbosch, 7600

#### ***If emailed:***

riaanvh@psgcapital.com

**This Application Form must be stamped and signed by an applicant's CSDP or Broker. Failure to do so will result in this Application Form being rejected.**

This Application Form must be received by no later than 17:00 on Wednesday, 21 October 2015.

Invited Investors must contact their CSDP or Broker and advise them that they have submitted the Application Form as instructed above. Pursuant to the application, Invited Investors must make arrangements with their CSDP or Broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or Broker, in respect of the Private Placement Shares allocated to them in terms of the Private Placement by the settlement date, expected to be Wednesday, 28 October 2015.

### **Conditions Precedent**

The Listing is conditional on (i) an amount of not less than R212.4 million being raised for existing Shareholders in terms of the Placement of Existing Shares at a price of not less than R6.00 per Share, (ii) an amount of not less than R50 million being raised for the Company in terms of the Placement of New Shares at a price of not less than R6.00 per Share and (iii) the Company meeting the spread requirements of the JSE. In addition, should any of these Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.

### **Reservation of rights**

The Board reserves the right to accept or refuse any application for Private Placement Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. The Board may consider, *inter alia*, the spread requirements of the JSE, the liquidity of the Shares and the potential shareholder base that the Board wishes to achieve when making such decision. Furthermore, the Board may accept or reject, in whole or in part, any application should the terms contained in the Pre-listing Statement, of which this Application Form forms part, and the instructions herein not be properly complied with.

**Applications per Invited Investor in terms of the Private Placement must be for an amount of not less than R1 000 000, unless such Invited Investor falls within any of the categories envisaged in section 96(1)(a) of the Companies Act.**

To the Directors:

**TRELLIDOR HOLDINGS LIMITED**

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Pre-listing Statement, hereby irrevocably apply for and request you to accept my/our application for the undermentioned value to acquire and/or subscribe for Private Placement Shares under the Private Placement set out in the Pre-listing Statement to which this Application Form is attached and in terms of the terms and conditions set out therein and that may, in your absolute discretion, be allocated to me/us.
2. I/We wish to receive my/our allocated Private Placement Shares in dematerialised form and will deliver this Application Form to PSG Capital, and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or Broker, as the case may be, on a delivery-versus-payment basis.
3. I/We understand that the Listing and Private Placement are subject to the Conditions Precedent detailed in the Pre-listing Statement and in this Application Form and that, should either of the Conditions Precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.

Date	2015
Signature	
Telephone number ( )	Cell phone number
Assisted by (where applicable)	

Surname of individual or name of corporate body	Mr Mrs Miss Other title
Full names (if individual)	
Postal address (preferably PO Box address)	Postal code
Telephone number ( )	
Cell phone number	
Email address	
Number of Private Placement Shares applied for	
Price per Private Placement Share applied for (Rand value) <b>(must be within the range of R6.00 (six Rand) and R7.00 (seven Rand) per Private Placement Share)</b>	<b>R</b>
Total value of Private Placement Shares applied for (calculated by multiplying the number of Private Placement Shares applied for with the price per share inserted above)	<b>R</b>

Required information must be completed by CSDP or Broker\* with their stamp and signature affixed hereto

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or Broker	

**Note:**

\* If an applicant has more than one account, please attach a separate schedule with all relevant details.

This application will lead to the conclusion of a legal contract between Trellidor and the applicant. Application Forms will not be accepted unless the above information has been furnished.

**Instructions**

1. **Applications are irrevocable and may not be withdrawn once submitted.**
2. CSDPs and Brokers will be required to retain a copy of this Application Form for presentation to the Directors, if required.
3. Applicants should consult their Broker or other professional advisor in case of doubt as to the correct completion of this Application Form.
4. Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Payment will be made on a delivery-versus-payment basis.
5. No payment should be submitted with this Application Form to Trellidor or PSG Capital.
6. If payment is dishonoured, or not made for any reason, Trellidor may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. No receipts will be issued for Application Forms, application monies or any supporting documentation.
8. All alterations on this Application Form must be authenticated by full signature of the applicant and his CSDP or Broker.
9. As allocated Private Placement Shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the Private Placement or the Listing is not successful.

**PLEASE REFER TO THE DETAILED TERMS AND CONDITIONS OF THE PRIVATE PLACEMENT, AS SET OUT IN PARAGRAPH 8 OF THE PRE-LISTING STATEMENT AND IN ANNEXURE 14 THERETO.**



