

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 apply throughout this Circular including this front cover.

If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

### Actions required

- 1 If you have disposed of all of your Seardel Shares, this Circular should be handed to the purchaser of such Seardel Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
- 2 Seardel Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.



# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

## CIRCULAR TO SEARDEL SHAREHOLDERS

regarding:

- the Sabido Acquisition, being the proposed acquisition of a 70% interest in SPV from HCI for the Purchase Consideration, being R560 000 000, which constitutes a category 1 transaction for Seardel and is classified as a related party transaction in terms of the Listings Requirements;
- the conversion of Ordinary Shares and N Shares having a par value into Ordinary Shares and N Shares having no par value;
- the increase in the authorised share capital of the Company by creating 350 000 000 new N Shares of no par value;
- the authority to issue N Shares in terms of section 41(1) and section 41(3) of the Companies Act;
- the General Meeting;
- the Ordinary Share Class Meeting; and
- the N Share Class Meeting;

and incorporating:

- Revised Listing Particulars;
- notices convening the General Meeting, the Ordinary Share Class Meeting and N Share Class Meeting; and
- forms of proxy to vote at the General Meeting, the Ordinary Share Class Meeting and N Share Class Meeting (for use only by Certificated Seardel Shareholders and Own Name Dematerialised Seardel Shareholders).

### Investment bank

*Out of the Ordinary*<sup>®</sup>



Specialist Bank

### Independent expert



### Joint legal adviser

T A B A C K S

### Sponsor

*Out of the Ordinary*<sup>®</sup>



Specialist Bank

### Reporting accountants



chartered accountants  
& business advisers

### Joint legal adviser



Date of issue: 10 July 2013

*This Circular is available in English only and copies hereof may be obtained from the registered offices of Seardel at the registered address set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days during the period from 10 July 2013 to 8 August 2013, both days inclusive.*

---

## CORPORATE INFORMATION AND ADVISERS

---

### Directors of Seardel

J A Copelyn\* (Non-executive Chairperson)  
S A Queen (Chief Executive Officer)  
G D T Wege (Financial Director)  
N N Lazarus\*\* (Lead Independent Director)  
A M Ntuli  
T G Govender\*  
M H Ahmed\*\*  
R D Watson\*\*  
Y Shaik\*\*  
D Duncan

\* Non-executive

\*\* Independent non-executive

### Registered office

1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460  
(PO Box 524, Eppindust, 7475)

### Date and place of incorporation

25 September 1968, South Africa

### Company secretary

HCI Managerial Services Proprietary Limited  
(Registration number 1996/017874/07)  
Block B  
Longkloof Studios  
Darters Road  
Gardens  
8001  
(PO Box 5251, Cape Town, 8000)

### Reporting accountant and auditors

PKF (Jhb) Inc.  
(Registration number 1994/001166/21)  
42 Wierda Road West  
Wierda Valley  
Johannesburg  
2196  
(Private Bag X10046, Sandton, 2146)

### Joint legal advisers

Taback and Associates Proprietary Limited  
(Registration number 2000/010434/07)  
13 Eton Road  
Parktown  
Johannesburg  
2193  
(PO Box 3334, Houghton, 2041)

Edward Nathan Sonnenbergs Inc.  
(Registration number 2006/018200/21)  
1 North Wharf Square  
Loop Street  
Foreshore  
Cape Town  
8001  
(PO Box 2293, Cape Town, 8000)

### Investment bank and sponsor

Investec Bank Limited  
(Registration number 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton  
2196  
(PO Box 785700, Sandton, 2146)

### Independent expert

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
22 Wellington Road  
Parktown  
2193  
(Private Bag X60500, Houghton, 2041)

### Transfer secretaries

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

---

## ACTIONS REQUIRED BY SEARDEL SHAREHOLDERS

---

### **This Circular is important and requires your immediate attention.**

Please take careful note of the following provisions regarding the action required by Seardel Shareholders. If you are in any doubt as to what actions to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Seardel Shares, this Circular should be handed to the purchaser of such shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 09:00 on Thursday, 8 August 2013 in the boardroom at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 for purposes of considering and, if deemed fit, passing the special and ordinary resolutions required to authorise the implementation of the Sabido Acquisition. The notice convening the General Meeting is attached to and forms part of this Circular.

The Ordinary Share Class Meeting will be held at 09:30 on Thursday, 8 August 2013 in the boardroom at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned) for purposes of considering and, if deemed fit, passing the special resolution required to approve the conversion of the Ordinary Shares into Ordinary Shares of no par value. The notice convening the Ordinary Share Class Meeting is attached to and forms part of this Circular.

The N Share Class Meeting will be held at 10:00 on Thursday, 8 August 2013 in the boardroom at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned) for purposes of considering and, if deemed fit, passing the special resolution required to approve the conversion of the N Shares having a par value into N Shares of no par value for the purposes of implementing the Sabido Acquisition. The notice convening the N Share Class Meeting is attached to and forms part of this Circular.

## **1 DEMATERIALISED SEARDEL SHAREHOLDERS WHO ARE NOT OWN NAME DEMATERIALISED SEARDEL SHAREHOLDERS**

### **1.1 Voting at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting**

- 1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.
- 1.1.4 You must **not** complete the attached forms of proxy.

### **1.2 Attendance and representation at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting**

In accordance with the mandate between you and your Broker or CSDP, you must advise your Broker or CSDP if you wish to attend the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting.

## **2 CERTIFICATED SEARDEL SHAREHOLDERS AND DEMATERIALISED SEARDEL SHAREHOLDERS WHO ARE OWN NAME DEMATERIALISED SEARDEL SHAREHOLDERS**

### **Voting and attendance at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting**

- 2.1 You may attend the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting in person and may vote at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting.
- 2.2 Alternatively, you may appoint a proxy to represent you at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting by completing the relevant form of proxy attached in accordance with the instructions contained therein and returning it to the Transfer Secretaries, to be received by them, for

administrative purposes, in the case of the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting, no later than 09:00 on Tuesday, 6 August 2013 (or to the Company by hand by no later than 09:00 on Thursday, 8 August 2013).

### **3 GENERAL**

#### **3.1 Approvals necessary for the implementation of the Sabido Acquisition at the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting**

The implementation of the Sabido Acquisition is subject, *inter alia*, to the approval of Seardel Shareholders by special resolutions at the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting in accordance with the Listings Requirements, the Companies Act and Seardel's MOI. In order to be approved, each special resolution must be adopted with the support of at least 75% of the voting rights exercised on such resolution at the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting.

#### **3.2 Electronic participation in the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting**

Seardel Shareholders wishing to participate electronically in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting are required to deliver, by no later than 09:00 on Tuesday, 6 August 2013, a written notice to Seardel at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of Seardel Investment Corporation Limited, Seardel Group company secretary) that they wish to participate via electronic communication at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting.

In order for the above-mentioned notice to be valid it must contain: (a) if the Seardel Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Seardel Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number; and (d) confirmation of whether the Seardel Shareholder wishes to vote via electronic communication. Seardel shall use its reasonable endeavours to notify Seardel Shareholders wishing to participate in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting by way of electronic communication of the relevant details through which the shareholder can participate via electronic communication by no later than 24 hours before the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting.

Should a Seardel Shareholder wishing to participate in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting by way of electronic communication as mentioned above, such shareholder or his proxy, will be required to dial in to the dial-in facility on the date of the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting. The dial-in facility will be linked to the venue at which the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting, respectively. The dial-in facility will enable all persons to participate electronically in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

#### **3.3 Dematerialisation**

If a Seardel Shareholder wishes to Dematerialise his Seardel Shares, he should contact his Broker or CSDP.

---

## TABLE OF CONTENTS

---

	<b>Page</b>
Corporate information and advisers	Inside front cover
Actions required by Seardel Shareholders	1
Important Dates and Times	4
Definitions	5
Circular to Seardel Shareholders	8
<b>A INFORMATION RELATING TO THE SABIDO ACQUISITION</b>	
1 Introduction	8
2 Sabido Acquisition	8
3 Background information on SPV	9
4 Background information on Sabido	10
5 Rationale for the Sabido Acquisition	10
6 Conditions Precedent to the Sabido Acquisition	10
7 Financial effects	11
8 Irrevocable undertakings	12
9 Opinions and recommendations	12
<b>B INFORMATION RELATING TO SEARDEL</b>	
10 Background information on Seardel	13
11 Financial information	13
12 Directors' information	14
13 Information on the share capital of Seardel	17
14 Major beneficial Seardel Shareholders	20
15 Material changes	20
16 Additional information	20
17 Litigation statement	22
18 Corporate governance	23
19 Third-party management under contract or arrangement	23
20 Costs	23
21 Consents	23
22 Directors' responsibility statement	23
23 Documents available for inspection	23
Annexure I: Unaudited <i>pro forma</i> financial effects of the Sabido Acquisition	
Annexure II: Independent Reporting accountants' limited assurance report on the unaudited <i>pro forma</i> financial information of Seardel	
Annexure III: Trading history of the Seardel Shares on the JSE	
Annexure IV: Extracts from the historical financial information of Seardel	
Annexure V: Historical financial information of SPV	
Annexure VI: Independent Reporting Accountants' limited assurance report on the report of historical financial information of SPV	
Annexure VII: Historical financial information of Sabido	
Annexure VIII: Independent Reporting Accountants' limited assurance report on the report of historical financial information of Sabido	
Annexure IX: Material liabilities and commitments	
Annexure X: Information on the Directors and senior management of Seardel and its major subsidiaries	
Annexure XI: Extracts from the MOI	
Annexure XII: Investments in subsidiaries	
Annexure XIII: Principal immovable properties owned and leased	
Annexure XIV: Directors' current and previous directorships	
Annexure XV: Corporate governance	
Annexure XVI: Fairness Opinion required in terms of the Listings Requirements	
Annexure XVII: Report on the conversion of shares from par value to no par value in terms of Regulation 31(7) of the Companies Regulations 2011	
Notice of General Meeting	
Form of Proxy – General Meeting ( <b>blue</b> )	
Notice of Ordinary Share Class Meeting	
Form of Proxy – Ordinary Share Class Meeting ( <b>green</b> )	
Notice of N Share Class Meeting	
Form of Proxy – N Share Class Meeting ( <b>yellow</b> )	

---

## IMPORTANT DATES AND TIMES

---

2013

Notice record date, being the date on which a Seardel Shareholder must be registered in the Register in order to be eligible to receive the notice convening the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting, on	Friday, 5 July
Circular posted to Seardel Shareholders and notices convening the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting released on SENS on	Wednesday, 10 July
Notices convening the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting published in the South African press on	Thursday, 11 July
Last day to trade Seardel Shares in order to be recorded in the Register to vote at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting (see note 2 below) on	Friday, 26 July
Record date for the General Meeting, the Ordinary Share Class Meeting and the N Share Class Meeting, being the date on which Seardel Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting and to vote thereat, by close of trade on	Friday, 2 August
Forms of proxy ( <b>blue</b> ) in respect of the General Meeting to be lodged with the Transfer Secretaries, for administrative purposes, by 09:00, on (or may thereafter be lodged by hand with the Company prior to 09:00 on Thursday, 8 August 2013)	Tuesday, 6 August
Forms of proxy ( <b>green</b> ) in respect of the Ordinary Share Class Meeting to be lodged for administrative purposes, by 09:30, on (or may thereafter be lodged by hand with the Company prior to 09:00 on Thursday, 8 August 2013)	Tuesday, 6 August
Forms of proxy ( <b>yellow</b> ) in respect of the N Share Class Meeting to be lodged for administrative purposes, by 10:00, on (or may thereafter be lodged by hand with the Company prior to 09:00 on Thursday, 8 August 2013)	Tuesday, 6 August
General Meeting to be held at 09:00 on	Thursday, 8 August
Ordinary Share Class Meeting to be held at 09:30 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned)	Thursday, 8 August
N Share Class Meeting to be held at 10:00 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned)	Thursday, 8 August
Results of the General Meeting, Ordinary Share Class Meeting and N Share Class Meeting released on SENS on	Thursday, 8 August

### Notes:

- 1 The above dates and times are subject to amendment at the discretion of Seardel. Any such amendment will be released on SENS and published in the South African press.*
- 2 Seardel Shareholders should note that as transactions in Seardel Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore, Seardel Shareholders who acquire Seardel Shares after close of trade on Friday, 26 July 2013 will not be eligible to attend, participate in and to vote at the General Meeting, the Ordinary Share Class Meeting and/or the N Share Class Meeting.*
- 3 All dates and times indicated above are South African Standard Times.*

---

## DEFINITIONS

---

In this Circular and the annexures attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

“A Searl Descendants Trust”	a trust with Master’s reference T8/71 which was one of the entities involved in the litigation between Seardel and former directors and officers of Seardel and entities controlled by those persons;
“Board”	the board of directors of Seardel whose names appear in the “Corporate information and advisers” section of this Circular;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Securities Services Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Seardel Shares”	Seardel Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	this Circular to Seardel Shareholders, dated Wednesday, 10 July 2013, including the annexures hereto, the notices of General Meeting, Ordinary Share Class Meeting and N Share Class Meeting and the forms of proxy;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“CSDP”	a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in terms of section 34 of the Securities Services Act;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Seardel Shareholders”	those Seardel Shareholders who hold Dematerialised Seardel Shares;
“Dematerialised Seardel Shares”	Seardel Shares which have been Dematerialised;
“Directors”	directors for the time being of Seardel;
“Documents of Title”	in respect of Certificated Seardel Shares, share certificates, certified transfer deeds, balance receipts and/or any other form of documents of title acceptable to Seardel in respect of Seardel Shares;
“eSat.tv”	the business, wholly owned by Sabido, which was one of five successful bidders that was awarded a satellite pay television licence and which has entered into an agreement with Multichoice Africa Proprietary Limited to provide 5 television channels, including the eNews Channel, on their DStv satellite pay television platform;
“e.tv”	South Africa’s first and only private commercial free-to-air television channel which is wholly owned by Sabido;
“General Meeting”	the general meeting of Seardel Shareholders to be held in the boardroom at Seardel’s offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 on Thursday, 8 August 2013 at 09:00 for the purpose of considering and if thought fit, passing the special and ordinary resolutions set out in the notice of General Meeting forming part of this Circular;
“Grawood Investments”	Grawood Investments Proprietary Limited (registration number 1971/003412/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, which was one of the entities involved in the litigation between Seardel and former directors and officers of Seardel and entities controlled by those persons;
“HCI”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;

“HCI Restructuring”	the internal HCI restructuring to be undertaken by HCI on the basis set out in the Restructuring Agreement involving the sale of its 63,9% interest in Sabido to SPV as detailed in the circular to HCI shareholders dated 21 June 2013;
“HCI shares”	ordinary shares having a par value of 25 cents each in the issued share capital of HCI, all of which shares are listed on the JSE, being 127 056 310 shares at the Last Practicable Date;
“Income Tax Act”	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
“Independent Expert”	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and licensed to operate an exchange under the Securities Services Act;
King III	the King Report on Governance for South Africa, 2009;
“Last Practicable Date”	the Last Practicable Date prior to the finalisation of the Circular, being Tuesday, 2 July 2013;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MOI”	the memorandum of incorporation of Seardel, extracts of which are set out in Annexure XI to this Circular;
“N Share Class Meeting”	the separate class meeting of N Shareholders to be held in the boardroom at Seardel’s offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 on Thursday, 8 August 2013 at 10:00 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned) for the purpose of considering and if thought fit, passing the special resolution set out in the notice of N Share Class Meeting forming part of this Circular;
“N Shareholders”	registered holders of N Shares as appearing on the main and sub-registers of Seardel;
“N Shares”	N ordinary shares having a par value of 0,25 cents each in the issued share capital of Seardel (to be converted into no par value shares), all of which shares are listed on the JSE, being 61 233 077 shares, of which 6 123 306 are held as treasury shares, at the Last Practicable Date. When voting on a poll, each N ordinary share has the right to one vote at Seardel general meetings;
“Ordinary Share Class Meeting”	the separate class meeting of Ordinary Shareholders to be held in the boardroom at Seardel’s offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 on Thursday, 8 August 2013 at 09:30 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned) for the purpose of considering and if thought fit, passing the special resolution set out in the notice of Ordinary Share Class Meeting forming part of this Circular;
“Ordinary Shareholders”	registered holders of Ordinary Shares as appearing on the main and sub-registers of Seardel;
“Ordinary Shares”	ordinary shares having a par value of 25 cents each in the issued share capital of Seardel (to be converted into no par value shares), all of which shares are listed on the JSE, being 642 486 801, of which 14 704 938 are held as treasury shares, at the Last Practicable Date. When voting on a poll, each ordinary share has the right to 100 votes at Seardel general meetings;
“Own Name Dematerialised Seardel Shareholders”	those Seardel Shareholders that hold Dematerialised Seardel Shares in their own name, forming part of the Register;
“Purchase Consideration”	the purchase consideration stipulated in the Transaction Agreement of R560 000 000 payable by Seardel to HCI in respect of the Sabido Acquisition;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the securities register of Seardel Shareholders maintained by Seardel in terms of the Companies Act including the register of Certificated Seardel Shareholders and the sub-registers of Dematerialised Seardel Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
“Restructuring Agreement”	the agreement entered into between HCI and SPV on 17 May 2013 setting out the details of the HCI Restructuring;



“Revised Listing Particulars”	the revised listing particulars of Seardel contained in this Circular;
“Sabido”	Sabido Investments Proprietary Limited (registration number 1999/011709/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a subsidiary of HCI;
“Sabido Acquisition”	the acquisition by Seardel from HCI of a 70% interest in SPV, which, following the HCI Restructuring, will hold a 63,9% interest in Sabido on the terms and conditions set out in the Transaction Agreement and as detailed in paragraph 2;
“Sactwu”	the Southern African Clothing and Textile Workers Union;
“Sactwu Option Agreement”	the option agreement entered into between HCI, SPV, Squirewood and Sactwu in terms of which Squirewood (or its nominee) is granted an option by Sactwu for a period of 90 days following the fulfilment of the conditions precedent set out in the Sactwu Option Agreement, to repurchase from Sactwu up to 14 024 300 HCI shares at a price of R112,00 per HCI share (for a maximum total consideration of R1 570 721 600);
“Sactwu Option Repurchase”	the right and option held by Squirewood (or its nominee, which may be HCI) in terms of the Sactwu Option Agreement, to acquire up to 14 024 300 HCI shares from Sactwu;
“Sasani Studios”	a broadcast television and film studio and post production facility which is wholly owned by Sabido;
“Seardel” or “the Company”	Seardel Investment Corporation Limited (registration number 1968/011249/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
“Seardel Group”	Seardel and its subsidiaries (as defined in the Listings Requirements);
“Seardel Shares”	together the Ordinary Shares and the N Shares;
“Seardel Shareholders”	the registered holders of Seardel Shares as appearing on the main and sub-registers of Seardel;
“Securities Services Act”	the Securities Services Act, 2004 (Act No. 36 of 2004), as amended;
“SENS”	the Stock Exchange News Service of the JSE;
“SGT”	Seardel Group Trading Proprietary Limited (registration number 1968/009480/07), a private company duly registered and incorporated in accordance with the company laws of South Africa and a wholly-owned subsidiary of Seardel;
“South Africa”	the Republic of South Africa;
“SPV”	HCI Invest 3 Holdco Proprietary Limited (registration number 2012/125138/07), a private company duly registered and incorporated in accordance with the company laws of South Africa;
“Squirewood”	Squirewood Investments 64 Proprietary Limited (registration number 2006/027305/07), a private company duly registered and incorporated in accordance with the company laws of South Africa, and a wholly-owned subsidiary of HCI;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Transaction Agreement”	the agreement entered into between Seardel and HCI setting out the terms and conditions of the Sabido Acquisition;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa; and
“Yfm”	the commercial radio broadcasting station known as Yfm, which is owned and operated by Yired Proprietary Limited, a wholly-owned subsidiary of Sabido.



# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

---

## Directors

J A Copelyn\* (Non-executive Chairperson)

S A Queen (Chief Executive Officer)

G D T Wege (Financial Director)

N N Lazarus\*\* (Lead Independent Director)

A M Ntuli

T G Govender\*

M H Ahmed\*\*

R D Watson\*\*

Y Shaik\*\*

D Duncan

\* Non-executive

\*\* Independent non-executive

---

## CIRCULAR TO SEARDEL SHAREHOLDERS

---

### A. INFORMATION RELATING TO THE SABIDO ACQUISITION

---

#### 1 INTRODUCTION

As set out in the joint announcement released on SENS by HCI and SearDel on Friday, 17 May 2013 and published in the press on Monday, 20 May 2013, SearDel has entered into an agreement with HCI whereby SearDel will acquire from HCI a 70% interest in SPV, which, following the HCI Restructuring, will hold a 63,9% interest in Sabido. Sabido is the investment vehicle that houses HCI's investments in e.tv, eSat tv, Yfm and Sasani Studios.

The purpose of this Circular is to provide SearDel Shareholders with the relevant information relating to the Sabido Acquisition, and to give notice convening the General Meeting in order to consider and, if deemed fit, pass the special and ordinary resolutions necessary to approve and implement the Sabido Acquisition.

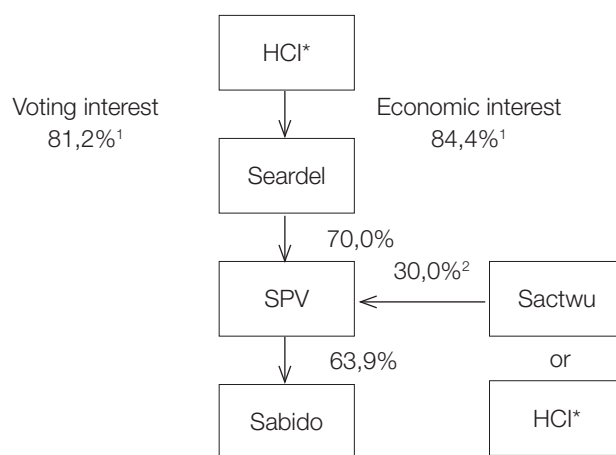
#### 2 SABIDO ACQUISITION

##### 2.1 The Sabido Acquisition

2.1.1 In terms of the Transaction Agreement, SearDel will acquire a 70% equity stake in SPV from HCI for a purchase price of R560 million. The purchase price will be settled by SearDel by the allotment and issue to HCI of 350 million new N Shares at a value of R1,60 per N Share.

2.1.2 The ordinary shares in SPV will be sold to SearDel ex the right to receive any dividends which will be declared by SPV, based on the dividend which SPV will receive from Sabido in May 2013 and November 2013. Both such dividends will accrue to HCI or its nominee.

2.1.3 The Sabido Acquisition will result in the following structure:



**Notes:**

1 As a result of the Sabido Acquisition, HCI will hold a total of 361 580 352 N Shares in Seardel and will continue to hold 509 734 821 Ordinary Shares in Seardel, which equates to an effective economic interest and voting interest of 84,4% and 81,2%, respectively.

2 Subject to the fulfilment of the conditions precedent to the Sactwu Option Agreement and exercise of the Sactwu Option Repurchase by Squirewood in full, HCI's remaining 30% stake in SPV will be acquired by Sactwu.

\* Including wholly-owned subsidiaries.

**3 BACKGROUND INFORMATION ON SPV**

**3.1 Incorporation**

SPV was incorporated in South Africa on 16 July 2012 as a limited liability private company.

**3.2 History and nature of the business**

Following the implementation of the HCI Restructuring:

- 3.2.1 SPV will be a geared investment holding company holding a 63,9% equity interest in Sabido with a net asset value of approximately R800 million; and
- 3.2.2 SPV will have assets of approximately R5,2 billion and debt of approximately R4,4 billion which will be replaced with preference shares on the terms described in paragraph 3.3.

**3.3 Preference shares**

SPV will issue and allot preference shares to HCI and Sactwu (provided the Sactwu Option Repurchase is exercised in full) to the value of the outstanding loan balances referred to in paragraph 3.2.2 owing by SPV to HCI (of approximately R3,1 billion) and Sactwu (of approximately R1,3 billion). The preference shares will:

- 3.3.1 entitle HCI and Sactwu to receive a dividend of 72% of the prime rate calculated on the issue price of the preference shares, to be paid from time to time out of the free cash of SPV, as and when determined by SPV's directors;
- 3.3.2 in the case of HCI's preference shares, be redeemed by not later than three years and one day after their issue and will be converted into ordinary shares in SPV should they not have been redeemed in full by then, for any reason;
- 3.3.3 in the case of Sactwu's preference shares, will be redeemed if SPV's entire shareholding in Sabido is disposed of for cash, or will be converted into ordinary shares in SPV if HCI's preference shares are redeemed in full by SPV from a fresh issue of shares to Seardel or its nominee, or converted into ordinary shares in SPV, on the basis that Sactwu will retain an equity interest in SPV of not less than 30%.

**3.4 Financial information**

The audited historical financial information of SPV since incorporation is set out in Annexure V to this Circular. The information set out in Annexure V to this Circular has not been previously published.

### 3.5 SPV's base cost of Sabido shares for tax purposes

The acquisition by SPV of HCI's 63,9% equity interest in Sabido will be effected in terms of the group restructuring provisions of section 45 of the Income Tax Act. The effect of this is that, in respect of the base cost of the Sabido shares, SPV will be deemed to be one and the same person as HCI with respect to the date of acquisition of the shares, the amount and date of expenditure incurred and the valuation of the asset at 1 October 2001. Accordingly, SPV's base cost of the Sabido shares for tax purposes will be R23,5 million.

## 4 BACKGROUND INFORMATION ON SABIDO

### 4.1 Incorporation

Sabido was incorporated in South Africa on 4 June 1999 as a limited liability private company.

### 4.2 History and nature of the business

4.2.1 Sabido is a media group that is jointly owned by HCI, Remgro Limited and staff. The media group grew out of the success of e.tv, South Africa's first and only private commercial free-to-air television channel, which launched in 1998 and which is wholly owned by Sabido. Sabido has holdings in a variety of broadcasting, content and production businesses.

4.2.2 e.tv has become the most-watched English-language channel in South Africa and is popular for its South African dramas, movies and local celebrity reality shows. e.tv's new website went live in January 2013 and provides the latest entertainment news as well as an On-Demand streaming service.

4.2.3 In 2008, following the success of the eNews bulletins on e.tv, Sabido launched e.Sat TV headed by its flagship channel eNews Channel Africa, South Africa's first and only 24-hour news channel available on DStv, and the SKY Digital Satellite Platform in the UK and Ireland. eNews is also streamed globally via Livestation.com. e.Sat TV also provides an Afrikaans language news service to kykNET.

4.2.4 In 2009 e.tv launched a syndicated pan-African entertainment channel, e.tv Africa, which broadcasts in 49 countries across the continent and has direct investments in broadcasting businesses in Botswana and Ghana.

4.2.5 Sabido also owns several other media-related businesses including Yfm, Cape Town Film Studios, The Refinery, Sasani Television Studios, Sabido Productions, and the Natural History Unit South Africa, which is a wildlife film-making business.

### 4.3 Prospects

Sabido will continue to expand its media business with investments in content production and distribution as well as the launch of services across multiple platforms and territories.

### 4.4 Financial information

The audited historical financial information of Sabido for the three financial periods ended 31 March 2011, 31 March 2012 and 31 March 2013 are set out in Annexure VII to this Circular. There have been no adjustments made to the previously audited historical information, set out in Annexure VII to this Circular.

## 5 RATIONALE FOR THE SABIDO ACQUISITION

The Sabido Acquisition will provide Seardel with the following benefits:

- 5.1 Seardel Shareholders will obtain exposure to an investment in a cash-generative media asset;
- 5.2 greater scale and appeal amongst institutional investors looking for more direct exposure to Sabido; and
- 5.3 an opportunity to acquire a quality asset in an attractive industry which is consistent with Seardel's stated strategic objective of diversification.

## 6 CONDITIONS PRECEDENT TO THE SABIDO ACQUISITION

6.1 At the Last Practicable Date, the Transaction Agreement remains subject to the fulfilment or waiver, *inter alia*, of the following conditions precedent:

- 6.1.1 the Restructuring Agreement becoming unconditional. The Restructuring Agreement sets out the terms of the HCI Restructuring which is an internal HCI group restructuring resulting in SPV acquiring HCI's 63,9% interest in Sabido;
- 6.1.2 the passing by the shareholders of Seardel, HCI and SPV of the shareholders' resolutions required to authorise, approve and implement the Sabido Acquisition in terms of the Companies Act, the Listings Requirements and their respective Memoranda of Incorporation;

- 6.1.3 the obtaining of the consents of the bankers of HCI and Seardel for the Sabido Acquisition; and
- 6.1.4 the obtaining of such regulatory approvals as may be necessary, including, but not limited to, the approval of the JSE and the Competition Authorities in terms of the Competition Act.
- 6.2 As the Sabido Acquisition is an acquisition from a related party, in relation to the condition precedent set out in paragraph 6.1.2, HCI and its associates as defined in the Listings Requirements will be precluded from voting on the resolutions that specifically relate to the Sabido Acquisition. The votes of HCI will, however, be taken into account in determining whether a quorum of shareholders is present at the General Meeting.

## 7 FINANCIAL EFFECTS

The table below sets out the unaudited *pro forma* financial effects of the Sabido Acquisition on the earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share for the year ended 31 March 2013 and the net asset value and tangible net asset value per Seardel Share at that date.

The unaudited *pro forma* financial effects have been prepared in accordance with the Listings Requirements, the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants (“SAICA”) and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”). The accounting policies used to prepare the unaudited *pro forma* financial effects are consistent with those applied in the preparation of the financial statements for the year ended 31 March 2013.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the Sabido Acquisition may have affected the financial results and position of a Seardel Shareholder and, because of their nature, may not give a true reflection of the actual financial effects of the Sabido Acquisition. The unaudited *pro forma* financial effects are the responsibility of the Directors.

Per Seardel Share	Before the Sabido Acquisition (cents) <sup>1</sup>	After the Sabido Acquisition (cents) <sup>2, 3, 4, 5</sup>	% Change	Notes
Earnings	6,0	9,4	57,9	3
Diluted earnings	5,8	9,2	59,7	3
Headline earnings	2,9	5,3	82,8	3
Diluted headline earnings	2,8	5,1	82,1	3
Net asset value	213,9	267,5	25,1	4
Tangible net asset value	212,0	(195,9)	(192,4)	4
Weighted average number of Seardel Shares in issue ('000)	685 310	1 035 310	51,1	
Diluted weighted average number of Seardel Shares in issue ('000)	710 913	1 060 913	49,2	
Number of Seardel Shares in issue ('000)	682 892	1 032 892	51,3	

### Notes to the unaudited *pro forma* financial effects

- The *Before the Sabido Acquisition* column reflects the earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share based on the consolidated reviewed results for the year ended 31 March 2013 and the net asset value and the tangible net asset value per Seardel Share based on the consolidated reviewed results as at 31 March 2013.
- The *After the Sabido Acquisition* column is based on information extracted from the audited financial statements of SPV and the consolidated audited financial statements of Sabido for the year ended 31 March 2013.
- The effects on earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share are based on the following assumptions and information:
  - the Sabido Acquisition was effective 1 April 2012 and the 350 million new N Shares were issued at R1,60 per Seardel Share on this date in settlement of the purchase price;
  - SPV was consolidated with effect from 1 April 2012;
  - SPV issued and allotted the preference shares to the full value of its outstanding loans on 1 April 2012 of R4,4 billion and the preference share dividend of 72% of Prime was calculated from issue date resulting in an interest expense of R271,5 million which will have a continuing effect; and
  - the administrative expenses relating to the Sabido Acquisition as set out in paragraph 20 of this Circular, which are once-off in nature, have not been included in the calculation as they are not considered to have a significant impact.

- 4 The effects on net asset value and tangible net asset value per Sear del Share are based on the following assumptions:
- the Sabido Acquisition was effective 31 March 2013 and the 350 million new N Shares were issued at R1,60 per Sear del Share on this date in settlement of the purchase price;
  - SPV was consolidated with effect from 31 March 2013;
  - SPV issued and allotted the preference shares to the full value of its outstanding loans on 31 March 2013 of R4,4 billion;
  - the acquisition by SPV of HCI's 63,9% equity interest in Sabido will be effected in terms of the group restructure provisions of section 45 of the Income Tax Act. As a result a temporary difference will arise to the extent the purchase price differs from the tax base of the Sabido shares of approximately R23,5 million. IFRS dictates that if the parent is able to control the timing reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, the tax effects on the taxable temporary difference should not be recognised. Consequently, no deferred tax liability has been provided for in the unaudited *pro forma* financial effects of Sear del; and
  - the administrative expenses relating to the Sabido Acquisition as set out in paragraph 20 of this Circular, which are once-off in nature, have not been included in the calculation as they are not considered to have a significant impact.
- 5 Sear del's accounting policy in respect of goodwill is to account for all business combinations by applying the acquisition method in accordance with IFRS 3. The excess of the purchase price over the identifiable net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions are subject to change within the purchase price allocation period (one year from the acquisition date). These changes will affect the goodwill recorded. It is estimated that no amount will be allocated to intangible assets as part of the purchase price allocation exercise.
- 6 The Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* financial information is included in Annexure II to this Circular.

## 8 IRREVOCABLE UNDERTAKINGS

The following Sear del Shareholders, holding a total of 68 991 790 Ordinary Shares and 16 222 829 N Shares, which represent a voting interest of 58,3% of the Sear del Shares excluding those shares owned by HCI, have provided irrevocable undertakings to vote in favour of the Sabido Acquisition:

Sear del Shareholder	Number of Ordinary Shares	Number of N Shares	% voting rights excluding HCI
36One	32 042 000	10 070 000	27,1
Ceejay Trust	32 778 542	5 536 334	27,7
Errol Shear	2 381 540	279 000	2,0
Transvaal Clothing Industries Proprietary Limited	1 789 708	337 495	1,5
<b>Total</b>	<b>68 991 790</b>	<b>16 222 829</b>	<b>58,3</b>

## 9 OPINIONS AND RECOMMENDATIONS

- 9.1 In terms of section 10 of the Listings Requirements, the Sabido Acquisition is a related party transaction as HCI is a material shareholder of Sear del. Accordingly, Sear del Shareholders are required to approve the Sabido Acquisition by means of an ordinary resolution to be passed by Sear del Shareholders excluding HCI. In addition, a fairness opinion relating to the fairness of the terms and conditions of the Sabido Acquisition is required in terms of the Listings Requirements.
- 9.2 The Directors have appointed the Independent Expert to provide the fairness opinion on the Sabido Acquisition, which is contained in Annexure XVI to this Circular.
- 9.3 The Independent Expert has advised that it has considered the terms and conditions of the Sabido Acquisition, and at the Last Practicable Date its opinion and advice to the Board is that the terms and conditions of the Sabido Acquisition are fair to Sear del Shareholders.
- 9.4 The Board, taking into account the fairness opinion by the Independent Expert, has considered the terms and conditions of the Sabido Acquisition and is of the opinion that the terms and conditions thereof are fair and reasonable to Sear del Shareholders. Accordingly, the Board recommends to Sear del Shareholders to vote in favour of the Sabido Acquisition. The Directors who hold Sear del Shares intend to vote in favour of the resolutions in respect of the Sear del Shares held by them.

---

## B. INFORMATION RELATING TO SEARDEL

---

### 10 BACKGROUND INFORMATION ON SEARDEL

#### 10.1 Incorporation and history

Seardel was incorporated in 1968 and listed on the JSE as an investment holding company and subsequently acquired various businesses, mainly in the clothing and textile industries. In 2008 HCI acquired a majority stake in Seardel at a time of financial difficulty. Under the influence and guidance of HCI, the Seardel Group has successfully implemented its turnaround strategies to create a sustainable and economically viable investment holding company.

#### 10.2 Nature of business

The Seardel Group's various investments are clustered into the following segments:

- Properties – managing the Seardel Group's industrial property portfolio.
- Branded Product Distribution – sourcing and distribution of branded products. The businesses operating in this segment include Prima Toys, Prima Interactive, The Empire Group, Seartec and Brand ID.
- Textiles – manufacturers of quality fabric and household textiles. The Seardel Group's textile investments include Romatex, Frame Knitting Manufacturers, Berg River Textiles and Hextex.
- Industrials – manufacturers of specialised industrial products for the building, automotive, paint and bedding industries. The businesses operating in this segment are Gold Reef Speciality Chemicals, Brits Automotive Systems, Brits Non-Woven and Frame Polypropylene.
- Clothing – manufacturers of apparel products for the local and export markets.

#### 10.3 Prospects for the Company

As an investment holding company, Seardel's underlying investments operate in diverse areas of the South African economy, including property letting, branded product distribution and manufacturing of chemical, textile, automotive, polypropylene and clothing products. In response to the tough economic climate, the Seardel Group has repositioned itself to operate profitably in these challenging conditions. A number of its businesses can be regarded as mature, particularly those operating in the clothing and textile segments. As a result it has embarked on a diversification strategy enabling it to deliver growth to the Seardel Shareholders.

### 11 FINANCIAL INFORMATION

#### 11.1 Historical financial information

The audited financial information of Seardel for the two financial periods ended 31 March 2011 and 31 March 2012 and the reviewed financial information for the year ended 31 March 2013 are set out in Annexure IV to this Circular. There have been no adjustments made to the previously reported historical information set out in Annexure IV to those previously published.

#### 11.2 Goodwill

The Sabido Acquisition is anticipated to give rise to goodwill in Seardel's financial statements. Seardel's accounting policy in respect of goodwill is to account for all business combinations by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and equity-accounted joint ventures, and is the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less any accumulated impairment losses and is allocated to cash-generating units and tested annually for impairment.

#### 11.3 Material liabilities and commitments

Details of all material liabilities and commitments of the Seardel Group as at 31 March 2013 are set out in Annexure IX to this Circular.

#### 11.4 Dividends and dividend policy

11.4.1 There are no fixed dates on which entitlement to dividends arise.

11.4.2 There are no arrangements in terms of which future dividends are waived or have agreed to be waived.

11.4.3 The Company may make distributions from time to time, provided that any such distribution:

- 11.4.3.1 is payable to Seardel Shareholders registered as such at a date subsequent to the date of declaration or date of confirmation of the distribution, whichever is the later; and
- 11.4.3.2 is pursuant to an existing legal obligation of the Company, or a court order; or
- 11.4.3.3 has been authorised by the Board, by resolution, provided that where the Listings Requirements require the approval of Seardel Shareholders in addition to such authorisation by the Board, the distribution shall only be made if such approval is obtained at a meeting of Seardel Shareholders;
- 11.4.3.4 to the extent required, has been approved by the bankers of Seardel.

## **11.5 Material changes**

Other than the Sabido Acquisition, which is the subject of this Circular, there are no material changes to the financial or trading position of the Seardel Group since the publication of Seardel's reviewed results for the year ended 31 March 2013.

## **12 DIRECTORS' INFORMATION**

### **12.1 Directors' confirmations and experience**

- 12.1.1 The Directors have:
  - 12.1.1.1 been appointed in accordance with the MOI;
  - 12.1.1.2 confirmed that they do not have any conflict of interest between their duties as Directors and their private interests; and
  - 12.1.1.3 confirmed that they collectively have the appropriate expertise and experience for the management of Seardel's investments.
- 12.1.2 The details relating to the experience of Directors and senior management is set out in Annexure X to this Circular.

### **12.2 Directors' and senior managements' declarations**

- 12.2.1 None of the Directors and senior managers of Seardel have:
  - 12.2.1.1 ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
  - 12.2.1.2 ever been declared bankrupt, insolvent or sequestrated in any jurisdiction;
  - 12.2.1.3 at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors;
  - 12.2.1.4 ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
  - 12.2.1.5 ever been involved in any receiverships, compulsory liquidations or creditors' voluntary liquidations;
  - 12.2.1.6 ever received public criticisms from statutory or regulatory authorities, including professional bodies, and have ever 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;
  - 12.2.1.7 ever been barred from entry into a profession or occupation;
  - 12.2.1.8 ever been convicted in any jurisdiction of any criminal offence;
  - 12.2.1.9 ever been removed from an office of trust, on the grounds of misconduct and involving honesty;
  - 12.2.1.10 ever been involved in compulsory liquidations, administrations or partnership voluntary agreements of any partnerships where they were partners at the time of, or within the 12 months preceding, any such event;
  - 12.2.1.11 ever received a court order declaring the Director a delinquent or placing the Director under probation in terms of section 162 of the Companies Act or prohibiting him to act as a Director; or
  - 12.2.1.12 ever been involved, as a Director or in an executive function in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company within the last 12 months.



12.2.2 All of the Directors have completed directors' declarations in terms of Schedule 21 of the Listings Requirements upon their appointment and nothing, in relation to the above, has changed since their appointment.

### 12.3 Qualification, remuneration, borrowing powers and appointment of Directors

#### 12.3.1 Extracts from the MOI relating to the Directors

The relevant provisions of the MOI concerning the qualification, remuneration, borrowing powers and appointment of the Directors are set out in Annexure XI to this Circular.

#### 12.3.2 Borrowing powers

12.3.2.1 The MOI does not impose any limitation on the borrowing powers of Directors.

12.3.2.2 No subsidiary of Seardel has exceeded its borrowing powers during the preceding three years.

12.3.2.3 The MOI does not impose any limitations on the Directors in relation to exchange control.

#### 12.3.3 Directors' emoluments

The total remuneration, benefits and fees received by Directors for the year ended 31 March 2013 were as follows:

Director	Basic salaries R000's	Bonuses R000's	Retirement and medical contri- butions R000's	Share options delivered R000's	Directors' fees R000's	Total R000's
<b>Executive directors</b>						
S A Queen (CEO)	3 149	1 186	–	2 252	–	6 587
G D T Wege	1 446	603	217	547	–	2 813
A M Ntuli	795	65	146	–	–	1 006
<b>Total</b>	<b>5 390</b>	<b>1 854</b>	<b>363</b>	<b>2 799</b>	<b>–</b>	<b>10 406</b>
<b>Non-executive directors</b>						
J A Copelyn (Chairman)*	–	–	–	–	126	126
N N Lazarus (Deputy Chairman)	–	–	–	–	163	163
M H Ahmed	–	–	–	–	126	126
T G Govender*	–	–	–	–	90	90
R D Watson	–	–	–	–	90	90
Y Shaik	–	–	–	–	109	109
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>704</b>	<b>704</b>

\* Ceded to HCI.

There have been no fees paid or accrued as payable to a third party in lieu of Directors' fees. Other than as disclosed, no additional material benefits or sums paid by way of expense allowance have been received by Directors during the years ended 31 March 2013 and 31 March 2012. No commissions or gains were received by Directors and no profit-sharing arrangements were in place relating to Directors for the periods ended 31 March 2013 and 31 March 2012.

The remuneration receivable by any of the Directors will not be varied as a consequence of the Sabido Acquisition or any related transaction.

#### 12.3.4 Terms of office and appointment of Directors

Terms of office and rights of Seardel Shareholders to appoint Directors are contained in clause 21 of the MOI, an extract of which has been included in Annexure XI to this Circular.

#### 12.3.5 Service contracts of Executive Directors

Executive Directors have no fixed term service contracts and conditions of employment are governed by service agreements with the Company which are no more onerous than the minimum requirements as stipulated in the Labour Relations Act.

12.3.6 Chief Financial Officer:

The Audit Committee of the Company is satisfied with the expertise and experience of the Chief Financial Officer.

12.3.7 Secretarial and technical fees:

There are no contractual secretarial or technical fees payable.

**12.4 Directors' interests**

12.4.1 The Directors' interests in Seardel Shares, as at 31 March 2013, were as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Indirect N Shares	Total Seardel Shares	Per cent of Seardel Shares (%)	Per cent of voting rights (%)
<b>Executive directors</b>						
S A Queen	–	2 389 582	6 486	2 396 068	0,35	0,38
G D T Wege	873 750	–	–	873 750	0,13	0,14
A M Ntuli	–	1 220	28	1 248	0,00	0,00
D Duncan	611 625	–	–	611 625	0,09	0,10
<b>Total</b>	<b>1 485 375</b>	<b>2 390 802</b>	<b>6 514</b>	<b>3 882 691</b>	<b>0,57</b>	<b>0,62</b>
<b>Non-executive directors</b>						
Y Shaik	–	72 391	1 645	74 036	0,01	0,01
T G Govender	–	730 443	16 594	747 037	0,11	0,12
J A Copelyn	–	22 490 075	510 938	23 001 013	3,37	3,58
<b>Total</b>	<b>–</b>	<b>23 292 909</b>	<b>529 177</b>	<b>23 822 086</b>	<b>3,49</b>	<b>3,71</b>

There have been no changes in the Directors' interests in Seardel Shares since 31 March 2013 until the Last Practicable Date.

No Directors of Seardel have resigned in the past 12 months prior to the date of this Circular.

12.4.2 The Directors' interests in Seardel Shares after the Sabido Acquisition will be as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Direct N Shares	Indirect N Shares	Total Seardel Shares	Per cent of Seardel Shares (%)	Per cent of voting rights (%)
<b>Executive directors</b>							
S A Queen	–	2 389 582	–	6 486	2 396 068	0,23	0,37
G D T Wege	873 750	–	–	–	873 750	0,08	0,14
A M Ntuli	–	1 220	–	28	1 248	0,00	0,00
D Duncan	611 625	–	–	–	611 625	0,07	0,10
<b>Total</b>	<b>1 485 375</b>	<b>2 390 802</b>	<b>–</b>	<b>6 514</b>	<b>3 882 691</b>	<b>0,38</b>	<b>0,61</b>
<b>Non-executive directors</b>							
Y Shaik	–	72 391	–	1 645	74 036	0,01	0,01
T G Govender	–	730 443	–	16 594	747 037	0,07	0,12
J A Copelyn	–	22 490 075	–	510 938	23 001 013	2,23	3,56
<b>Total</b>	<b>–</b>	<b>23 292 909</b>	<b>–</b>	<b>529 177</b>	<b>23 822 086</b>	<b>2,31</b>	<b>3,69</b>

**12.5 Directors' interests in transactions**

None of the Directors had any interest, direct or indirect, in any transaction effected by the Company during the current or immediately preceding financial year or in an earlier year and which remains in any respect outstanding or unperformed.

**12.6 Directors' interests in promotion and property of Seardel**

12.6.1 None of the Directors had any interest, direct or indirect, in the promotion of Seardel or in any property acquired or proposed to be acquired in terms of the Sabido Acquisition or during the preceding three years of this Circular and none of the Directors have any such interest currently.

12.6.2 No payments were made to, or have been agreed to be paid to, any Director or any company in which he is beneficially interested, directly or indirectly, or of which he is a Director or to any partnership, syndicate or other association (the “associate company”) of which he is a member either to induce him to become, or to qualify him as, a Director or otherwise for the services rendered by him or by the associate company in the connection or formation of Seardel within the preceding three years.

## 12.7 Directors’ current and previous directorships

Directors’ current and previous directorships are set out in Annexure XIV to this Circular.

## 13 INFORMATION ON THE SHARE CAPITAL OF SEARDEL

### 13.1 Authorised and issued shares

13.1.1 None of the issued Seardel Shares have preferential conversion and/or exchange rights, rights to dividends, profits or capital. No issued Seardel Shares have preferential rights on liquidation or distribution of capital assets. The issued Seardel Shares rank as follows with respect to voting rights:

- Each Ordinary Share entitles the holder thereof to 100 votes when voting on a poll; and
- Each N Share entitles the holder thereof to one vote when voting on a poll.

13.1.2 No other securities are issued by Seardel which have voting rights.

13.1.3 Upon liquidation the issued Seardel Shares rank *pari passu* with respect to any liquidation dividends.

13.1.4 No arrangement is in place under which future dividends are waived or agreed to be waived.

13.1.5 In order to vary the rights attaching to a class of Seardel Shares, the MOI requires a special resolution to be passed by Seardel Shareholders at a general meeting of all Seardel Shareholders, as well as a special resolution of the Seardel Shareholders that hold shares of the particular class of shares that are being varied, at a separate class meeting.

13.1.6 The number of authorised and issued Seardel Shares, as at the Last Practicable Date and the indicative effect of the Sabido Acquisition, are set out below:

	R000’s
<b>Share capital as at 31 March 2013</b>	
<b><i>Authorised share capital</i></b>	
700 000 000 Ordinary Shares of 25 cents each	175 000
200 000 000 N Shares of 0,25 cents each	500
<b><i>Issued share capital</i></b>	
642 486 801 Ordinary Shares of 25 cents each	160 622
61 233 077 N Shares of 0,25 cents each	153
<b><i>Share premium</i></b>	151 381
<b><i>Treasury shares</i></b>	
14 704 938 Ordinary Shares of 25 cents each	3 676
6 123 306 N Shares of 0,25 cents each	15
<b>Share capital as at 31 March 2013 – After the Sabido Acquisition</b>	
<b><i>Authorised share capital</i></b>	
700 000 000 Ordinary Shares of no par value	175 000
550 000 000 N Shares of no par value	1 375
<b><i>Issued share capital</i></b>	
642 486 801 Ordinary Shares of no par value	160 622
411 233 077 N Shares of no par value	1 028
<b><i>Share premium</i></b>	710 506
<b><i>Treasury shares</i></b>	
14 704 938 Ordinary Shares of no par value	3 676
6 123 306 N Shares of no par value	15

### 13.2 Alterations to the number of issued Seardel Shares

13.2.1 The changes to Seardel's issued shares net of treasury shares during the three financial periods ended 31 March 2013, 31 March 2012 and 31 March 2011 are summarised below:

<b>Changes to issued shares</b>	Ordinary Shares ( <sup>'000</sup> )	N Shares ( <sup>'000</sup> )
<b>2013</b>		
Issued shares at the beginning of the year	636 716	66 995
Shares issued in terms of share incentive scheme	5 580	
Shares acquired as part of the settlement	(14 514 )	(11 886)
Issued shares at the end of the year	627 782	55 109
<b>2012</b>		
Issued shares at the beginning of the year	635 951	66 995
Shares issued in terms of share incentive scheme	765	–
Issued shares at the end of the year	636 716	66 995
<b>2011</b>		
Issued shares at the beginning of the year	635 951	66 995
Shares issued in terms of share incentive scheme	–	–
Issued shares at the end of the year	635 951	66 995

13.2.2 6 344 925 Seardel Shares were issued in terms of Seardel's share incentive scheme in the preceding three years.

13.2.3 As at the Last Practicable Date no Seardel Shares have been issued by Seardel since 15 February 2013.

13.2.4 No Seardel Shares have been issued by Seardel subsidiaries to third parties in the preceding three years. The only Seardel Shares issued by Seardel during the preceding three years were as a result of the exercise of options by Seardel Group employees.

13.2.5 No commissions, discounts or brokerages were incurred in connection with the issue of the Seardel Shares as a result of the exercise of options.

13.2.6 There have been no other offers or issues of any securities by the Seardel Group or any of its subsidiaries during the preceding three years.

13.2.7 There have been no share repurchases, consolidations or subdivisions by the Seardel Group during the preceding three years, other than as disclosed in paragraph 16.5, 14 513 649 Ordinary Shares and 11 885 606 N Shares were transferred by the trustees for the time being of The A Seardel Descendants Trust and Grawood Investments to Seardel as part of the settlement of litigation against former directors and officers of Seardel and entities controlled by those persons agreed to in March 2012.

### 13.3 Share options and share appreciation rights

13.3.1 The Company has established the Seardel Long-Term Incentive Trust on 17 February 2010 for the purpose of, *inter alia*, administering various incentive schemes of the Seardel Group from time to time.

13.3.2 The trustees for the time being of the Seardel Long-Term Incentive Trust, the Company and certain of its subsidiaries established the Seardel Long-Term Incentive Plan on 18 March 2010 to provide selected employees of the Seardel Group with the opportunity to acquire Ordinary Shares, thereby ensuring that such employees are encouraged and motivated to pursue continued growth and profitability of the Seardel Group. The Seardel Long-Term Incentive Plan will not be affected by the Sabido Acquisition.

13.3.3 During the financial year ended 31 March 2013, 10 159 672 Ordinary Shares (2012: 8 893 266) were allotted in terms of the Seardel Long-Term Incentive Plan to 22 employees.

13.3.4 The exercise of the options by the Seardel Group employees who are participants of the Seardel Long-Term Incentive Plan is subject to certain performance targets determined by the Board at the time of grant of the options relating to the profitability of the relevant business unit or division and/or the profitability of the Seardel Group, as well as the continued employment of the relevant employee as at the date on which the option is exercised. If such conditions are met the participating employee may exercise:

- up to 10% of the option shares from the first anniversary of the option date;
- up to a further 20% of the option shares from the second anniversary of the option date;
- up to a further 30% of the option shares from the third anniversary of the option date; and
- the balance, being 40% of the option shares, from the fourth anniversary of the option date.

13.3.5 Options granted under the Seardel Long-Term Incentive Plan, but not yet exercised are as follows:

Option holder	Grant date	Options issued (cents)	Strike price	Vesting conditions	Life of option
S A Queen	31 March 2010	4 200 000	0	2 years' profitability and continued employment	8 years
	16 July 2010	693 000	42	2 years' profitability and continued employment	8 years
	4 July 2011	1 753 350	76	2 years' profitability and continued employment	8 years
	12 June 2012	2 173 335	110	2 years' profitability and continued employment	8 years
<b>Total for S A Queen</b>		<b>8 819 685</b>			
G D T Wege	31 March 2010	1 750 000	0	2 years' profitability and continued employment	8 years
	16 July 2010	288 750	42	2 years' profitability and continued employment	8 years
	4 July 2011	730 563	76	2 years' profitability and continued employment	8 years
	12 June 2012	753 655	110	2 years' profitability and continued employment	8 years
<b>Total for G D T Wege</b>		<b>3 522 968</b>			
D Duncan	31 March 2010	1 225 000	0	2 years' profitability and continued employment	8 years
	16 July 2010	202 125	42	2 years' profitability and continued employment	8 years
	4 July 2011	511 394	76	2 years' profitability and continued employment	8 years
	12 June 2012	633 889	110	2 years' profitability and continued employment	8 years
<b>Total for D Duncan</b>		<b>2 572 408</b>			
Other, not being directors	31 March 2010	13 480 000	0	2 years' profitability and continued employment	8 years
	16 July 2010	3 325 950	42	2 years' profitability and continued employment	8 years
	4 July 2011	5 500 178	76	2 years' profitability and continued employment	8 years
	12 June 2012	6 598 793	110	2 years' profitability and continued employment	8 years
<b>Total other</b>		<b>28 904 921</b>			
<b>Total options in issue</b>		<b>43 819 982</b>			

#### 13.4 Commissions

13.4.1 No commissions were paid to any persons within the preceding three years in relation to the Sabido Acquisition or in relation to the issue of any Seardel securities.

13.4.2 There have been no other commissions paid, or accrued as payable, within the preceding three years.

### 13.5 Rights attaching to and power to issue Seardel Shares

- 13.5.1 All the authorised and issued Seardel Shares rank *pari passu* in every respect, except in respect of voting rights as detailed in paragraph 13.5.2. Any variation of the rights attaching to a class of Seardel Shares requires a special resolution to be passed by Seardel Shareholders at a general meeting of all Seardel Shareholders, as well as a special resolution of the Seardel Shareholders that hold shares of the particular class of shares that are being varied, at a separate class meeting, in accordance with the MOI.
- 13.5.2 In accordance with the MOI, at any general meeting, every Seardel Shareholder present in person or by proxy (or if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands and on a poll shall be entitled to exercise one vote for every N Share held and 100 votes for every Ordinary Share held.
- 13.5.3 All the authorised but unissued Seardel Shares are under the control of the Directors, subject to the provisions of the Companies Act and the Listings Requirements.

## 14 MAJOR BENEFICIAL SEARDEL SHAREHOLDERS

- 14.1 In so far as it is known to the Directors the Seardel Shareholders (other than Directors) that, directly or indirectly, are beneficially interested in 5% or more of the issued Seardel Shares, together with the amount of each such Seardel Shareholder's interest as at the Last Practicable Date are as follows:

### *Before the Sabido Acquisition*

Shareholder	Number of Ordinary Shares	Number of N Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
HCI	509 734 821	11 580 352	76,34	81,14
36One	32 042 000	10 070 030	6,17	5,12
Ceejay Trust	32 778 542	5 536 334	5,61	5,23

### *After the Sabido Acquisition*

The major beneficial shareholdings post the Sabido Acquisition will be as follows:

Shareholder	Number of Ordinary Shares	Number of N Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
HCI	509 734 821	361 580 352	84,36	81,25
36One	32 042 000	10 070 030	4,08	5,09
Ceejay Trust	32 778 542	5 536 334	3,71	5,20

- 14.2 As at the Last Practicable Date, HCI is the controlling shareholder of Seardel. There will be no change in the controlling shareholder as a result of the Sabido Acquisition. Seardel is a subsidiary of HCI. HCI became the controlling shareholder of Seardel following the rights offer undertaken by Seardel which was announced on 25 June 2008.

## 15 MATERIAL CHANGES

There have been no known material changes in the financial or trading position of Seardel since the end of the last financial period being 31 March 2013 up to and including the Last Practicable Date.

## 16 ADDITIONAL INFORMATION

### 16.1 Subsidiary companies

Details of Seardel's principal subsidiaries are set out in Annexure XII to this Circular.

### 16.2 Principal immovable property

Details of the principal immovable properties owned or leased by the Seardel Group are set out in Annexure XIII to this Circular.

### 16.3 Material acquisitions and disposals

- 16.3.1 In March 2012 Seardel Group settled various litigation proceedings and claims against former directors and officers of Seardel and entities controlled by those persons.

16.3.2 In terms of the settlement, Seardel acquired immovable property with a market value of R118 million. The market value at the time of settlement was based on the directors' valuation although the valuation performed by independent external property valuers, subsequent to the implementation of the settlement, was not materially different to the directors' valuation. Refer to paragraph 17 for full details of the litigation which resulted in Seardel acquiring the immovable property.

16.3.3 There were no other material acquisitions or disposals during the past three years.

#### **16.4 Promoters**

16.4.1 No amounts, consideration or any other benefits were paid, or accrued as payable, within the preceding three years, or were proposed to be paid to any promoter, or to any partnership, syndicate or other association of which he/she/it is or was a member.

16.4.2 No promoter had any material beneficial interest, direct or indirect, in the promotion of Seardel and in any property acquired by Seardel pursuant to the Sabido Acquisition or during the three years preceding the date of this Circular.

#### **16.5 Material contracts**

16.5.1 In March 2012 the Seardel Group settled various litigation proceedings and claims against former directors and officers of Seardel and entities controlled by those persons.

16.5.2 In terms of the settlement the Seardel Group was to obtain the following assets:

16.5.2.1 Loan claims totalling R98,6 million being ceded to SGT.

16.5.2.2 The following properties being transferred to SGT:

- Erf 32504, Cape Town, 36 Gunner's Circle, Epping Industria I;
- Erven 62852, 63187, 62835 and 62836, Cape Town, situate at 20, 22/24, 26 and 29 Induland Crescent, Lansdowne; and
- Remaining extent of Erf 27412 Observatory situate at corner Main Road and Browning Road, Observatory, Cape Town.

16.5.2.3 The trustees for the time being of The A Seardel Descendants Trust and Grawood Investments transferring to SGT the following Ordinary Shares and N Shares held in Seardel at their closing value on 9 February 2012 being 81 cents per Ordinary Share and 76 cents per N Share:

- 14 513 649 Ordinary Shares in the issued share capital of Seardel;
- 11 885 606 N Shares in the issued share capital of Seardel;
- The total income derived from the transfer of the Ordinary Shares and the N Shares amounts to R20,8 million.

16.5.2.4 A cash payment of R10 million to SGT.

16.5.3 The aggregate consideration attributable to the settlement was approximately R247,0 million.

#### **16.6 Government protection and investment encouragement laws affecting the business**

Seardel's clothing and textile manufacturing entities participate in the Department of Trade and Industry's Customised Sector Programme for the Clothing and Textile Industries. During 2013 Seardel qualified for R67 million (2012: R66 million) of incentives relating to this programme.

#### **16.7 Loans receivable**

There are no material loans receivable within the Seardel Group other than as disclosed in Annexure IX.

#### **16.8 Options or preferential rights of Seardel Shares**

Other than the share incentive scheme detailed in paragraph 13.3 there are no options or preferential rights.

#### **16.9 Other listings**

No other securities issued by Seardel are listed on any exchange other than the Ordinary Shares and N Shares which are listed on the JSE.

#### **16.10 Royalties**

There are no royalties payable or items of a similar nature in respect of Seardel or any of its subsidiaries other than in the ordinary course of business.

## 16.11 Dividends and dividend policy

Seardel has not declared a dividend for the year ended March 2013 (2012: Nil) and does not have an agreed dividend policy.

## 16.12 Working capital statement

The Board has considered the effects of the Sabido Acquisition and is of the opinion that subsequent to the implementation of the Sabido Acquisition:

- 16.12.1 Seardel and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of twelve months after the date of issue of this Circular;
- 16.12.2 the assets of Seardel and its subsidiaries will be in excess of their liabilities for a period of twelve months after the date of issue of this Circular. For this purpose the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the audited results of the Company;
- 16.12.3 the capital and reserves of Seardel and its subsidiaries will be adequate for their requirements for a period of at least twelve months after the date of issue of this Circular; and
- 16.12.4 the working capital available to Seardel and its subsidiaries will be sufficient for their requirements for a period of at least twelve months after the date of issue of this Circular.

## 17 LITIGATION STATEMENT

There are no legal or arbitration proceedings which may have, or have had in the past 12 months, a material effect on the financial position of Seardel or its subsidiaries, SPV or Sabido, other than as set out below. Seardel and its subsidiaries, SPV and Sabido are not aware of any other such proceedings that are pending or threatened.

### 17.1 Litigation against former directors and officers of Seardel and entities controlled by those persons

- 17.1.1 In March 2012 the Seardel Group settled various litigation proceedings and claims against former directors and officers of Seardel and entities controlled by those persons.
- 17.1.2 In terms of the settlement the Seardel Group was to obtain the following assets:
  - 17.1.2.1 Loan claims totalling R98,6 million being ceded to SGT.
  - 17.1.2.2 The following properties being transferred to SGT:
    - Erf 32504, Cape Town, 36 Gunner's Circle, Epping Industria I;
    - Erven 62852, 63187, 62835 and 62836, Cape Town, situate at 20, 22/24, 26 and 29 Induland Crescent, Lansdowne; and
    - Remaining extent of Erf 27412, Observatory, situate at corner Main Road and Browning Road, Observatory, Cape Town.
  - 17.1.2.3 The trustees for the time being of The A Searl Descendants Trust and Grawood Investments transferring to SGT the following Ordinary Shares and N Shares held in Seardel at their closing value on 9 February 2012 being 81 cents per Ordinary Share and 76 cents per N Share:
    - 14 513 649 Ordinary Shares in the issued share capital of Seardel;
    - 11 885 606 N Shares in the issued share capital of Seardel;
    - The total income derived from the transfer of the Ordinary Shares and the N Shares amounts to R20,8 million.
  - 17.1.2.4 A cash payment of R10 million to SGT.
- 17.1.3 The aggregate consideration attributable to the settlement was approximately R247,0 million.

### 17.2 Litigation regarding Erf 27412, Observatory, situate at corner Main Road and Browning Road, Observatory, Cape Town

- 17.2.1 The settlement referred to in paragraph 17.1 involved the transfer to SGT of Erf 27412, Observatory, situate at the corner Main Road and Browning Road, Observatory, Cape Town.
- 17.2.2 The transfer of the property was the subject of separate litigation by and against unrelated third parties (Metamin Property Group Limited, La Lucia Property Investments Limited and Hendrik Petrus Hough). Judgement was delivered in the Company's favour in relation to the separate litigation and the subsequent application of the third parties for leave to appeal was ultimately dismissed by the Supreme Court of Appeal.
- 17.2.3 As a result the Company has taken the necessary steps to effect transfer of the property. The estimated market value of the property is R38,7 million with a total lettable area of approximately 15 252 m<sup>2</sup>.



## 18 CORPORATE GOVERNANCE

The Board accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, responsibility, equity, social responsibility, accountability, co-operation and transparency. The Board believes that the Seardel Group has complied in all material respects with the principles of the King III and has complied with the Listings Requirements.

Annexure XV to this Circular contains further information on the Seardel Group's Corporate Governance and disclosure of areas of non-compliance.

## 19 THIRD-PARTY MANAGEMENT UNDER CONTRACT OR ARRANGEMENT

Following the implementation of the Sabido Acquisition, the business of the Seardel Group will not be managed by a third party under a contract or arrangement.

## 20 COSTS

The expenses (exclusive of value added tax) that are estimated to be incurred by Seardel pursuant to the Sabido Acquisition are set out in the table below:

Description	Estimated amount (Rand)
Investment bank and sponsor – Investec Bank	2 500 000
Legal and other advisory fees – Taback and Associates Proprietary Limited	250 000
Legal and other advisory fees – Edward Nathan Sonnenbergs Inc	115 000
Printing and related costs – GroundPepper	52 649
Independent report – BDO	100 000
Independent reporting accountants' fees – the Independent Expert	80 000
JSE documentation fees	17 470
JSE listing fees	183 659
<b>Total</b>	<b>3 298 778</b>

## 21 CONSENTS

The legal advisers, Independent Expert, investment bank, reporting accountants, sponsor and Transfer Secretaries have consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular, and have not withdrawn their consent prior to the publication of this document.

## 22 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Seardel and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

## 23 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered offices of Seardel, Investec Bank Limited and the Transfer Secretaries from Wednesday, 10 July 2013 to Thursday, 8 August 2013:

- the consolidated audited financial statements of Seardel for the three financial years ended 31 March 2012, 31 March 2011 and 31 March 2010;
- the reviewed financial information of Seardel for the year ended 31 March 2013;
- the consolidated audited financial statements of Sabido for the three financial years ended 31 March 2013, 31 March 2012 and 31 March 2011;
- the audited financial statements of SPV for the period from incorporation to 31 March 2013;
- the signed independent reporting accountants' limited assurance report on the unaudited *pro forma* financial information of Seardel;
- the signed independent reporting accountants' report on the report of historical financial information of Sabido;

- the signed independent reporting accountants' limited assurance report on the financial statements of SPV;
- a signed copy of the fairness opinion of the independent expert in compliance with the Listings Requirements;
- the MOI and the Memoranda of Incorporation of Seardel's subsidiaries;
- the consent letters referred to in paragraph 21;
- the irrevocable undertakings referred to in paragraph 8;
- signed copies of the Transaction Agreement;
- signed copies of the Restructuring Agreement; and
- a signed copy of this Circular.

By order of the Board

**S A Queen**

Chief Executive Officer

**G D T Wege**

Financial Director

**Registered office**

1 Moorsom Avenue  
Epping Industria II  
Cape Town  
7460

## UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE SABIDO ACQUISITION

The unaudited *pro forma* financial effects of the Sabido Acquisition are the responsibility of the Directors of Seardel. The unaudited *pro forma* financial effects are presented in accordance with the Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA, ISAE 3420 and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). The accounting policies used to prepare the unaudited *pro forma* financial effects are consistent with those applied in the preparation of the financial statements for the year ended 31 March 2013.

The unaudited *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of Seardel's financial position post the implementation of the Sabido Acquisition. The *pro forma* adjustments to the statement of financial position have been calculated on the assumption that the Sabido Acquisition was implemented on 31 March 2013, being the last day of the financial year ending 31 March 2013. The *pro forma* adjustments to the statement of comprehensive income have been calculated on the assumption that the Sabido Acquisition was implemented on 1 April 2012, being the first day of the financial year ending 31 March 2013.

The Reporting Accountants' reports on the *pro forma* financial information appear in Annexure II to this Circular.

The tables below set out the unaudited *pro forma* financial effects of the Sabido Acquisition based on the reviewed annual financial results for the financial year ended 31 March 2013:

### Unaudited *pro forma* financial effects of the Sabido Acquisition:

#### Statements of Comprehensive Income

	Before the Sabido Acquisition (R000's) <sup>1</sup>	Sabido audited results to 31 March 2013 (R000's)	<i>Pro forma</i> adjustments (R000's) <sup>3</sup>	After the Sabido Acquisition (R000's) <sup>2</sup>
<b>Revenue</b>	2 513 486	2 117 812	-	4 631 298
<b>Gross profit</b>	546 411	1 377 555	-	1 923 966
<b>Operating profit before impairments and restructuring and retrenchment costs</b>	60 218	734 139	-	794 357
Net impairment reversal/(impairment) of assets	21 885	(3 033)	-	18 852
Restructuring and retrenchment costs	(2 245)	-	-	(2 245)
<b>Operating profit before finance costs</b>	79 858	731 106	-	810 964
Finance income	2 971	-	-	2 971
Preference share costs	-	-	(271 513)	(271 513)
Finance expenses	(43 095)	(17 953)	-	(61 048)
<b>Profit before taxation</b>	39 734	713 153	(271 513)	481 374
Income tax income	1 117	(213 660)	-	(212 543)
<b>Profit for the year from continuing operations</b>	40 851	499 493	(271 513)	268 831
Profit for the year from discontinued operations	-	49 588	-	49 588
<b>Income for the year</b>	40 851	549 081	(271 513)	318 419
<b>Other comprehensive income/(loss):</b>		-	-	
Revaluation of land and buildings	23 489	-	-	23 489
Exchange difference in translating foreign operations		865	-	865
Reclassification of exchange differences on disposal of foreign operations		6 904	-	6 904
Post-employment medical benefit – actuarial loss	(5 733)	-	-	(5 733)
<b>Other comprehensive income for the year</b>	17 756	7 769	-	25 525
<b>Total comprehensive income for the year</b>	58 607	556 850	(271 513)	343 944

	Before the Sabido Acquisition (R000's) <sup>1</sup>	Sabido audited results to 31 March 2013 (R000's)	Pro forma adjustments (R000's) <sup>3</sup>	After the Sabido Acquisition (R000's) <sup>2</sup>
<b>Income attributable to:</b>				
Equity holders of the parent	40 851	551 739	(495 159)	97 431
Non-controlling interests	–	(2 658)	223 646	220 988
<b>Income for the year</b>	<b>40 851</b>	<b>549 081</b>	<b>(271 513)</b>	<b>318 419</b>
<b>Income attributable to equity holders of the parent</b>	<b>40 851</b>	<b>551 739</b>	<b>(495 159)</b>	<b>97 431</b>
Net impairment of assets	(21 885)	2 730	(1 510)	(20 665)
Remeasurements of investment property	2 161	–	–	2 161
Surplus on disposal of property, plant and equipment	(2 099)	–	–	(2 099)
Loss on disposal of property, plant and equipment	1 012	392	(217)	1 187
Foreign currency translation reserve recycled	–	6 904	(3 818)	3 086
Capital gains taxation from disposal/part of subsidiary	–	614	(340)	274
Profit from disposal/part of subsidiary	–	(60 066)	33 215	(26 851)
<b>Headline earnings</b>	<b>20 040</b>	<b>502 313</b>	<b>(467 829)</b>	<b>54 524</b>
Weighted average number of shares – basic (000's)	685 310		350 000	1 035 310
Weighted average number of shares – diluted (000's)	710 913		350 000	1 060 913
Earnings per share (cents)	6,0			9,4
Diluted earnings per share (cents)	5,8			9,2
Headline earnings per share (cents)	2,9			5,3
Diluted headline earnings per share (cents)	2,8			5,1

#### Notes to the unaudited *pro forma* financial effects – statements of comprehensive income

- 1 The *Before the Sabido Acquisition* column reflects the earnings, diluted earnings, headline earnings and diluted headline earnings per Sear del Share based on the consolidated reviewed results for the year ended 31 March 2013.
- 2 The *After the Sabido Acquisition* column is based on information extracted from the audited financial statements of SPV and the consolidated audited financial statements of Sabido for the year ended 31 March 2013.
- 3 The effects on earnings, diluted earnings, headline earnings and diluted headline earnings per Sear del Share are based on the following assumptions and information:
  - 3.1 the Sabido Acquisition was effective 1 April 2012 and the 350 million new N Shares were issued at R1,60 per Sear del Share on this date in settlement of the purchase price;
  - 3.2 SPV was consolidated with effect from 1 April 2012;
  - 3.3 SPV issued and allotted the preference shares to the full value of its outstanding loans on 1 April 2012 of R4,4 billion and the preference share dividend of 72% of Prime was calculated from issue date resulting in an interest expense of R271,5 million which will have a continuing effect; and
  - 3.4 the administrative expenses relating to the Sabido Acquisition as set out in paragraph 20 of this Circular, which are once-off in nature, have not been included in the calculation as they are not considered to have a significant impact.
- 4 The Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* financial information is included in Annexure II to this Circular.

Unaudited *pro forma* financial effects of the Sabido Acquisition:

Statements of financial position

	Before the Sabido Acquisition (R000's) <sup>1</sup>	Sabido audited results to 31 March 2013 (R000's)	<i>Pro forma</i> adjustments (R000's) <sup>2, 3</sup>	After the Sabido Acquisition (R000's)
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>1 385 957</b>	<b>1 052 528</b>	<b>4 428 996</b>	<b>6 867 481</b>
Plant and equipment	335 876	184 685	–	520 561
Goodwill	–	152 151	4 349 325	4 501 476
Owner-occupied properties	418 605	304 845	79 671	803 121
Investment properties	525 229	–	–	525 229
Intangible assets	13 030	271 896	–	284 926
Investment in Group Companies	–	–	–	–
Other investments	3 580	73 046	–	76 626
Long-term receivables	47 544	–	–	47 544
Financial assets	–	52 768	–	52 768
Deferred tax asset	42 093	13 137	–	55 230
<b>Current assets</b>	<b>1 138 682</b>	<b>779 447</b>	<b>–</b>	<b>1 918 129</b>
Non-current assets held for sale	2 295	–	–	2 295
Programming rights	–	246 029	–	246 029
Inventories	627 768	21 768	–	649 536
Trade and other receivables	504 788	385 402	–	890 190
Financial assets	–	26 480	–	26 480
Current tax asset	1 594	6 081	–	7 675
Deferred lease asset	–	424	–	424
Cash and cash equivalents	2 237	93 263	–	95 500
<b>Total assets</b>	<b>2 524 639</b>	<b>1 831 975</b>	<b>4 428 996</b>	<b>8 785 610</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity attributable to equity holders</b>	<b>1 460 586</b>	<b>1 324 431</b>	<b>(22 213)</b>	<b>2 762 804</b>
Share capital and share premium	312 156	809 514	(249 514)	872 156
Treasury shares	(17 794)	(10 236)	10 236	(17 794)
Reserves	1 166 224	525 002	(525 002)	1 166 224
	1 460 586	1 324 280	(764 280)	2 020 586
Non-controlling interest: NCI	–	151	742 067	742 218
<b>Non-current liabilities</b>	<b>93 662</b>	<b>159 496</b>	<b>4 451 209</b>	<b>4 704 367</b>
Deferred tax liability	8 400	2 325	14 723	25 448
Preference share liability	–	–	4 436 486	4 436 486
Post-employment medical aid benefits	84 388	–	–	84 388
Interest-bearing liabilities	756	157 171	–	157 927
Operating lease accruals	118	–	–	118
<b>Current liabilities</b>	<b>970 391</b>	<b>348 048</b>	<b>–</b>	<b>1 318 439</b>
Post-employment medical aid benefits	5 045	–	–	5 045
Interest-bearing liabilities	298	33 068	–	33 366
Trade and other payables	460 008	286 470	–	746 478
Provisions	355	25 914	–	26 269
Taxation payable	–	2 596	–	2 596
Bank overdrafts	504 685	–	–	504 685
<b>Total liabilities</b>	<b>1 064 053</b>	<b>507 544</b>	<b>4 451 209</b>	<b>6 022 806</b>
<b>Total equity and liabilities</b>	<b>2 524 639</b>	<b>1 831 975</b>	<b>4 428 996</b>	<b>8 785 610</b>
Net number of shares in issue (000's)	682 892	–	350 000	1 032 892
Net asset value per share (cents)	213,9	–	–	267,5
Net tangible asset value per share (cents)	212,0	–	–	(195,9)

## Notes to the unaudited *pro forma* financial effects – statements of financial position

- 1 The *Before the Sabido Acquisition* column reflects the net asset value and the tangible net asset value per Seardel Share based on the consolidated reviewed results as at 31 March 2013.
- 2 The *After the Sabido Acquisition* column is based on information extracted from the audited financial statements of SPV and the consolidated audited financial statements of Sabido for the year ended 31 March 2013.
- 3 The effects on net asset value and tangible net asset value per Seardel Share are based on the following assumptions:
  - 3.1 the Sabido Acquisition was effective 31 March 2013 and the 350 million new N Shares were issued at R1,60 per Seardel Share on this date in settlement of the purchase price;
  - 3.2 SPV was consolidated with effect from 31 March 2013;
  - 3.3 SPV issued and allotted the preference shares to the full value of its outstanding loans on 31 March 2013;
  - 3.4 the acquisition by SPV of HCI's 63,9% equity interest in Sabido will be effected in terms of the group restructure provisions of section 45 of the Income Tax Act. As a result, a temporary difference will arise to the extent the purchase price differs from the tax base of the Sabido shares of approximately R23,5 million. IFRS dictates that if the parent is able to control the timing reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, the tax effects on the taxable temporary difference should not be recognised. Consequently, no deferred tax liability has been provided for in the unaudited *pro forma* financial effects of Seardel; and
  - 3.5 the administrative expenses relating to the Sabido Acquisition as set out in paragraph 20 of this Circular, which are once-off in nature, have not been included in the calculation as they are not considered to have a significant impact.
- 4 Seardel's accounting policy in respect of goodwill is to account for all business combinations by applying the acquisition method in accordance with IFRS 3. The excess of the purchase price over the identifiable net assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions are subject to change within the purchase price allocation period (one year from the acquisition date). These changes will affect the goodwill recorded. It is estimated that no amount will be allocated to intangible assets as part of the purchase price allocation exercise.
- 5 The Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* financial information is included in Annexure II to this Circular.

---

## INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF SEARDEL

---

3 July 2013  
The Directors  
Sardel Investment Corporation Limited  
1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF SEARDEL INVESTMENT CORPORATION LIMITED ("SEARDEL" OR "THE COMPANY")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sardel prepared by the directors. The *pro forma* financial information, as set out in paragraph 7 and Annexure I of the Circular, consists of the *pro forma* statement of financial position and the *pro forma* statement of comprehensive income of Sardel 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 the Circular, on the Company's financial position as at 31 March 2013, and the Company's financial performance for the period then ended, as if the corporate action or event had taken place at 31 March 2013 and for the period then ended. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's reviewed consolidated condensed results announcement for the period ended 31 March 2013 issued on 23 May 2013.

#### 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 and described in paragraph 7 and Annexure I of the Circular.

#### 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 Circular 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 circular 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 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 judgement, having regard to our understanding of the nature of the Company, 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 paragraph 7 and Annexure I of the Circular.

### **Consent**

This report on the unaudited *pro forma* financial information is included solely for the information of Seardel Shareholders. We consent to the inclusion of our report on the *pro forma* financial information and the references thereto, in the form and context in which they appear.

Yours faithfully

### **PKF (Jhb) Inc.**

Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

42 Wierda Road West

Wierda Valley

Sandton

2196



## TRADING HISTORY OF THE SEARDEL SHARES ON THE JSE

### Trading history of Ordinary Shares on the JSE

Period	Volume traded (shares)	Value traded (Rands)	Highest price traded (cents)	Lowest price traded (cents)	Closing price (cents)
<b>Quarterly</b>					
Quarter ending September 2010	11 143 868	5 586 513	65	44	65
Quarter ending December 2010	1 302 105	926 218	90	60	89
Quarter ending March 2011	2 357 112	2 043 713	100	77	85
Quarter ending June 2011	3 716 388	3 125 970	85	77	85
Quarter ending September 2011	4 675 252	3 538 098	85	71	84
Quarter ending December 2011	2 629 619	1 983 741	80	74	79
Quarter ending March 2012	10 119 262	8 368 936	120	75	119
Quarter ending June 2012	13 243 984	16 222 861	154	86	145
Quarter ending September 2012	1 263 128	1 702 474	145	120	135
Quarter ending December 2012	2 818 793	3 571 308	140	104	137
Quarter ending March 2013	1 170 544	1 530 549	138	115	120
Quarter ending June 2013	7 481 259	13 198 069	250	116	235
<b>Monthly</b>					
July 2012	226 180	313 528	145	132	140
August 2012	911 383	1 227 556	140	125	136
September 2012	125 565	161 390	136	120	135
October 2012	279 815	356 420	140	112	140
November 2012	2 423 778	3 068 482	138	104	137
December 2012	115 200	146 406	137	120	137
January 2013	461 806	616 355	138	115	135
February 2013	406 224	551 106	138	130	130
March 2013	302 514	363 088	123	120	120
April 2013	123 604	161 311	132	125	125
May 2013	6 880 375	11 944 439	250	116	235
June 2013	477 280	1 092 319	235	214	235
<b>Daily</b>					
21 May 2013	670 000	1 209 685	195	165	190
22 May 2013	625 006	1 229 214	210	194	210
23 May 2013	112 000	235 525	250	190	225
24 May 2013	688 359	1 490 812	230	205	230
27 May 2013	998 854	2 395 676	241	235	240
28 May 2013	43 352	101 441	246	220	240
29 May 2013	25 000	58 750	235	235	235
30 May 2013	100 630	236 480	235	235	235
31 May 2013	15 000	35 250	235	235	235
3 June 2013	–	–	–	–	235
4 June 2013	44 400	100 720	230	223	230
5 June 2013	63 000	145 000	235	230	230
6 June 2013	–	–	–	–	230
7 June 2013	750	1 725	230	230	230
10 June 2013	6 413	14 437	228	215	228
11 June 2013	–	–	–	–	228
12 June 2013	31 117	67 890	226	214	226
13 June 2013	10 000	22 800	228	228	228
14 June 2013	157 000	356 250	235	220	235
18 June 2013	–	–	–	–	235
19 June 2013	1	2	235	235	235
20 June 2013	–	–	–	–	235
21 June 2013	–	–	–	–	235
24 June 2013	11 600	–	229	216	229
25 June 2013	95 999	224 037	235	229	235
26 June 2013	50 000	117 500	235	235	235
27 June 2013	–	–	–	–	235
28 June 2013	22 290	49 038	220	220	220
1 July 2013	4 440	9 990	225	225	225
2 July 2013	670 000	1 209 685	195	165	190

## Trading history of N Shares on the JSE

Period	Volume traded (shares)	Value traded (Rands)	Highest price traded (cents)	Lowest price traded (cents)	Closing price (cents)
<b>Quarterly</b>					
Quarter ending September 2010	19 115 092	9 444 962	65	43	65
Quarter ending December 2010	1 533 312	1 091 576	88	58	88
Quarter ending March 2011	1 688 727	1 340 977	90	75	83
Quarter ending June 2011	589 493	478 018	85	75	81
Quarter ending September 2011	333 261	256 371	86	72	86
Quarter ending December 2011	782 796	585 893	80	74	75
Quarter ending March 2012	885 648	922 223	115	75	111
Quarter ending June 2012	489 403	581 774	145	110	145
Quarter ending September 2012	324 548	422 737	140	120	130
Quarter ending December 2012	90 061	116 992	130	129	130
Quarter ending March 2013	211 271	240 563	120	96	120
Quarter ending June 2013	462 032	951 143	245	120	235
<b>Monthly</b>					
July 2012	98 353	133 204	140	130	135
August 2012	97 596	121 115	135	120	130
September 2012	128 599	168 418	135	120	130
October 2012	–	–	–	–	130
November 2012	78 311	101 717	130	129	130
December 2012	11 750	15 275	130	130	130
January 2013	128 071	153 683	120	120	120
February 2013	16 800	20 160	120	120	120
March 2013	66 400	66 720	120	96	120
April 2013	4 965	5 958	120	120	120
May 2013	350 965	696 282	235	120	235
June 2013	106 102	248 903	245	220	235
<b>Daily</b>					
21 May 2013	10 000	18 000	180	180	180
22 May 2013	25 300	49 235	195	194	195
23 May 2013	–	–	–	–	195
24 May 2013	140 000	296 000	215	209	215
27 May 2013	100 000	231 250	235	225	235
28 May 2013	–	–	–	–	235
29 May 2013	–	–	–	–	235
30 May 2013	–	–	–	–	235
31 May 2013	–	–	–	–	235
3 June 2013	–	–	–	–	235
4 June 2013	–	–	–	–	235
5 June 2013	54 952	131 637	245	235	245
6 June 2013	15 000	35 250	235	235	235
7 June 2013	–	–	–	–	235
10 June 2013	1 048	2 462	235	235	235
11 June 2013	–	–	–	–	235
12 June 2013	–	–	–	–	235
13 June 2013	–	–	–	–	235
14 June 2013	23 952	53 287	235	220	235
18 June 2013	–	–	–	–	235
19 June 2013	–	–	–	–	235
20 June 2013	8 650	20 392	245	235	235
21 June 2013	2 500	5 875	235	235	235
24 June 2013	–	–	–	–	235
25 June 2013	–	–	–	–	235
26 June 2013	–	–	–	–	235
27 June 2013	–	–	–	–	235
28 June 2013	–	–	–	–	235
1 July 2013	–	–	–	–	235
2 July 2013	10 000	18 000	180	180	180

## EXTRACTS FROM THE HISTORICAL FINANCIAL INFORMATION OF SEARDEL

The historical financial information has been extracted from the audited financial statements of the Company for the years ended 31 March 2011 and 2012 and the reviewed results for the year ended 31 March 2013 and should be read in conjunction with the complete audited financial statements or reviewed results which are available on the Company's website. This information is the responsibility of the Directors of the Company.

### STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March

	Group		
	2013 R000's	2012 R000's	2011* R000's
<b>Revenue</b>	<b>2 513 486</b>	2 506 794	2 358 986
Cost of revenue	<b>(1 967 075)</b>	(2 022 948)	(1 822 625)
<b>Gross profit</b>	<b>546 411</b>	483 846	536 361
Other income	<b>91 768</b>	338 052	155 527
Selling and distribution costs	<b>(321 712)</b>	(323 936)	(287 296)
Administrative and other expenses	<b>(256 249)</b>	(293 206)	(274 763)
<b>Operating profit before impairments and restructuring and retrenchment costs</b>	<b>60 218</b>	204 756	129 829
Net (impairment)/impairment reversal of assets	<b>21 885</b>	(1 250)	(2 995)
Restructuring and retrenchment costs	<b>(2 245)</b>	(24 491)	(5 176)
<b>Operating profit before finance costs</b>	<b>79 858</b>	179 015	121 658
Finance income	<b>2 971</b>	4 594	7 925
Finance expenses	<b>(43 095)</b>	(38 467)	(35 651)
<b>Profit before taxation</b>	<b>39 734</b>	145 142	93 932
Income tax income	<b>1 117</b>	13 131	10 084
<b>Profit for the year from continuing operations</b>	<b>40 851</b>	158 273	104 016
Loss for the year from discontinued operations	<b>–</b>	(21 442)	(95 440)
<b>Income for the year</b>	<b>40 851</b>	136 831	8 576
<b>Other comprehensive income/(loss):</b>			
Fair value adjustment on available-for-sale financial assets	<b>–</b>	–	260
Revaluation of land and buildings	<b>23 489</b>	30 731	(51 479)
Post-employment medical benefit – actuarial (loss)/gain	<b>(5 733)</b>	(4 170)	411
<b>Other comprehensive income/(loss) for the year</b>	<b>17 756</b>	26 561	(50 808)
<b>Total comprehensive income/(loss) for the year</b>	<b>58 607</b>	163 392	(42 232)
<b>Profit/(loss) attributable to:</b>			
Equity holders of the parent	<b>40 851</b>	136 944	8 567
Non-controlling interests	<b>–</b>	(113)	9
	<b>40 851</b>	136 831	8 576
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent	<b>58 607</b>	163 505	(42 241)
Non-controlling interests	<b>–</b>	(113)	9
	<b>58 607</b>	163 392	(42 232)
Earnings per share – cents	<b>6,0</b>	19,5	1,2
Headline earnings per share – cents	<b>2,9</b>	20,9	(3,5)
Diluted earnings per share – cents	<b>5,8</b>	18,8	1,2
Diluted headline earnings per share – cents	<b>2,8</b>	20,2	(3,4)

\* Restated as the results of discontinued operations have been separately disclosed on the face of the statement of comprehensive income.

## STATEMENTS OF FINANCIAL POSITION

as at 31 March

	Group		
	2013 R000's	2012 R000's	2011 R000's
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 385 957</b>	1 142 413	967 147
Property, plant and equipment	754 481	695 048	665 727
Investment property	525 229	357 801	2 240 001
Intangible assets	13 030	10 563	8 812
Other investments	3 580	3 329	3 329
Long-term receivables	47 544	43 402	35 256
Deferred tax assets	42 093	32 270	30 022
<b>Current assets</b>	<b>1 138 682</b>	1 286 386	1 140 694
Non-current assets held for sale	2 295	12 906	16 338
Inventories	627 768	581 816	557 575
Trade and other receivables	504 788	688 644	554 995
Current tax asset	1 594	971	898
Cash and cash equivalents	2 237	2 049	10 888
<b>Total assets</b>	<b>2 524 639</b>	2 428 799	2 107 841
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>1 460 586</b>	1 411 645	1 254 592
Share capital and share premium	312 156	304 620	303 969
Treasury shares	(17 794)	(14 610)	(14 610)
Reserves	1 166 224	1 121 635	964 623
Total equity attributable to equity holders	1 460 586	1 411 645	1 253 982
Non-controlling interest	–	–	610
<b>Non-current liabilities</b>	<b>93 662</b>	85 226	77 759
Deferred tax liability	8 400	8 725	799
Post-employment medical aid benefits	84 388	74 645	66 849
Interest-bearing liabilities	756	715	978
Operating lease accruals	118	1 141	2 813
<b>Current liabilities</b>	<b>970 391</b>	931 928	775 490
Current tax liabilities	–	–	257
Post-employment medical aid benefits	5 045	4 662	4 384
Interest-bearing liabilities	298	25 427	131 470
Trade and other payables	460 008	437 830	418 912
Provisions	355	13 538	2 337
Bank overdrafts	504 685	450 471	218 130
<b>Total liabilities</b>	<b>1 064 053</b>	1 017 154	853 249
<b>Total equity and liabilities</b>	<b>2 524 639</b>	2 428 799	2 107 841
Net asset value	1 460 586	1 411 645	1 253 982
Net asset value per share after treasury shares (cents)	214	201	178
Net asset value (excluding intangible assets)	1 447 556	1 401 082	1 245 170
Net asset value (excluding intangible assets) per share after treasury shares (cents)	212	199	177

## STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March

	Attributable to owners of the parent						Non-controlling interest R000's	Total R000's
	Share capital R000's	Share premium R000's	Treasury shares R000's	Other reserves R000's	Retained income R000's	Total R000's		
<b>Balance 31 March 2010</b>	159 207	144 762	(14 610)	318 019	683 970	1 291 348	601	1 291 949
<b>Total comprehensive income/ (loss)</b>								
Profit or loss	-	-	-	-	8 567	8 567	9	8 576
<b>Other comprehensive income</b>								
Fair value adjustment on available-for-sale financial assets	-	-	-	260	-	260	-	260
Revaluation of land and buildings	-	-	-	(51 479)	-	(51 479)	-	(51 479)
Post-employment medical benefit – actuarial gain	-	-	-	-	411	411	-	411
Share incentive scheme	-	-	-	-	2 137	2 137	-	2 137
Reclassification of revaluation surplus	-	-	-	(5 474)	5 474	-	-	-
Deferred tax on release of revaluation surplus on land and buildings disposed of	-	-	-	2 738	-	2 738	-	2 738
<b>Balance 31 March 2011</b>	159 207	144 762	(14 610)	264 064	700 559	1 253 982	610	1 254 592
<b>Total comprehensive income</b>								
Profit or loss	-	-	-	-	136 944	136 944	(113)	136 831
<b>Other comprehensive income</b>								
Revaluation of land and buildings	-	-	-	30 731	-	30 731	-	30 731
Post-employment medical benefit – actuarial loss	-	-	-	-	(4 170)	(4 170)	-	(4 170)
Share incentive scheme	-	-	-	-	3 205	3 205	-	3 205
Change in capital gains tax rate	-	-	-	(9 328)	-	(9 328)	-	(9 328)
Reclassification of revaluation surplus	-	-	-	(831)	831	-	-	-
Deferred tax on release of revaluation surplus on land and buildings disposed	-	-	-	155	-	155	-	155
<b>Transactions with owners recognised directly in equity</b>								
Disposal of subsidiary	-	-	-	-	(525)	(525)	(497)	(1 022)
Share issue	192	459	-	-	-	651	-	651
<b>Balance 31 March 2012</b>	<b>159 399</b>	<b>145 221</b>	<b>(14 610)</b>	<b>284 791</b>	<b>836 844</b>	<b>1 411 645</b>	<b>-</b>	<b>1 411 645</b>
<b>Total comprehensive income for the year</b>								
Income for the year	-	-	-	-	40 851	40 851	-	40 851
Revaluation of land and buildings	-	-	-	23 489	-	23 489	-	23 489
Post-employment medical benefit – actuarial loss	-	-	-	-	(5 733)	(5 733)	-	(5 733)
<b>Transfer to retained earnings</b>								
Reclassification of revaluation surplus on disposal of land and buildings	-	-	-	(9 611)	9 611	-	-	-
<b>Transactions with owners recognised directly in equity</b>								
Share-based payment transactions	-	-	-	-	3 569	3 569	-	3 569
Share issue	1 395	6 160	-	-	-	7 555	-	7 555
Own Shares acquired	-	-	(20 790)	-	-	(20 790)	-	(20 790)
Shares cancelled	(19)	-	17 606	-	(17 587)	-	-	-
<b>Balance at 31 March 2013</b>	<b>160 775</b>	<b>151 381</b>	<b>(17 794)</b>	<b>298 669</b>	<b>867 555</b>	<b>1 460 586</b>	<b>-</b>	<b>1 460 586</b>

## STATEMENTS OF CASH FLOWS

for the year ended 31 March

	Group		
	2013	2012	2011
	R000's	R000's	R000's
<b>Net cash flow from operating activities</b>	<b>202 584</b>	39 386	(57 281)
Income for the year	40 851	136 831	8 576
Adjustments for:			
Depreciation	36 245	40 802	35 120
Amortisation of intangible asset	4 503	3 499	5 615
Revaluation of investment property	2 161	8 372	(21 575)
Foreign exchange gains – unrealised	(4 693)	(3 291)	(7 974)
Foreign exchange losses – unrealised	8 629	2 890	6 713
Loss/(surplus) on disposal of property, plant and equipment	(1 087)	420	(962)
Movement in lease accrual	(1 023)	(1 672)	(1 492)
Movement in provisions	(13 183)	11 335	(15 433)
Net impairment of property, plant and equipment	(21 885)	1 250	17 216
Impairment of assets held for sale	–	–	(27 950)
Investment income	(96)	(78)	(70)
Post-employment medical aid benefit	2 164	2 282	2 079
Share incentive scheme	6 865	3 856	2 137
Stock write-down	20 341	34 146	11 544
Change in inventories	(66 293)	(58 390)	(67 765)
Change in trade and other receivables	188 549	(137 048)	36 068
Change in trade and other payables	13 549	26 696	(19 012)
Change in non-current receivables	(4 142)	(8 146)	(496)
Tax income/(expenses)	(1 117)	(13 131)	(6 896)
Taxation paid	(7 754)	(11 240)	(12 724)
<b>Net cash flow from investing activities</b>	<b>(210 751)</b>	(170 076)	22 786
Additions to property, plant and equipment	(104 705)	(49 699)	(63 884)
Proceeds on disposal of property, plant and equipment	14 178	10 013	120 181
Additions to investment property	(104 496)	(119 262)	(22 778)
Interest capitalised to investment property	(8 603)	(5 956)	(309)
Additions to investments	(251)	–	–
Acquisition of intangible assets	(6 970)	(5 250)	(10 685)
Proceeds on disposal of intangible assets	–	–	191
Investment income	96	78	70
<b>Net cash flow from financing activities</b>	<b>(45 859)</b>	(105 376)	(56 550)
Change in borrowings	(25 088)	(105 376)	(56 550)
Share issue	(20 771)	–	–
<b>Net change in cash and cash equivalents</b>	<b>(54 026)</b>	(236 066)	(91 045)
Cash and cash equivalents at the beginning of the year	(448 422)	(207 242)	(116 197)
Cash in subsidiary disposed of	–	(5 114)	–
<b>Cash and cash equivalents at the end of the year</b>	<b>(502 448)</b>	(448 422)	(207 242)
<b>Cash and cash equivalents comprise the following</b>			
Cash and cash equivalents	2 237	2 049	10 888
Bank overdrafts	(504 685)	(450 471)	(218 130)
	<b>(502 448)</b>	(448 422)	(207 242)

---

## HISTORICAL FINANCIAL INFORMATION OF SPV

---

### INTRODUCTION

The consolidated financial information of SPV for the period since incorporation to 31 March 2013 is set out below. The financial statements of SPV for the period since incorporation to 31 March 2013 have been audited by PKF (Jhb) Inc. An unqualified audit opinion was issued. The audited financial statements for the period since incorporation to 31 March 2013 will be available for inspection as described in paragraph 23 of this Circular.

This report of historical financial information is the responsibility of the Directors. No material fact or circumstance has occurred between the latest financial year-end of SPV and the Last Practicable Date.

No adjustments concerning the correction of fundamental errors or application of changes in accounting policies have been made in preparing the report of historical financial information. There have been no subsidiaries, foreign subsidiaries included, whose financial reports were not completed according to International Financial Reporting Standards.

### HCI INVEST 3 HOLDCO PROPRIETARY LIMITED

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

### GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principle activities	Investment holding company
Directors	J A Copelyn T G Govender
Registered office	Block B, Longkloof Studios Darters Road Gardens Cape Town 8001
Postal address	PO Box 5251 Cape Town 8000
Holding company	Hosken Consolidated Investments Limited
Auditors	PKF (Jhb) Inc. Chartered Accountants (SA) Registered Auditors Registration Number: 1994/001166/21
Secretary	HCI Managerial Services Proprietary Limited

**HCI INVEST 3 HOLDCO PROPRIETARY LIMITED**

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

<b>Index</b>	<b>Page</b>
Directors' responsibilities and approval	39
Directors' report	40
Statement of financial position	42
Accounting policies	43
Notes to the annual financial statements	43

**Level of assurance**

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

These annual financial statements were prepared under the supervision of:

**T G Govender**

Chief Financial Officer

BCompt (Hons)



## **HCI INVEST 3 HOLDCO PROPRIETARY LIMITED**

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

### **DIRECTORS' RESPONSIBILITIES AND APPROVAL**

The Directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statement set out below, which have been prepared on the going concern basis, were approved by the Board on 6 June 2013 and were signed on its behalf by:

**T G Govender**

Chief Financial Officer

## HCI INVEST 3 HOLDCO PROPRIETARY LIMITED

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

### DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2013.

#### 1 Review of activities

##### Main business and operations

The Company is an investment holding company and operates in South Africa.

The entity has remained dormant since its inception.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

#### 2 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 3 Events after the reporting period

Subsequent to the reporting date the Company has entered into an agreement with its holding company, Hosken Consolidated Investments Limited ("HCI"), whereby:

- HCI will subscribe for 900 ordinary no par value shares for R800 000 000.
- HCI will sell its stake in Sabido Investments Proprietary Limited to the Company for R5 236 485 560.
- The purchase price will be paid by way of:
  - 1) R800 000 000 cash;
  - 2) R1 330 721 600 assumption by the Company of a liability owed by Squirewood Investments Proprietary Limited 64, a 100%-held subsidiary of HCI, to the Southern African Clothing and Textiles Workers Union; and
  - 3) R3 105 763 960 interest free loan from HCI.
- The transaction is subject to HCI shareholder approval of the financial assistance granted to the company and written consent by HCI's funders of this transaction.

The conditions precedent for this transaction have not been fulfilled as at the date of issue of the annual financial statements. A general meeting of HCI shareholders is scheduled for 22 July 2013 to obtain the required approval.

#### 4 Authorised and issued share capital

There is an authorised share capital of 1 000 ordinary shares of no par value.

During the period there was an issue of 100 ordinary shares of no par value issued to Hosken Consolidated Investments Limited.

#### 5 Dividends

No dividends were declared or paid to the shareholder during the year.

#### 6 Directors

The Directors of the Company during the year and to the date of this report are as follows:

<b>Name</b>	<b>Date appointed</b>
J A Copelyn	Appointed 16 July 2012
T G Govender	Appointed 16 July 2012

## **HCI INVEST 3 HOLDCO PROPRIETARY LIMITED**

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

### **7 Secretary**

The secretary of the Company is HCI Managerial Services Proprietary Limited of:

#### **Business address**

Block B, Longkloof Studios  
Darters Road  
Gardens  
Cape Town  
8001

### **8 Holding company**

The Company's holding company is Hosken Consolidated Investments Limited.

### **9 Auditors**

PKF (Jhb) Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

**HCI INVEST 3 HOLDCO PROPRIETARY LIMITED**

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

**STATEMENT OF FINANCIAL POSITION**

	Notes	2013 R
<b>ASSETS</b>		-
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	3	-
Share capital		
<b>Liabilities</b>		-

## HCI INVEST 3 HOLDCO PROPRIETARY LIMITED

(Registration number 2012/125138/07)

Annual Financial Statements for the year ended 31 March 2013

### ACCOUNTING POLICIES

#### 1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

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

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 annual financial statements.

##### 1.2 Share capital and equity

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

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 2 New Standards and Interpretations

##### 2.1 Standards and Interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2013 or later periods:

<b>Standard/Interpretation</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact</b>
• IFRS 9: Financial Instruments	1 January 2013	Immaterial
• IFRS 10: Consolidated Financial Statements	1 January 2013	Immaterial
• IAS 27: Separate Financial Statements	1 January 2013	Immaterial
• IFRS 11: Joint Arrangements	1 January 2013	Immaterial
• IFRS 12: Disclosure of Interest in Other Entities	1 January 2013	Immaterial
• IFRS 13: Fair Value Measurement	1 January 2013	Immaterial
• IAS 19: Employee Benefits Revised	1 January 2013	Immaterial

#### 3 Share capital

	<b>2013</b>
Authorised	
1 000 Ordinary Shares of no par value	-
Issued	
100 Ordinary Shares of no par value	-

---

## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF SPV

---

3 July 2013

The Directors  
Sardel Investment Corporation Limited  
1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460

### INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF HCI INVEST 3 HOLDCO PROPRIETARY LIMITED ("SPV") FOR THE PERIOD FROM INCORPORATION TO 31 MARCH 2013

#### Introduction

At your request and for the purposes of the Circular to be dated on or about 10 July 2013 ("the Circular"), we present our report on the historical financial information of SPV for the period from incorporation to 31 March 2013 in compliance with the JSE Limited Listings Requirements.

#### Responsibilities

##### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation, contents and presentation of the Circular and the fair presentation of the historical financial information in accordance International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Reporting accountants' responsibility*

Our responsibility is to express an opinion on the historical financial information of SPV for the period from incorporation to 31 March 2013, included in the Circular, based on our audit of the financial information for the year ended 31 March 2013.

#### Scope of the audit

We conducted our audit of the historical financial information for the period ended 31 March 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 whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial information 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 financial information.

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

#### Audit opinion

In our opinion, the historical financial information of SPV for the period ended 31 March 2013 fairly presents, in all material respects, for the purposes of the Circular, the financial position of SPV at that date in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of 2008 and the JSE Limited Listings Requirements.

**Consent**

We consent to the inclusion of this report and the reference to our opinion in the Circular in the form and context in which it appears.

Yours faithfully

**PKF (Jhb) Inc.**

Theunis Schoeman

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

42 Wierda Road West

Wierda Valley

Sandton

2196

---

## HISTORICAL FINANCIAL INFORMATION OF SABIDO

---

### Introduction

The consolidated financial information of Sabido for the three periods ended 31 March 2013, 31 March 2012 and 31 March 2011 is set out below. The annual financial statements of Sabido for the last three financial periods have been audited by PKF (Jhb) Inc. An unqualified audit opinion was issued in all three periods. The audited financial statements for the three periods ended 31 March 2013, 31 March 2012 and 31 March 2011 will be available for inspection as described in paragraph 23 of this Circular.

This report on historical financial information is the responsibility of the Directors. No material fact or circumstance has occurred between the latest financial year-end of Sabido and the Last Practicable Date.

No adjustments concerning the correction of fundamental errors or application of changes in accounting policies have been made in preparing the report of historical financial information. There have been no subsidiaries, foreign subsidiaries included, whose financial reports were not completed according to International Financial Reporting Standards.

### SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment holding company
Directors	J A Copelyn (Chairman) M J A Golding (Chief Executive Officer) H Carse (Non-executive) T G Govender (Non-executive) E Mphande (Non-executive) M Molefi (Non-executive) N Williams (Non-executive)
Registered office	5 Summit Road Dunkeld West 2196
Business address	5 Summit Road Dunkeld West 2196
Postal address	Private Bag X9944 Sandton 2146
Holding company	Hosken Consolidated Investments Limited, incorporated in South Africa
Bankers	Standard Bank of South Africa Limited
Auditors	PKF (Jhb) Inc. Chartered Accountants (SA) Registered Auditors Registration number 1994/001166/21
Secretary	B Ashman
Company registration number	1999/011709/07

### Level of assurance

These group annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008, as amended.

### Preparer

The group annual financial statements were internally compiled by Z L Uithaler (BAcc).



## **SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

The reports and statements set out below comprise the group annual financial statements presented to the shareholders:

### **INDEX**

	<b>Page</b>
Directors' responsibilities and approval	48
Directors' report	49
Consolidated statement of financial position	51
Consolidated statement of comprehensive income	52
Consolidated statement of cash flows	53
Consolidated statement of changes in equity	54
Accounting policies	56
Notes to the consolidated financial statements	64

## **SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### **DIRECTORS' RESPONSIBILITIES AND APPROVAL**

The Directors are required in terms of the Companies Act 71 of 2008, as amended to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Company's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the Company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The group financial statements set out on pages 49 to 82, which have been prepared on the going concern basis, were approved by the Board of Directors on 13 May 2013 and were signed on its behalf by:

**J A Copelyn**

Chairman

Sandton

13 May 2013

**M J A Golding**

Chief Executive Officer

## **SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### **DIRECTORS' REPORT**

The Directors submit their report for the year ended 31 March 2013.

#### **1 Review of activities**

##### **Main business and operations**

The Company is an investment holding company which has the following strategic investments:

- e.tv Proprietary Limited (a wholly-owned subsidiary) owns and operates the only private terrestrial free-to-air television station in South Africa.
- Sabido Properties Proprietary Limited (a wholly-owned subsidiary) owns immovable investment properties which are leased to e.tv Proprietary Limited, Sasani Africa Proprietary Limited, Yired Proprietary Limited and other non-related parties.
- e.sat tv Proprietary Limited (a wholly-owned subsidiary) was one of five successful bidders that were awarded a satellite pay television licence, by The Independent Communication Authority of South Africa, on 12 September 2007. The company has also entered into an agreement with Multichoice Africa Proprietary Limited to provide five television channels on their DStv satellite pay television platform. The Company launched its first television channel (24 hour news) on 1 June 2008.
- Yired Proprietary Limited (a wholly-owned subsidiary) owns and operates a commercial radio broadcasting station, known as Yfm.
- Sasani Africa Proprietary Limited (a wholly-owned subsidiary) provides facilities, equipment and consumables for the television industry as well as electronic education media content.
- Natural History Unit of Africa Proprietary Limited (a wholly-owned subsidiary) is a content aggregator which specialises in wildlife film production mainly for the export market.
- e.Botswana Proprietary Limited (formerly GBC Botswana Proprietary Limited) (a 49% subsidiary due to control) owns and operates the only private terrestrial free-to-air television station in Gabarone, Botswana.
- e.tv Botswana Proprietary Limited (an 80% subsidiary) owns and leases broadcasting equipment to e.Botswana Proprietary Limited and also manages e.Botswana Proprietary Limited in terms of a management agreement.
- Cape Town Film Studios Proprietary Limited (a 42,48% associate) is in the process of building sound stages and support buildings for the film industry in the Western Cape.
- Dreamworld Management Company Proprietary Limited – (a 50% associate) will develop residential accommodation adjacent to the Cape Town Film Studio site in due course.
- Lalela Music Proprietary Limited (a 75% subsidiary) is a music publisher.
- Platco Digital Proprietary Limited (a 100% subsidiary) is a signal distributor and was incorporated on 29 November 2012.
- Global Media Alliance Broadcasting Limited (a 40% associate) is a company incorporated in Ghana and has interests in television and radio broadcasting.
- Sabido Productions Proprietary Limited (a wholly-owned subsidiary) is a film and television production and distribution company.
- Jacana Media Proprietary Limited (a 65,5% subsidiary) is a print publisher and was acquired on 1 March 2012.
- Memar TV Proprietary Limited and its subsidiaries (a 90% subsidiary) is a media facility and rental investment group, offering audio-visual post-production facilities.

The Company has sold its investment in Longkloof Limited (a 100% subsidiary) and Crystal Brook Distribution Proprietary Limited (a 100% subsidiary) effective 1 May 2012 and 26 September 2012 respectively.

The operating results and state of affairs of the Company are fully set out in the attached group annual financial statements and do not, in our opinion, require any further comment.

#### **2 Events after the reporting period**

The Directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the group annual financial statements.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 3 Authorised and issued share capital

There were no changes in the authorised or issued share capital of the Company during the year under review.

### 4 Non-current assets

There were no major changes in the nature of the non-current assets during the year.

During the year property, plant and equipment to the value of R159, 3 million (2012: R108,8 million) were acquired.

### 5 Dividends

A dividend of R119 788 915 (213 cents per share) and a special dividend of R341 370 286 (607 cents per share) was paid on 17 May 2012.

A dividend of R131 036 700 (233 cents per share) was paid to shareholders on 3 December 2012.

Included in the above are dividends amounting to R1 427 536 which were paid to the Sabido Employees Trust (2004) during the year. These shares are reflected as treasury shares of the group.

### 6 Directors

The Directors of the Company during the year and to the date of this report are as follows:

#### Name

J A Copelyn (Chairman)

M J A Golding (Chief Executive Officer)

H Carse (Non-executive)

T G Govender (Non-executive)

E Mphande (Non-executive)

M Molefi (Non-executive)

J J Durand (Non-executive) Resigned Tuesday, 26 June 2012

N Williams (Non-executive) Appointed Tuesday, 26 June 2012

### 7 Secretary

The secretary of the Company is B Ashman.

### 8 Holding company

The Company's holding company is Hosken Consolidated Investments Limited, incorporated in South Africa.

### 9 Subsidiary companies

Name of subsidiary	Issued share capital	% held		Number of shares		Year-end for accounting purposes
		2013	2012	2013	2012	
e.tv Proprietary Limited	108 373	100	100	108 373	108 373	31/03/2013
Sabido Properties Proprietary Limited	2	100	100	2	2	31/03/2013
e.sat tv Proprietary Limited	100	100	100	100	100	31/03/2013
Sasani Africa Proprietary Limited	100	100	100	100	100	31/03/2013
Yired Proprietary Limited	1 003	100	100	1 003	1 003	31/03/2013
Sabido Productions Proprietary Limited	100	100	100	100	100	31/03/2013
Natural History Unit of Africa Proprietary Limited	100	100	100	100	100	31/03/2013
e.Botswana Proprietary Limited	100	49	49	49	49	31/03/2013
e.tv Botswana Proprietary Limited	100	80	80	80	80	31/03/2013
Lalela Music Proprietary Limited	100	75	75	75	75	31/03/2013
Crystal Brook Distribution Proprietary Limited	100	–	100	–	100	31/03/2013
Longkloof Limited	100	–	100	–	100	31/03/2013
Memar TV Proprietary Limited	200	90	90	180	180	31/03/2013
Jacana Media Proprietary Limited	14 125	65,5	65,5	9 252	9 252	31/03/2013
Platco Digital Proprietary Limited	100	100	–	100	–	31/03/2013

### 10 Auditors

The directors recommend that PKF (Jhb) Inc. continue in office as the auditors in accordance with section 90 of the Companies Act of South Africa.

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 31 March

	Notes	2013 R000's	2012 R000's	2011 R000's
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	489 530	416 841	370 160
Goodwill	3	152 151	151 645	120 914
Intangible assets – licence rights	4	271 896	199 151	166 798
Investments in associates	5	73 046	56 153	70 797
Financial assets	6	52 768	56 125	76 872
Deferred lease asset	7	–	1 532	617
Deferred taxation	8	13 137	8 967	9 520
		<b>1 052 528</b>	890 414	815 678
<b>Current assets</b>				
Programming rights	9	246 029	187 850	262 478
Inventories	10	21 768	21 171	7 317
Trade and other receivables	11	385 402	351 633	254 852
Cash and cash equivalents	12	93 263	82 516	95 337
Financial assets	6	26 480	43 816	48 188
Taxation receivable		6 081	–	–
Deferred lease asset	7	424	2 246	2 522
		<b>779 447</b>	689 232	670 694
Assets of disposal groups	23	–	335 487	91 944
<b>Total assets</b>		<b>1 831 975</b>	1 915 133	1 578 316
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity attributable to equity holders of parent				
Share capital	13	799 278	796 661	799 950
Reserves	14, 15	8 195	1 078	(1 206)
Retained income		516 807	557 290	230 903
		<b>1 324 280</b>	1 355 029	1 029 647
Non-controlling interest		151	2 809	(1 944)
		<b>1 324 431</b>	1 357 838	1 027 703
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred lease liability	7	–	667	1 634
Deferred taxation	8	2 325	2 335	1 696
Financial liabilities	16	157 171	121 722	189 160
		<b>159 496</b>	124 724	192 490
<b>Current liabilities</b>				
Deferred lease liability		588	2 646	1 358
Financial liabilities	16	33 068	100 108	56 950
Trade and other payables	17	285 882	190 884	251 870
Taxation payable		2 596	24 354	29 314
Provisions	18	25 914	21 821	17 276
		<b>348 048</b>	339 813	356 768
Liabilities of disposal groups	23	–	92 758	1 355
<b>Total liabilities</b>		<b>507 544</b>	557 295	550 613
<b>Total equity and liabilities</b>		<b>1 831 975</b>	1 915 133	1 578 316

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 March

	Notes	2013 R000's	2012 R000's	2011 R000's
<b>Continuing operations</b>				
Revenue	19	2 117 812	1 871 528	1 617 474
Cost of sales		(740 257)	(611 564)	(533 899)
<b>Gross profit</b>		<b>1 377 555</b>	1 259 964	1 083 575
Other income		6 204	11 548	5 046
Operating expenses		(644 833)	(571 662)	(507 952)
<b>Operating profit</b>	20	<b>738 926</b>	699 850	580 669
Investment revenue		10 764	23 333	16 889
Fair value adjustments	21	(9 802)	(4 421)	1 819
Loss from equity-accounted investments		(8 782)	(14 141)	(8 896)
Finance costs		(17 953)	(25 656)	(27 157)
<b>Profit before taxation</b>		<b>713 153</b>	678 965	563 324
Taxation	22	(213 660)	(213 399)	(181 154)
<b>Profit from continuing operations</b>		<b>499 493</b>	465 566	382 170
Discontinued operations				
Profit/(loss) for the year from discontinuing operations	23	49 588	(36 082)	33 657
<b>Profit for the year</b>		<b>549 081</b>	429 484	415 827
Other comprehensive income:				
Exchange differences on translating foreign operations		865	493	(5 406)
Reclassification of exchange differences on disposal of foreign operations		6 904	–	–
<b>Other comprehensive income for the year net of taxation</b>		<b>7 769</b>	493	–
<b>Total comprehensive income for the year</b>		<b>556 850</b>	429 977	410 421
Attributable to:				
Owners of the parent:				
Profit for the year from continuing operations		499 710	467 881	382 295
Profit/(loss) for the year from discontinuing operations		52 029	(36 685)	19 161
<b>Profit for the year attributable to owners of the parent</b>		<b>551 739</b>	431 196	401 456
Non-controlling interest:				
Loss for the year from continuing operations		(217)	(332)	(125)
Loss for the year from discontinuing operations		(2 441)	(1 380)	14 496
<b>Loss for the year attributable to non-controlling interest</b>		<b>(2 658)</b>	(1 712)	14 371

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended 31 March

	Notes	2013 R000's	2012 R000's	2011 R000's
<b>Cash flows from operating activities</b>				
Cash generated from operations	24	849 707	671 727	650 815
Investment revenue		10 764	23 373	16 889
Finance costs		(17 953)	(25 703)	(27 157)
Taxation paid	25	(245 679)	(217 947)	(184 806)
<b>Net cash from operating activities</b>		<b>596 839</b>	<b>451 450</b>	<b>455 741</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	2	(159 347)	(109 520)	(115 850)
Sale of property, plant and equipment	2	(472)	1 907	293
Purchase of intangible assets	4	(76 732)	(105 560)	(15 002)
Business combinations	27	(12 741)	(40 466)	–
Sale of businesses	28	207 060	–	103 351
Decrease/(increase) in financial assets		20 493	17 382	(110 946)
Increase in investment in associates		(19 966)	(40 600)	(43 543)
Purchase of distribution rights		–	–	(42 218)
<b>Net cash utilised in investing activities</b>		<b>(41 705)</b>	<b>(276 857)</b>	<b>(223 915)</b>
<b>Cash flows from financing activities</b>				
(Decrease)/increase in financial liabilities		(53 469)	14 939	(8 597)
Proceeds from non-group shareholders		2 156	1 290	3
Dividends paid	26	(590 768)	(112 148)	(180 670)
Treasury shares		2 617	(3 289)	(3 461)
<b>Net cash utilised in financing activities</b>		<b>(639 464)</b>	<b>(99 208)</b>	<b>(192 725)</b>
Total cash movement for the year		(84 330)	75 385	39 101
Cash at the beginning of the year		177 593	102 208	63 107
<b>Total cash at the end of the year</b>	12	<b>93 263</b>	<b>177 593</b>	<b>102 208</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March

	Share capital R000's	Share premium R000's	Total share capital R000's	Foreign currency translation reserve R000's	Share option reserve R000's
<b>Balance at 1 April 2010</b>	(6 047)	809 458	803 411	(2 046)	5 735
<b>Total comprehensive income</b>	–	–	–	(5 406)	–
Share-based payment	–	–	–	–	511
Treasury shares	(3 461)	–	(3 461)	–	–
Dividends	–	–	–	–	–
Transfer of minority losses	–	–	–	–	–
<b>Total changes</b>	(3 461)	–	(3 461)	–	511
<b>Balance at 1 April 2011</b>	(9 508)	809 458	799 950	(7 452)	6 246
<b>Total comprehensive income</b>	–	–	–	493	–
Share-based payment	–	–	–	–	1 791
Change in ownership	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–
Disposal of share interest	–	–	–	–	–
Treasury shares	(3 289)	–	(3 289)	–	–
Dividends	–	–	–	–	–
<b>Total changes</b>	(3 289)	–	(3 289)	–	1 791
<b>Balance at 1 April 2012</b>	<b>(12 797)</b>	<b>809 458</b>	<b>796 661</b>	<b>(6 959)</b>	<b>8 037</b>
<b>Total comprehensive income</b>	–	–	–	<b>7 769</b>	–
Treasury shares purchased	(1 972)	–	(1 972)	–	–
Share-based payment	–	–	–	–	1 612
Reclassification of reserves	–	–	–	–	(2 264)
Loss on share options included in opening retained income	–	–	–	–	–
Disposal of share interest	–	–	–	–	–
Treasury shares sold	4 589	–	4 589	–	–
Dividends	–	–	–	–	–
<b>Total changes</b>	<b>2 617</b>	–	<b>2 617</b>	–	<b>(652)</b>
<b>Balance at 31 March 2013</b>	<b>(10 180)</b>	<b>809 458</b>	<b>799 278</b>	<b>810</b>	<b>7 385</b>
Notes	13	13	13	14	15



**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March continued

	Total reserves R000's	Retained income R000's	Total attributable to equity holders of the group R000's	Non- controlling interest R000's	Total equity R000's
<b>Balance at 1 April 2010</b>	3 689	(2 244)	804 856	11 072	815 928
<b>Total comprehensive income</b>	(5 406)	401 456	396 050	14 371	410 421
Share-based payment	511	–	511	–	511
Treasury shares	–	–	(3 461)	–	(3 461)
Dividends	–	(168 309)	(168 309)	(12 361)	(180 670)
Transfer of minority losses	–	–	–	(15 026)	(15 026)
<b>Total changes</b>	511	(168 309)	(171 259)	(27 387)	(198 646)
<b>Balance at 1 April 2011</b>	(1 206)	230 903	1 029 647	(1 944)	1 027 703
<b>Total comprehensive income</b>	493	431 196	431 689	(1 712)	429 977
Share-based payment	1 791	–	1 791	–	1 791
Change in ownership	–	6 713	6 713	–	6 713
Acquisition of subsidiaries	–	–	–	5 515	5 515
Disposal of share interest	–	626	626	950	1 576
Treasury shares	–	–	(3 289)	–	(3 289)
Dividends	–	(112 148)	(112 148)	–	(112 148)
<b>Total changes</b>	1 791	(104 809)	(106 307)	6 465	(99 842)
<b>Balance at 1 April 2012</b>	<b>1 078</b>	<b>557 290</b>	<b>1 355 029</b>	<b>2 809</b>	<b>1 357 838</b>
<b>Total comprehensive income</b>	<b>7 769</b>	<b>551 739</b>	<b>559 508</b>	<b>(2 658)</b>	<b>556 850</b>
Treasury shares purchased	–	–	(1 972)	–	(1 972)
Share-based payment	1 612	–	1 612	–	1 612
Reclassification of reserves	(2 264)	2 264	–	–	–
Loss on share options included in opening retained income	–	(3 718)	(3 718)	–	(3 718)
Disposal of share interest	–	–	–	–	–
Treasury shares sold	–	–	4 589	–	4 589
Dividends	–	(590 768)	(590 768)	–	(590 768)
<b>Total changes</b>	<b>(652)</b>	<b>(592 222)</b>	<b>(590 257)</b>	<b>–</b>	<b>(590 257)</b>
<b>Balance at 31 March 2013</b>	<b>8 195</b>	<b>516 807</b>	<b>1 324 280</b>	<b>151</b>	<b>1 324 431</b>

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### ACCOUNTING POLICIES

#### 1 PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008, as amended. The group annual financial statements have been prepared on the historical cost basis 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 financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

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.

###### Business combinations

The Company accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3: Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5: Non-current Assets Held-for-sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition the Company assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Company purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

When the Company reduces its level of significant influence or loses significant influence, the Company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

## 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:

### Taxation

The Company 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 Company 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 Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

### Asset lives and residual values

Plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The useful lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing the assets useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Refer to note 1.3 for more information.

### Share-based payments

In applying IFRS 2 management had to make certain judgements in respect of the fair value models to be used in determining the various share-based arrangements in respect of employees, as well as the variable elements used in these models. Refer to note 15.

## 1.3 Property, plant and equipment

The cost of 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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Property – land	Indefinite
Property – brick and mortar	Indefinite
Property – remaining structure	20 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Computer software	2 years
Technical equipment	5 to 8 years
Studio, sets and offices	5 years

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition 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 derecognition 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 Intangible assets – licence rights

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.

Intangible assets – licence rights are carried at cost less any accumulated amortisation and any impairment losses.

Distribution rights represent multi-territory and multi-platform programming rights that the group is able to on sell to other broadcasters.

Distribution rights are amortised over the products' economic life cycle which is determined on a pro rata basis of the individual title's total costs based on the territory and broadcast platform for which the distribution rights have been on sold.

### 1.5 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Where a business combination occurs in several stages goodwill will be recognised on the transaction that results in the group obtaining control of the subsidiary. Goodwill, or negative goodwill, will be measured as the difference between the fair value of identifiable net assets acquired and the sum of the consideration paid, the minority interest and the fair value of any previous interest held.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

## **SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### **1.6 Programming rights**

Programming rights are amortised over the products' economic life cycle, which is deemed to be the first television flighting. The amount amortised in the income statement, in each reporting period, is reflected in the line programming and other cost of sales. Programming rights are subject to impairment testing annually.

### **1.7 Financial instruments**

#### **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, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **Financial instruments designated as at fair value through profit or loss**

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market.

Investments are measured initially and subsequently at fair value; gains and losses arising from changes in fair value are included in profit or loss for the period.

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

Trade receivables are measured at initial recognition at fair value, and are 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) 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 receivables are classified as loans and receivables.

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

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**

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. These are initially and subsequently recorded at fair value.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. 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 Company's accounting policy for borrowing costs.

## 1.8 Taxation

### Current taxation 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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Deferred taxation 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 the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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 the reporting period.

### Taxation expenses

Current and deferred taxes are recognised as income or an expense and 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, to other comprehensive income, or
- a business combination.

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

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.

## 1.9 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.

## **SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### **Operating leases – lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

## **1.10 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 all 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 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.

## **1.11 Foreign exchange**

### **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands which is the group's functional and presentation currency.

### **Transactions and balances**

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets such as equity investments classified as available for sale are recognised in other comprehensive income.

### **Foreign subsidiaries and associates – translation**

Once-off items in the income and cash flow statements of foreign subsidiaries and associates expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity through other comprehensive income. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 1.12 Assets of disposal groups

Items classified as non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification.

### 1.13 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, Company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

### 1.14 Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Company's Directors. Interim dividends are recognised when approved by the Board. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

### 1.15 Employee benefits

#### Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### 1.16 Provisions and contingencies

Provisions are recognised when:

- the Company 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.



## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 1.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

#### Sale of goods

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company 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 Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

#### Advertising

Advertising revenues from the group's free-to-air television and radio platforms are recognised on flighting and over the period of the advertising contract.

#### Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired the group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate, and continuing to unwind the discount as interest income.

### 1.18 New standards, interpretations and amendments to existing standards issued that are not yet effective

At balance sheet date the following new standards, revisions and amendments to issued accounting standards and interpretations, which are relevant to the group but not yet effective, have not been adopted by the group:

#### IFRS 7: Financial Instruments – Disclosures

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations. The group will apply this section of IFRS 7 from annual periods beginning 1 April 2013.

#### IFRS 9: Financial Instruments – Classification and Measurement

IFRS 9 is the first step in the process to replace IAS 39: Financial Instruments – Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets, financial liabilities, derecognition and hedge accounting.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 to be subsequently measured at amortised cost or fair value. With regards to financial liabilities, the accounting for changes in the fair value of a financial liability that is designated as at fair value through profit or loss and are attributable to changes in the credit risk of that liability are recognised in comprehensive income, unless it creates or enlarges an accounting mismatch in profit or loss.

It is anticipated that IFRS 9 will be adopted in the group's consolidated financial statements for the annual period beginning 1 April 2015. It is not anticipated that the application of the new standard will have a significant impact on amounts reported in respect of the group's financial assets and financial liabilities as the majority of financial assets and financial liabilities are carried at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Group will apply IFRS 9 from annual periods beginning 1 April 2015.

#### IFRS 10: Consolidated Financial Statements

This is a new standard which is a replacement of IAS 27: Consolidated and Separate Financial Statements and SIC-12: Consolidation – Special Purpose Entities. IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risk and rewards approach in SIC-12.

The Group will apply IFRS 10 from annual periods beginning 1 April 2013.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### IFRS 12: Disclosure of Interests in Other Entities

This is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

The group will apply IFRS 12 from annual periods beginning 1 April 2013.

### IFRS 13: Fair Value Measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The Group will apply IFRS 13 from annual periods beginning 1 April 2013.

### IAS 19: Employee Benefits

IAS 19 relates to amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.

The group will apply IAS 19 from annual periods beginning 1 April 2013.

### IAS 28: Investments in Associates

IAS 28 relates to consequential amendments resulting from the issue of IFRS 10, 11 and 12.

The group will apply IAS 28 from annual periods beginning 1 April 2013.

### IAS 32: Financial Instruments – Presentation

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed and the net related credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

The group will apply IAS 28 from annual periods beginning 1 April 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2 PROPERTY, PLANT AND EQUIPMENT

	2013			2012			2011		
	Cost/ Valuation R000's	Accumulated depreciation and impairment R000's	Carrying value R000's	Cost/ Valuation R000's	Accumulated depreciation and impairment R000's	Carrying value R000's	Cost/ Valuation R000's	Accumulated depreciation and impairment R000's	Carrying value R000's
Land and buildings	276 297	(3 063)	273 234	243 465	(9 904)	233 561	208 267	(7 426)	200 841
Property under development	31 611	–	31 611	–	–	–	–	–	–
Furniture and fixtures	8 605	(2 908)	5 697	20 588	(13 997)	6 591	19 302	(11 316)	7 986
Motor vehicles	12 710	(3 814)	8 896	20 896	(13 026)	7 870	16 024	(9 899)	6 125
Office equipment	3 947	(1 508)	2 439	11 323	(8 598)	2 725	10 751	(7 159)	3 592
IT equipment	22 555	(9 080)	13 475	104 222	(90 416)	13 806	94 342	(80 099)	14 243
Computer software	8 759	(2 497)	6 262	33 361	(30 196)	3 165	31 627	(27 564)	4 063
Technical equipment	206 552	(70 839)	135 713	44 952	(31 435)	13 517	413 178	(294 158)	119 020
Studio, sets and offices	17 514	(5 311)	12 203	484 896	(349 290)	135 606	40 760	(26 470)	14 290
	<b>588 550</b>	<b>(99 020)</b>	<b>489 530</b>	<b>963 703</b>	<b>(546 862)</b>	<b>416 841</b>	<b>834 251</b>	<b>(464 091)</b>	<b>370 160</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

<b>Pledged as security</b>	<b>2013 R000's</b>	2012 R000's	2011 R000's
Land and buildings	<b>273 234</b>	233 561	200 841

A mortgage of R235 million (2012: R190 million) has been registered over land and buildings.

On an annual basis, valuations are obtained for land and buildings, with a carrying value of R303,1 million (2012: R233,6 million) which reflect the current total market value at R382,0 million (2012: R307,1 million). No valuation was done for land and buildings with a carrying value of R1,7 million, as the property is owned by e.tv Botswana Proprietary Limited and is located in Botswana.

Motor vehicles	<b>7 840</b>	7 870	6 125
----------------	--------------	-------	-------

Refer to note 16 for details of security provided.

Technical equipment	<b>4 340</b>	-	-
---------------------	--------------	---	---

Refer to note 16 for details of security provided.

**Reconciliation of property, plant and equipment – 2013**

	Opening balance	Additions	Additions through business com- binations	Disposals	Re- classifi- cation	Foreign exchange move- ments	Depreci- ation	Impair- ment loss	Closing balance
Land and buildings	233 561	30 372	12 364	-	-	-	(3 063)	-	273 234
Property under development	-	31 611	-	-	-	-	-	-	31 611
Furniture and fixtures	6 591	1 921	110	(17)	-	-	(2 826)	(82)	5 697
Motor vehicles	7 870	4 444	396	-	-	-	(3 814)	-	8 896
Office equipment	2 725	1 127	95	-	-	-	(1 508)	-	2 439
IT equipment	13 806	8 802	-	(53)	-	-	(9 073)	(7)	13 475
Computer software	3 165	5 594	-	-	-	-	(2 490)	(7)	6 262
Technical equipment	135 606	71 479	-	(3)	(530)	(40)	(67 905)	(2 894)	135 713
Studio, sets and offices	13 517	3 997	-	-	-	-	(5 268)	(43)	12 203
	<b>416 841</b>	<b>159 347</b>	<b>12 965</b>	<b>(73)</b>	<b>(530)</b>	<b>(40)</b>	<b>(95 947)</b>	<b>(3 033)</b>	<b>489 530</b>

**Reconciliation of property, plant and equipment – 2012**

	Opening balance	Additions	Additions through business com- binations	Disposals	Foreign exchange move- ments	Depreci- ation	Impair- ment loss	Closing balance
Land and buildings	200 841	35 198	-	-	-	(2 478)	-	233 561
Furniture and fixtures	7 986	1 151	134	-	-	(2 680)	-	6 591
Motor vehicles	6 125	3 174	1 935	(239)	-	(3 125)	-	7 870
Office equipment	3 592	186	387	-	-	(1 440)	-	2 725
IT equipment	14 243	8 978	686	(19)	235	(10 317)	-	13 806
Computer software	4 063	1 366	368	-	-	(2 632)	-	3 165
Technical equipment	119 020	56 245	15 610	(137)	-	(52 340)	(2 792)	135 606
Studio, sets and offices	14 290	2 468	1 724	-	-	(4 965)	-	13 517
	<b>370 160</b>	<b>108 766</b>	<b>20 844</b>	<b>(395)</b>	<b>235</b>	<b>(79 977)</b>	<b>(2 792)</b>	<b>416 841</b>

**Reconciliation of property, plant and equipment – 2011**

	Opening balance	Additions	Disposals	Foreign exchange move- ments	Depreci- ation	Closing balance
Land and buildings	153 879	49 010	-	-	(2 048)	200 841
Furniture and fixtures	8 183	2 688	(471)	(38)	(2 376)	7 986
Motor vehicles	6 614	1 784	-	-	(2 273)	6 125
Office equipment	4 310	670	(28)	-	(1 360)	3 592
IT equipment	22 419	8 433	(1 631)	(362)	(14 616)	14 243
Computer software	4 130	3 523	-	-	(3 590)	4 063
Technical equipment	111 187	51 977	(2 015)	-	(42 129)	119 020
Studio, sets and offices	15 453	3 114	(100)	-	(4 177)	14 290
	<b>326 175</b>	<b>121 199</b>	<b>(4 245)</b>	<b>(400)</b>	<b>(72 569)</b>	<b>370 160</b>

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 3 GOODWILL

	2013			2012			2011		
	Cost R000's	Accumulated impairment R000's	Carrying value R000's	Cost R000's	Accumulated impairment R000's	Carrying value R000's	Cost R000's	Accumulated impairment R000's	Carrying value R000's
Goodwill	152 151	–	152 151	151 645	–	151 645	120 914	–	120 914

#### Reconciliation of goodwill – 2013

	Opening balance R000's	Additions through business combinations R000's	Disposal of business R000's	Closing balance R000's
Goodwill	151 645	550	(44)	152 151

#### Reconciliation of goodwill – 2012

	Opening balance R000's	Additions through business combinations R000's	Disposal of business R000's	Closing balance R000's
Goodwill	120 914	36 987	(6 256)	151 645

#### Reconciliation of goodwill – 2011

	Opening balance R000's	Disposal of business R000's	Closing balance R000's
Goodwill	188 439	(67 525)	120 914

Goodwill to the value of R44 000 was re-recognised during the current financial year as a result of the sale of Crystal Brook Distribution Proprietary Limited.

Goodwill to the value of R6,3 million was derecognised in the previous financial year as a result of the restructuring of Memar TV Proprietary Limited and its subsidiaries in respect of the sale of Refinery Post Production Facility Proprietary Limited to Memar TV Proprietary Limited. Goodwill for Media Film Service Proprietary Limited, a subsidiary of Memar TV Proprietary Limited, increased by R550 000 during the current year.

Goodwill relates mainly to the group's investment in Yired Proprietary Limited R108,6 million (2012: R108,6 million).

A discounted cash flow methodology, based on the latest budgets and forecast is utilised to assess the goodwill valuation. Cash flows are discounted using a discounted factor which is determined taking into account both systematic and unsystematic risks.

Discounting factors ranging from 11,8% to 16,8% and growth rates ranging from 5% to 7% were used in the respective calculations of value in use.

Based on the above views the Directors assessed the expected benefits from future performance as at March 2013 to be in excess of the carrying value of goodwill. As a result, goodwill is not impaired.

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**4 INTANGIBLE ASSETS – LICENCE RIGHTS**

	2013			2012			2011		
	Cost/ Valuation R000's	Accumulated amortisation R000's	Carrying value R000's	Cost/ Valuation R000's	Accumulated amortisation R000's	Carrying value R000's	Cost/ Valuation R000's	Accumulated amortisation R000's	Carrying value R000's
Trademarks	560	(560)	–	560	(560)	–	6 644	(6 084)	560
Music libraries	1 232	–	1 232	1 010	–	1 010	789	–	789
Programming under development	62 560	(28)	62 532	48 247	(28)	48 219	39 106	(28)	39 078
Website domain	97	–	97	–	–	–	–	–	–
Electronic Programming Guide Slot	2 353	–	2 353	–	–	–	–	–	–
Distribution rights	217 744	(12 062)	205 682	157 467	(7 545)	149 922	126 371	–	126 371
<b>Total</b>	<b>284 546</b>	<b>(12 650)</b>	<b>271 896</b>	<b>207 284</b>	<b>(8 133)</b>	<b>199 151</b>	<b>172 910</b>	<b>(6 112)</b>	<b>166 798</b>

**Reconciliation of intangible assets – licence rights – 2013**

	Opening balance R000's	Additions R000's	Classified as held for sale R000's	Amortisation R000's	Closing balance R000's
Music libraries	1 010	222	–	–	1 232
Programming under development	48 219	14 313	–	–	62 532
Website domain	–	97	–	–	97
Electronic Programming Guide Slot	–	2 353	–	–	2 353
Distribution rights	149 922	59 747	530	(4 517)	205 682
	<b>199 151</b>	<b>76 732</b>	<b>530</b>	<b>(4 517)</b>	<b>271 896</b>

**Reconciliation of intangible assets – licence rights – 2012**

	Opening balance R000's	Additions R000's	Reclassi- fication R000's	Amortisation R000's	Closing balance R000's
Trademarks	560	–	–	(560)	–
Music libraries	789	221	–	–	1 010
Programming under development	39 078	9 215	(74)	–	48 219
Distribution rights	126 371	18 414	12 682	(7 545)	149 922
	<b>166 798</b>	<b>27 850</b>	<b>12 608</b>	<b>(8 105)</b>	<b>199 151</b>

**Reconciliation of intangible assets – licence rights – 2011**

	Opening balance R000's	Additions R000's	Disposals R000's	Amortisation R000's	Closing balance R000's
Trademarks	1 760	–	(80)	(1 120)	560
Music libraries	3 729	765	(3 705)	–	789
Programming under development	24 230	14 876	–	(28)	39 078
Distribution rights	83 188	43 183	–	–	126 371
	<b>112 907</b>	<b>58 824</b>	<b>(3 785)</b>	<b>(1 148)</b>	<b>166 798</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**5 INVESTMENT IN ASSOCIATES**

Name of Company	Listed/ Unlisted	% holding			Carrying amount			Fair value		
		2013	2012	2011	2013 R000's	2012 R000's	2011 R000's	2013 R000's	2012 R000's	2011 R000's
Cape Town Film Studios Proprietary Limited	Unlisted	<b>42,48</b>	42,48	42,48	<b>44 939</b>	32 768	56 860	<b>44 939</b>	32 768	56 860
– Investments					<b>6 554</b>	6 554	6 554			
– Loans					<b>58 932</b>	43 857	59 659			
– Post-acquisition loss					<b>(20 547)</b>	(17 643)	(9 353)			
Dreamworld Management Company Proprietary Limited	Unlisted	<b>50,00</b>	50,00	50,00	<b>9 229</b>	9 312	3 812	<b>9 229</b>	9 312	3 812
– Investments					<b>4 343</b>	4 343	4 343			
– Loans					<b>10 078</b>	10 023	4 242			
– Post-acquisition loss					<b>(5 192)</b>	(5 054)	(4 773)			
Global Media Alliance Broadcasting Limited	Unlisted	<b>40,00</b>	40,00	40,00	<b>18 878</b>	14 073	10 125	<b>18 878</b>	14 073	10 125
– Investments					<b>57</b>	57	57			
– Loans					<b>36 187</b>	25 642	16 125			
– Post-acquisition loss					<b>(17 366)</b>	(11 626)	(6 057)			
					<b>73 046</b>	56 153	70 797	<b>73 046</b>	56 153	70 797

	2013 R000's	2012 R000's	2011 R000's
<b>Reconciliation of investments in associates</b>			
Opening carrying value	<b>56 153</b>	70 797	49 754
Loans granted during the year	<b>25 675</b>	(232)	32 976
Foreign exchange differences	–	(272)	(3 037)
Losses for the year	<b>(8 782)</b>	(14 140)	(8 896)
	<b>73 046</b>	56 153	70 797

**Summary of group's interest in associates**

Total assets	<b>141 308</b>	127 632	164 028
Total liabilities	<b>175 012</b>	150 979	143 016
Revenue	<b>16 623</b>	9 975	20 077
Losses for the year	<b>8 782</b>	14 140	21 770

The Company has signed a surety and a cession of a loan receivable from Cape Town Film Studios Proprietary Limited in favour of Absa Bank Limited. Refer to note 30 for loan balances.

The Company has signed a surety and a cession of a loan receivable from Dreamworld Management Company Proprietary Limited in favour of Absa Bank Limited. Refer to note 30 for loan balances.

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**6 FINANCIAL ASSETS**

	2013 R000's	2012 R000's	2011 R000's
<b>At fair value through profit or loss – designated</b>			
Foreign exchange contracts	1 566	1 766	–
<b>Loans and receivables</b>			
Malik Investments Proprietary Limited	55 859	77 404	106 287
The loan arose on the sale of Viamedia Proprietary Limited and is secured by a deed of suretyship in favour of the Company. The loan bears interest at prime less 3% and is repayable in biannual instalments commencing on 1 April 2011, with the last instalment on 30 September 2015.			
M Klinck			
The loan was settled during the year under review	–	–	214
Loans to group employees – interest free	17 304	20 589	17 058
The loans are repayable on 31 October 2015.			
Loans to group employees – interest-bearing	4 198	–	–
The loans bear interest at 6% and are repayable on 31 October 2018.			
Other loans and receivables	321	182	1 501
	<b>77 682</b>	<b>98 175</b>	<b>125 060</b>
Total other financial assets	<b>79 248</b>	<b>99 941</b>	<b>125 060</b>
<b>Non-current assets</b>			
Loans and receivables	52 768	56 125	76 872
<b>Current assets</b>			
At fair value through profit or loss	1 566	1 766	–
Loans and receivables	24 914	42 050	48 188
Total current assets	<b>26 480</b>	<b>43 816</b>	<b>48 188</b>
Total financial assets	<b>79 248</b>	<b>99 941</b>	<b>125 060</b>

**7 OPERATING LEASE ASSET/LIABILITY**

Deferred lease assets in terms of operating leases	424	3 778	3 139
Non-current assets	–	1 532	617
Current assets	424	2 246	2 522
	<b>424</b>	<b>3 778</b>	<b>3 139</b>
Deferred lease liabilities in terms of operating leases	588	3 313	2 992
Non-current liabilities	–	667	1 634
Current liabilities	588	2 646	1 358
	<b>588</b>	<b>3 313</b>	<b>2 992</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**8 DEFERRED TAXATION**

	<b>2013</b> R000's	2012 R000's	2011 R000's
<b>Deferred tax asset/(liability)</b>			
Prepayments	<b>(3 346)</b>	(2 283)	(963)
Allowances and accelerated wear and tear	<b>(1 713)</b>	(1 062)	(345)
Deferred income	<b>612</b>	1 779	1 211
Taxation losses available for set-off against future taxable income	<b>4 652</b>	2 488	1 403
Doubtful debts	<b>273</b>	178	1 023
Provisions	<b>10 288</b>	5 842	5 489
Operating leases	<b>46</b>	(310)	6
	<b>10 812</b>	6 632	7 824
<b>Reconciliation of deferred taxation asset/(liability)</b>			
At the beginning of the year	<b>6 632</b>	7 824	5 413
Tax losses available for set-off against future taxable income	<b>2 164</b>	(1 084)	3 778
Other timing differences	<b>2 016</b>	(108)	(1 367)
	<b>10 812</b>	6 632	7 824
Deferred taxation asset	<b>13 137</b>	8 967	9 520
Deferred taxation liability	<b>(2 325)</b>	(2 335)	(1 696)
	<b>10 812</b>	6 632	7 824

**9 PROGRAMMING RIGHTS**

**Reconciliation of programming rights – 2013**

	Opening balance R000's	Additions R000's	Amortisation R000's	Closing balance R000's
International programming	<b>167 155</b>	<b>179 903</b>	<b>(115 222)</b>	<b>231 836</b>
Local programming	<b>20 695</b>	<b>138 985</b>	<b>(145 487)</b>	<b>14 193</b>
	<b>187 850</b>	<b>318 888</b>	<b>(260 709)</b>	<b>246 029</b>

**Reconciliation of programming rights – 2012**

	Opening balance R000's	Additions R000's	Reclassifi- cation to intangible assets R000's	Amortisation R000's	Closing balance R000's
International programming	160 928	94 217	–	(87 990)	167 155
Local programming	101 550	42 926	(12 609)	(111 172)	20 695
	262 478	137 143	(12 609)	(199 162)	187 850

**Reconciliation of programming rights – 2011**

	Opening balance R000's	Additions R000's	Amortisation R000's	Closing balance R000's
International programming	218 986	65 721	(123 779)	160 928
Local programming	49 646	144 892	(92 988)	101 550
	268 632	210 613	(216 767)	262 478



**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**10 INVENTORIES**

	2013 R000's	2012 R000's	2011 R000's
Finished goods	21 768	21 171	7 317

**11 TRADE AND OTHER RECEIVABLES**

Trade receivables	351 557	317 299	239 249
Prepayments	19 326	22 596	7 420
Deposits	3 220	1 477	835
Value added taxation	1 722	632	3 365
Sundry receivables	9 577	9 629	3 983
	<b>385 402</b>	<b>351 633</b>	<b>254 852</b>

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

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

Two months past due	9 754	4 001	3 767
Three months past due	12 023	2 034	6 244
	<b>21 777</b>	<b>6 035</b>	<b>10 011</b>

**12 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

Bank balances	93 263	82 516	95 337
Cash and cash equivalents – continuing operations	93 263	82 516	95 337
Cash and cash equivalents – discontinued operations	–	95 077	6 871
	<b>93 263</b>	<b>177 593</b>	<b>102 208</b>

**13 SHARE CAPITAL****Authorised**

60 000 000 Ordinary Shares of R0,001 each	60	60	60
---	----	----	----

Reconciliation of number of shares issued:

Reported as at 31 March	56 238 927	56 238 927	56 238 927
-------------------------	------------	------------	------------

**Issued**

Ordinary	56	56	56
Share premium	809 458	809 458	809 458
180 148 (2011: 150 323) treasury shares	(10 236)	(12 853)	(9 564)
	<b>799 278</b>	<b>796 661</b>	<b>799 950</b>

**14 FOREIGN CURRENCY TRANSLATION RESERVE**

Translation reserve comprises exchange differences on consolidation.

e.Botswana Proprietary Limited	810	(213)	17
Longkloof Limited	–	(6 746)	(7 314)
e.tv Botswana Propriety Limited	–	–	1
Global Media Alliance Broadcasting Limited	–	–	(156)
	<b>810</b>	<b>(6 959)</b>	<b>(7 452)</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**15 SHARE-BASED PAYMENTS**

	Number	Weighted exercise price per share option (R)	Total value (R)
<b>Share Option Group – 2013</b>			
Outstanding at the beginning of the year	377 596	62,26	23 510 133
Forfeited during the year	(15 754)	71,25	(1 122 473)
Exercised during the year	(153 944)	50,00	(7 697 200)
Outstanding at the end of the year	207 898		14 690 460
<b>Share Option Group – 2012</b>			
Outstanding at the beginning of the year	161 698	50,00	8 084 900
Granted during the year	217 898	71,25	15 525 233
Forfeited during the year	(2 000)	50,00	(100 000)
Outstanding at the end of the year	377 596		23 510 133
<b>Share Option Group – 2011</b>			
Outstanding at the beginning of the year	165 698	50,00	8 284 900
Forfeited during the year	(4 000)	50,00	(200 000)
Outstanding at the end of the year	161 698		8 084 900

**Fair value was determined by using the Black-schöles model. The following inputs were used:**

Exercise price: R50 and R71,25 (2012: R50 and R71,25)

Option life: 3, 4 and 5 years (2012: 3, 4 and 5 years)

Expected dividends: 6% (2012: 6%) dividend yield

The risk-free interest rate: RSA157 (8,06% and 6,45% before taxation) (2012: 8,06% and 6,45% before taxation)

Expected volatility: 25% and 30% (2012: 25% and 30%)

**Method and the assumptions to incorporate the effects of expected early exercise:**

Expected volatility was determined using historical data to determine the fair market value of the share price and an assumption was utilised at 0%, 10% and 20% (2012: 25%, 0%, 10% and 20%) of the share option granted will lapse due to employees departing before option date of 1 December 2014, 1 December 2015 and 1 December 2016 respectively.

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**16 FINANCIAL LIABILITIES**

	<b>2013</b> <b>R000's</b>	2012 R000's	2011 R000's
<b>At fair value through profit or loss</b>			
Foreign exchange contracts	–	2 583	2 492
<b>Held at amortised cost</b>			
Standard Bank of South Africa Limited – borrowings	<b>179 252</b>	207 335	236 770
Secured borrowings bearing interest at the prime overdraft rate less 1,5% (2012: prime overdraft rate less 1,5%) per annum, repayable in monthly instalments. A mortgage bond has been registered for R235,0 million (2012: R190,2 million) and secured by land and buildings with a carrying value of R273,0 million (2012: R234,0 million).			
Standard Bank of South Africa Limited – instalment sales agreement	<b>7 255</b>	10 336	–
Secured borrowings bearing interest at variable rates, repayable in fixed and variable monthly instalments. R5,0 million (2012: R10,3 million) is secured by motor vehicles with a carrying value of R7,8 million (2012: R7,8 million) and the balance of R2,3 million (2012: Nil) is secured by technical equipment with a carrying value of R4,3 million (2012: Nil).			
P Loupis	–	–	3 186
M Hainebach	–	–	2 515
Hire purchase loan (foreign)	–	–	1 147
Loans and payables	<b>3 732</b>	1 576	–
R2 719 000 bearing interest of 8%, unsecured and with no fixed terms of repayment.			
R1 013 000 bearing no interest, unsecured and with no fixed terms of repayment.			
	<b>190 239</b>	219 247	243 618
	<b>190 239</b>	221 830	246 110
<b>Non-current liabilities</b>			
At amortised cost	<b>157 171</b>	121 722	189 160
<b>Current liabilities</b>			
Fair value through profit or loss	–	2 583	2 492
At amortised cost	<b>33 068</b>	97 525	54 458
	<b>33 068</b>	100 108	56 950
	<b>190 239</b>	221 830	246 110

**17 TRADE AND OTHER PAYABLES**

Trade payables	<b>237 854</b>	141 443	189 490
Amounts received in advance	<b>3 350</b>	11 803	6 631
Sundry creditors	<b>26 540</b>	15 674	40 982
Value added taxation	<b>17 867</b>	12 300	14 501
Deposits received	<b>271</b>	9 664	266
	<b>285 882</b>	190 884	251 870

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**18 PROVISIONS**

	Opening balance R000's	Additions R000's	Utilised during the year R000's	Closing balance R000's
<b>Reconciliation of provisions – 2013</b>				
Leave pay	20 968	4 386	(1 255)	24 099
Other provisions	853	4 775	(3 813)	1 815
	<b>21 821</b>	<b>9 161</b>	<b>(5 068)</b>	<b>25 914</b>
<b>Reconciliation of provisions – 2012</b>				
Leave pay	18 353	3 160	(545)	20 968
Other provisions	703	768	(618)	853
	<b>19 056</b>	<b>3 928</b>	<b>(1 163)</b>	<b>21 821</b>

**19 REVENUE**

	2013 R000's	2012 R000's	2011 R000's
Advertising revenue	1 474 793	1 371 308	1 243 104
Property and facility income	223 785	173 503	108 672
Content sales	52 729	26 028	18 459
Other revenue	32 982	26 538	28 230
Subscription revenue	333 523	274 151	219 009
	<b>2 117 812</b>	<b>1 871 528</b>	<b>1 617 474</b>

**20 OPERATING PROFIT**

Operating profit for the year is stated after accounting for the following:

**Operating lease charges**

Premises			
– Straight-line amounts	17 580	18 337	16 349
Equipment			
– Straight-line amounts	1 152	1 913	1 676
	<b>18 732</b>	<b>20 250</b>	<b>18 025</b>
Loss/(gain) on sale of property, plant and equipment	545	(1 512)	293
Auditors' remuneration	2 691	2 291	1 653
Impairment of property, plant and equipment	3 033	2 792	–
Amortisation on intangible assets	313	585	936
Depreciation on property, plant and equipment	95 947	79 983	71 839
Employee costs	229 690	195 781	147 514
Research and development	2 433	2 721	2 379

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**21 FAIR VALUE ADJUSTMENTS**

	<b>2013</b>	2012	2011
	<b>R000's</b>	R000's	R000's
Loans denominated in foreign currency	–	–	(3 037)
Foreign exchange differences	<b>(9 802)</b>	(4 421)	4 856
	<b>(9 802)</b>	(4 421)	1 819

**22 TAXATION**

Major components of the taxation expense

**Current**

Local income taxation – current period	<b>216 011</b>	200 958	161 940
Underprovision – prior period	<b>1 215</b>	–	–
Dividend taxation	–	11 248	15 636
Capital gains taxation	<b>614</b>	–	5 989
	<b>217 840</b>	212 206	183 565

**Deferred**

Timing differences	<b>(4 180)</b>	1 193	(2 411)
	<b>213 660</b>	213 399	181 154

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate:

Applicable tax rate	<b>28,00%</b>	28,00%	28,00%
Exempt income	<b>(0,04%)</b>	–	–
Capital gains tax	<b>(0,13%)</b>	–	1,10%
Disallowable charges	<b>0,37%</b>	1,00%	1,21%
Secondary tax on companies	–	1,61%	2,86%
Taxation losses carried forward	<b>1,70%</b>	1,00%	–
	<b>29,90%</b>	31,60%	33,17%

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**23 DISCONTINUED OPERATION, DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE**

The company disposed of its investment in Longkloof Limited and its subsidiaries and its investment in Crystal Brook Distribution Proprietary Limited with effective from 2 May 2012 and 26 September 2012 respectively.

The profit and loss, assets and liabilities of the discontinued operations, disposal group and non-current assets held for sale are set out below:

	2013 R000's	2012 R000's	2011 R000's
<b>PROFIT AND LOSS</b>			
<b>Revenue</b>			
Longkloof Limited and its subsidiaries	2 176	30 534	147 281
Crystal Brook Distribution Proprietary Limited	5 396	12 421	2 924
	<b>7 572</b>	<b>42 955</b>	<b>150 205</b>
<b>Other income</b>			
Viamedia Propriety Limited	–	–	28 283
Longkloof Limited and its subsidiaries	55 162	11 809	19
	<b>55 162</b>	<b>11 809</b>	<b>28 302</b>
<b>Expenses</b>			
Longkloof Limited and its subsidiaries	(6 846)	(79 727)	(104 121)
Crystal Brook Distribution Proprietary Limited	(4 881)	(9 659)	(19 750)
	<b>(11 727)</b>	<b>(89 386)</b>	<b>(123 871)</b>
<b>Taxation</b>			
Longkloof Limited and its subsidiaries	(290)	(680)	(20 587)
Crystal Brook Distribution Proprietary Limited	(1 129)	(780)	(392)
	<b>(1 419)</b>	<b>(1 460)</b>	<b>(20 979)</b>
<b>Total profit and loss</b>	<b>49 588</b>	<b>(36 082)</b>	<b>33 657</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Assets of disposal groups</b>			
Property, plant and equipment	–	5 736	25
Goodwill	–	866	–
Intangible assets – licence rights	–	94 282	3 718
Investment in associates	–	41 511	12 280
Other financial assets	–	30 574	24 405
Programming rights	–	10 490	7 472
Trade and other receivables	–	56 951	37 173
Cash and cash equivalents	–	95 077	6 871
	–	<b>335 487</b>	<b>91 944</b>
<b>Liabilities of disposal groups</b>			
Other financial liabilities	–	59 959	7
Trade and other payables	–	32 299	1 181
Other liabilities	–	500	167
	–	<b>92 758</b>	<b>1 355</b>

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**24 CASH GENERATED FROM OPERATIONS**

	<b>2013</b>	2012	2011
	<b>R000's</b>	R000's	R000's
Profit before taxation	<b>713 153</b>	678 965	563 324
Adjustments for:			
Depreciation and amortisation	<b>100 464</b>	80 558	72 775
Loss/(profit) on sale of assets	<b>545</b>	(1 512)	(293)
Loss from disposal group	<b>–</b>	(36 656)	(17 200)
Loss from equity-accounted investments	<b>8 782</b>	14 140	8 896
Investment revenue	<b>(10 764)</b>	(23 373)	(16 889)
Finance costs	<b>17 953</b>	25 703	27 157
Fair value adjustments	<b>9 802</b>	4 421	(1 819)
Impairment loss	<b>3 033</b>	2 792	–
Movements in provisions	<b>4 093</b>	4 545	745
Share-based payments	<b>(630)</b>	1 791	510
Movement in foreign exchange contracts	<b>(200)</b>	(6 205)	(4 283)
Other non-cash items	<b>4 096</b>	(7 251)	(6 067)
Changes in working capital:			
Inventories	<b>(2 613)</b>	(906)	(597)
Trade and other receivables	<b>(35 884)</b>	(88 313)	(2 206)
Programming rights	<b>(58 179)</b>	71 609	(1 318)
Trade and other payables	<b>96 056</b>	(48 581)	28 080
	<b>849 707</b>	671 727	650 815

**25 TAXATION PAID**

Balance at the beginning of the year	<b>(24 354)</b>	(29 314)	(30 723)
Current taxation for the year recognised in profit or loss	<b>(217 840)</b>	(212 206)	(183 564)
Adjustment in respect of businesses sold	<b>–</b>	(781)	167
Balance at the end of the year	<b>(3 485)</b>	24 354	29 314
	<b>(245 679)</b>	(217 947)	(184 806)

**26 DIVIDEND PAID**

Dividends	<b>(590 768)</b>	(112 148)	(180 670)
-----------	------------------	-----------	-----------

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**27 BUSINESS COMBINATIONS**

	2013 R000's	2012 R000's	2011 R000's
<b>Aggregated business combinations</b>			
Property, plant and equipment	12 965	29 636	–
Intangible assets – licence rights	–	19 819	–
Goodwill	–	38 611	–
Financial assets	–	2 202	–
Operating lease asset	–	309	–
Inventories	15	10 917	–
Trade and other receivables	–	63 519	–
Cash and cash equivalents	–	13 164	–
Financial liabilities	–	(65 459)	–
Loans payable	–	(2 542)	–
Deferred lease liability	–	(167)	–
Trade and other payables	(239)	(44 085)	–
Other payables	–	(2 526)	–
Negative goodwill	–	(2 914)	–
Total identifiable net assets	12 741	60 484	–
Non-controlling interest	–	2 058	–
	<b>12 741</b>	<b>62 542</b>	<b>–</b>
<b>Consideration paid</b>			
Cash	(12 741)	(53 630)	–
Other – equity	–	(8 912)	–
	<b>(12 741)</b>	<b>(62 542)</b>	<b>–</b>
<b>Net cash outflow on acquisition</b>			
Cash consideration paid	(12 741)	(53 630)	–
Cash acquired	–	13 164	–
	<b>(12 741)</b>	<b>(40 466)</b>	<b>–</b>

**Shibula Lodge and Spa Proprietary Limited**

On 29 May 2012 Sabido Properties Proprietary Limited acquired 100% of the voting equity interest of Shibula Lodge and Spa Proprietary Limited which resulted in the Company obtaining control over Shibula Lodge and Spa Proprietary Limited. Shibula Lodge and Spa Proprietary Limited operates a game reserve and spa.

Shibula Lodge and Spa Proprietary Limited contributed revenue of R4,2 million and profit after taxation of R0,3 million to the group for the year from the date of effective control to 31 March 2013. Had the acquisition been effective on 1 April 2012 the contribution to revenue would have been R4,2 million and the net profit after taxation would have been R0,3 million.

**Jacana Media Proprietary Limited**

On 1 March 2012 the Company acquired 65,5% of the voting equity interest of Jacana Media Proprietary Limited which resulted in the Company obtaining control over Jacana Media Proprietary Limited. Jacana Media Proprietary Limited operates as a print publisher.

Jacana Media Proprietary Limited contributed revenue of R3,0 million and profit after taxation of R0,1 million to the group for the year from the date of effective control to 31 March 2012. Had the acquisition been effective on 1 April 2011 the contribution to revenue would have been R31,6 million and the net profit after taxation would have been R0,5 million.

**Media Film Service Proprietary Limited**

On 1 September 2011 Memar TV Proprietary Limited acquired 100% of the voting equity interest of Media Film Service Proprietary Limited which resulted in the company obtaining control over Media Film Service Proprietary Limited. Media Film Service Proprietary Limited operates in film sales and rentals.

Media Film Service Proprietary Limited contributed revenue of R56,7 million and profit after taxation of R3,9 million to the group for the year from the date of effective control to 31 March 2012. Had the acquisition been effective on 1 April 2011 the contribution to revenue would have been R87,9 million and the net profit after taxation would have been R1,6 million.



## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### Moviemart Sales and Consumables Proprietary Limited

On 1 September 2011 Memar TV Proprietary Limited acquired 100% of the voting equity interest of Moviemart Sales and Consumables Proprietary Limited which resulted in the Company obtaining control over Moviemart Sales and Consumables Proprietary Limited. Moviemart Sales and Consumables Proprietary Limited operates in film equipment and spares sales.

Moviemart Sales and Consumables Proprietary Limited contributed revenue of R5,6 million and profit after taxation of R0,3 million to the group for the year from the date of effective control to 31 March 2012. Had the acquisition been effective on 1 April 2011 the contribution to revenue would have been R7,8 million and the net profit after taxation would have been R0,8 million.

## 28 SALE OF BUSINESS

### Sale of non-equity-accounted businesses

	2013 R000's	2012 R000's	2011 R000's
<b>Carrying value of assets sold</b>			
Property, plant and equipment	(5 528)	–	(2 178)
Intangible assets	(95 184)	–	(115)
Investment in associates	(40 841)	–	–
Deferred tax assets/liabilities	(259)	–	(140)
Other non-current assets	(883)	–	(1 660)
Goodwill	–	–	(67 526)
Inventories	(71)	–	(140)
Trade and other receivables	(56 580)	–	(40 030)
Other current assets	(43 895)	–	–
Taxation assets/liabilities	298	–	6 139
Trade and other payables	34 252	–	14 185
Borrowings	60 008	–	868
Other current liabilities	79	–	–
Cash	(137 828)	–	(6 875)
Surplus on disposal	–	–	(27 785)
Non-controlling interest	2 425	–	15 027
<b>Total net assets sold</b>	<b>(284 007)</b>	–	<b>(110 230)</b>
<b>Net assets sold</b>	<b>(60 881)</b>	–	–
<b>Profit on disposal</b>	<b>(344 888)</b>	–	<b>(110 230)</b>
Consideration received			
Cash	344 888	–	–
Loan receivable	–	–	103 355
<b>Net cash outflow on acquisition</b>			
Loan receivable	344 888	–	103 355
Cash sold	(137 828)	–	(6 875)
	<b>207 060</b>	–	<b>96 480</b>

## 29 COMMITMENTS

### Authorised capital expenditure

Authorised by Directors but not contracted	277 616	83 563	85 865
--	---------	--------	--------

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained profits.

### Contracted capital expenditure

Platco Digital Proprietary Limited has an obligation to pay R12,3 million in respect of an agreement entered into with a service provider for the acquisition of technical equipment. The transfer of ownership of the technical equipment to Platco Digital Proprietary Limited only takes place on delivery to the premises of Platco Digital Proprietary Limited. Delivery is expected during May 2013 whereafter final payment will be made.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 30 RELATED PARTIES

#### Relationships

Holding company	Hosken Consolidated investments Limited. (Refer to note 5.)
Associates	Refer to note 5
Shareholders	Hosken Consolidated Investments Limited Remgro Limited
Subsidiaries of shareholders	HCI Managerial Services Proprietary Limited HCI International Holdings Limited Venfin Media Investments Proprietary Limited Deepkloof Limited Iprop Holdings Limited
Investment held by key management	Red Pepper Pictures Proprietary Limited
Associate of close family member of key management	Redcarpet Communications CC of Mr K Sherrif
Associate of Longkloof Limited, a subsidiary of Deepkloof Limited	The Africa Channel Limited
Members of key management	B E Keene-Young K M Sherrif M G Rosin W D Nel

	2013 R000's	2012 R000's	2011 R000's
<b>Related party balances</b>			
Cape Town Film Studios Proprietary Limited	58 932	43 857	59 659
Dreamworld Management Company Proprietary Limited	10 078	10 023	4 242
Global Media Alliance Broadcasting Limited	36 187	25 642	16 125
<b>Amounts included in trade receivable (trade payable) regarding related parties</b>			
The Africa Channel Limited	(2 353)	–	–
<b>Amounts included in financial liabilities regarding related parties</b>			
Media Film Service Inc. (Mauritius)	2 717	–	–
Related party transactions			
<b>Administration fees paid to/(received from) related parties</b>			
HCI Managerial Services Proprietary Limited	12 888	12 161	11 576
Venfin Media Investments Proprietary Limited	1 459	1 389	1 323
<b>Programming purchased</b>			
Red Pepper Pictures Proprietary Limited	20 122	27 866	6 942
<b>Marketing expenses paid to related parties</b>			
Redcarpet Communications CC	375	542	166
<b>Intangible assets acquired</b>			
The African Channel Limited	2 353	–	–
<b>Compensation to Directors and other key management</b>			
Short-term employee benefits	12 921	14 325	8 068
Share-based payment	–	325	–
	<b>12 921</b>	<b>14 650</b>	<b>8 068</b>

#### Sale of business

Crystal Brook Distribution Proprietary Limited was sold to HCI International Holdings Limited and Venfin Media Investments Proprietary Limited during the current financial year. Refer to notes 23 and 28.

Longkloof Limited was sold to Deepkloof Limited and Iprop Holdings Limited during the current financial year. Refer to notes 23 and 28.

## SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

### 31 COMPARATIVE FIGURES

The company has disposed of its investment in Crystal Brook Distribution Proprietary Limited, therefore comparative amounts were restated in the Statement of Comprehensive Income.

### 32 RISK MANAGEMENT

#### Liquidity risk

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

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities and net-settled derivative 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.

	Less than 1 year R000's	Between 1 and 2 years R000's	Between 2 and 5 years R000's	Over 5 years R000's
<b>At 31 March 2013</b>				
Financial liabilities	33 068	85 576	71 595	–
Trade and other payables	285 882	–	–	–
<b>At 31 March 2012</b>				
Financial liabilities	100 108	30 054	91 668	–
Trade and other payables	190 884	–	–	–

#### Interest rate risk

The group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

At 31 March 2013, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R1 902 390 (2012: R2 218 300) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### Credit risk

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

#### Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

It is the policy of the Company to cover forward for all foreign exchange denominated liabilities. The carrying amount of trade payables exposed to foreign currency exchange risk is R160,0 million (2012: R96,0 million).

**SABIDO INVESTMENTS PROPRIETARY LIMITED AND ITS SUBSIDIARIES**

(Registration number 1999/011709/07)

Group Annual Financial Statements for the three years ended 31 March 2013

**Forward exchange contracts which relate to future commitments**

<b>Amount in foreign currency purchased</b>	<b>Forward exchange rate</b>	<b>Maturity date</b>
US\$4 045 650 (2012: US\$10 995 965)	1US\$ = R10,11 (2012: 1US\$ = R7,93)	2 May 2013 to 2 March 2015

**Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The group's debt capacity and optimal gearing levels are determined by the cash flow profile of the group and are measured through applicable ratios such as net debt to EBITDA and interest cover. There were no changes in the group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

---

## INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF SABIDO

---

3 July 2013

The Directors  
Sardel Investment Corporation Limited  
1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460

### INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SABIDO INVESTMENTS PROPRIETARY LIMITED ("SABIDO") FOR THE YEARS ENDED 31 MARCH 2011, 31 MARCH 2012 AND 31 MARCH 2013

#### Introduction

At your request and for the purposes of the Circular to be dated on or about 10 July 2013 ("the Circular"), we present our report on the historical financial information of Sabido for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 in compliance with the JSE Limited Listings Requirements.

#### Responsibilities

##### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation, contents and presentation of the Circular and the fair presentation of the historical financial information in accordance International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Reporting accountants' responsibility*

Our responsibility is to express an opinion on the historical financial information of Sabido for the years ended 31 March 2011, 31 March 2012 and 31 March 2013, included in the Circular, based on our audit of the financial information for the year ended 31 March 2013 and our review of the financial information for the years ended 31 March 2012 and 2011.

#### Scope of the audit

We conducted our audit of the historical financial information for the year ended 31 March 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 whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial information 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 financial information.

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

#### Audit opinion

In our opinion, the historical financial information of Sabido for the year ended 31 March 2013 fairly presents, in all material respects, for the purposes of the Circular, the financial position of Sabido at that date and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of 2008 and the JSE Limited Listings Requirements.

#### Scope of the review

We conducted our review of the historical financial information for the years ended 31 March 2012 and 2011 in accordance with the International Standards on Review Engagements 2410, "Engagements to review financial statements". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information is

free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit in respect of the years ended 31 March 2012 and 2011 and, accordingly, we do not express an audit opinion in respect of these periods.

#### **Review conclusion**

Based on our review nothing has come to our attention that causes us to believe that the historical financial information of Sabido for the years ended 31 March 2012 and 2011 is not fairly presented, in all material respects, for the purposes of the Circular, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2008 and the JSE Limited Listings Requirements.

#### **Consent**

We consent to the inclusion of this report and the reference to our opinion in the Circular in the form and context in which it appears.

Yours faithfully

#### **PKF (Jhb) Inc.**

G M Chaitowitz  
Registration number 1994/001166/21  
Registered Auditors  
Chartered Accountants (SA)  
42 Wierda Road West  
Wierda Valley  
Sandton  
2196

---

## MATERIAL LIABILITIES AND COMMITMENTS

---

### Material borrowings

A working capital facility of R450 million and a property development facility of R250 million has been extended to SGT on a 50/50 basis by Nedbank Limited and Standard Bank of South Africa Limited.

A working capital facility of R150 million has been extended to Prima Toy and Leisure Proprietary Limited on a 50/50 basis by Nedbank Limited and Standard Bank of South Africa Limited.

Security for the loans has been provided by a special purpose company (Seardel Security Proprietary Limited), which has guaranteed the obligations of the Seardel Group companies in favour of the lenders and which, in turn, is indemnified by Seardel Group companies.

Nedbank Limited and Standard Bank of South Africa Limited are entitled to review the facilities at any time and the facilities attract interest at Prime.

Sabido has borrowings from Standard Bank of South Africa Limited of R186 million, of which R33 million will be repaid out of existing cash in the next 12 months. This loan is unsecured and attracts interest at Prime less 1,5%.

SPV will issue and allot preference shares to HCI and Sactwu (provided the Sactwu Option Repurchase is exercised in full) to the value of the outstanding loan balance referred to in paragraph 3.2.2 owing by SPV to HCI (of approximately R3,1 billion) and Sactwu (of approximately R1,3 billion). The preference shares will:

- entitle HCI and Sactwu to receive a dividend of 72% of the prime rate calculated on the issue price of the preference shares, to be paid from time to time out of the free cash of SPV, as and when determined by SPV's directors;
- in the case of HCI's preference shares, be redeemed by not later than three years and one day after their issue and will be converted into ordinary shares in SPV should they not be redeemed for any reason; and
- in the case of Sactwu's preference shares, will be redeemed if SPV's entire shareholding in Sabido is disposed of for cash, or will be converted into ordinary shares in SPV if HCI's preference shares are redeemed in full by SPV from a fresh issue of shares to Seardel or its nominee, or converted into ordinary shares in SPV, on the basis that Sactwu will retain an equity interest in SPV of not less than 30%.

### Material intercompany loans

Seartec Trading Proprietary Limited:

- Seartec Trading Proprietary Limited is indebted to SGT for R109,8 million.
- The loan is unsecured and bears interest at Jibar plus 300 basis points.
- No repayment terms have been set.

Seardel Group Trading Proprietary Limited

- SGT is indebted to Seardel for R680,7 million.
- The loan is unsecured and interest free.
- No repayment terms have been set.

### Details of material commitments, lease payments and contingent liabilities

SGT has R21,7 million of contracted commitments as at 31 March 2013, the majority of which relate to property developments.

There are no material lease payments, contingent liabilities or contingent assets within the Seardel Group as at the Last Practicable Date.

### Loans receivable

Sabido has a loan receivable of R56 million from Malik Investments Proprietary Limited. The loan arose on the sale of Viamedia Proprietary Limited and is secured by a deed of suretyship in favour of Sabido. The loan bears interest at prime less 3% and is repayable in biannual instalments commencing on 1 April 2011 with the last instalment on 30 September 2015. The sole director of Malik Investments Proprietary Limited is Garth Stewart Mackintosh whose address is 2 Bryn Merlin, 24 Kenilworth Road, Cape Town, 7824.

## INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT OF SEARDEL AND ITS MAJOR SUBSIDIARIES

### 1. DIRECTORS' DETAILS

The table below sets out information pertaining to the current Directors of Seardel:

Name age and nationality	Role	Qualification	Business address	Occupation and experience
Mohamed Ahmed (48) (South African)	Independent Non-executive Director	BCompt	52 Intersite Avenue Umgeni Business Park Durban	Mr Ahmed is a businessman who previously held directorships in HCI, MTN Group Limited, Real Africa Holdings Limited and numerous entities within the clothing and textile industry. He is the chairman of the audit and risk committees and was appointed to the Board in October 2008.
John Anthony Copelyn (62) (South African)	Chairman and Non-executive Director	BA (Hons) BProc	Block B, Longkloof Studios Park Road Gardens Cape Town	Mr Copelyn joined HCI as chief executive officer in 1997. He was general secretary of various unions in the clothing and textile industry from 1974 before becoming a member of parliament in 1994. He holds various directorships and is non-executive chairman of e.tv, Tsogo Sun Holdings Limited and Niveus Investments Limited. He was appointed to the Board in May 2005.
Dave Duncan (58) (British)	Executive Director	BCompt	124 Escom Road New Germany 3610	Mr Duncan has been with the Seardel Group for more than 30 years in the industrial manufacturing sector. Mr Duncan was appointed to the Board on 16 May 2013 as the chief operating officer in charge of the Seardel Group's manufacturing concerns. He is a member of the executive committee.
Kevin Govender (42) (South African)	Non-executive Director	BCompt (Hons)	Block B, Longkloof Studios Park Road Gardens Cape Town	Mr Govender joined the HCI group in 1997, and became the chief financial officer and company secretary for HCI in 2001, with responsibility for the HCI group's full finance function including corporate finance, tax and secretarial. He was appointed to the Board in October 2008.
Neil Norman Lazarus SC (55) (South African)	Lead Independent Non-executive Director	BA, LLB	1 Moorsom Avenue Epping Industria II Cape Town 7460	Mr Lazarus was admitted as an advocate in 1984 and was appointed as senior counsel in 1998. He also serves as an acting judge. As an advocate, he specialises in corporate restructures, mergers and acquisitions and was involved in some major corporate reorganisations both locally and internationally. He is a member of the remuneration committee, risk and audit committee and was appointed to the Board in October 2001.



<b>Name age and nationality</b>	<b>Role</b>	<b>Qualification</b>	<b>Business address</b>	<b>Occupation and experience</b>
Amon Ntuli (54) (South African)	Executive Director		124 Escom Road New Germany 3610	Mr Ntuli was the president of Sactwu from 1985 to 2003. Mr Ntuli joined the Seardel Group in 1978 and was appointed as an executive in 2006. He is a director of SACTWU Investment Group and various trade union investment companies. He is chairman of the social and ethics committee and was appointed to the Board in October 2008.
Stuart Alexander Queen (41) (South African)	Chief Executive Officer	BCompt (Hons) CA (SA)	1 Moorsom Avenue Epping Industria II Cape Town 7460	Mr Queen joined the Seardel Group as chief executive officer in December 2009. Prior to joining the Board, he was financial director of Johnnic Holdings Limited and held directorships within various subsidiaries of both HCI and Johnnic Holdings Limited. He is a member of the executive committee and risk committee and was appointed to the Board in October 2008.
Yunis Shaik (55) (South African)	Non-executive Director	BProc	Block B, Longkloof Studios Park Road Gardens Cape Town	Mr Shaik is an attorney of the High Court and presently in private practice. He is a former deputy-general secretary of Sactwu and has served as the senior commissioner to the CCMA in KwaZulu-Natal. He is a non-executive director of HCI and Niveus Investments Limited, is a member of the audit and risk committee and was appointed to the Board in October 2008.
Rachel Watson (54) (South African)	Non-executive Director		Fernando Building Mark Street Atlantis	Ms Watson has 33 years' operational experience within the clothing industry. During her last 14 years within the industry, Ms Watson served as a trade union representative in various organisational positions. She currently holds an executive position at a regional broadcaster, and is a member of the social and ethics committee. Ms Watson was appointed to the Board in August 2009.
Gysbert Du Toit Wege (39) (South African)	Financial Director	BCompt (Hons) CA (SA)	1 Moorsom Avenue Epping Industria II Cape Town 7460	Mr Wege joined the Seardel Group in April 2009 and was appointed as financial director in August 2009. Prior to joining the Board, he served in various senior financial roles within the automotive logistics industry. Mr Wege is a member of the executive committee, risk committee and the social and ethics committee.

The table below sets out information pertaining to the current directors and senior executives of Seardel’s major subsidiaries:

<b>Name age and nationality</b>	<b>Role</b>	<b>Qualification</b>	<b>Business address</b>	<b>Occupation and experience</b>
Ian Stein (62) (South African)	Executive Committee member and divisional Chief Executive Officer – Seardel Apparel	BSc	1 Moorsom Avenue Epping Industria II Cape Town 7460	Mr Stein joined the Seardel Group in 1976 and served as chief executive officer of Monviso Knitwear from 1985 – 2010. From 2010 he was appointed as an executive of Seardel Apparel and appointed as chief executive officer of Seardel Apparel in January 2012. He is the founding chairman of the Cape Town Fashion Council and served as head of the World Class Manufacturing Cape Clothing and Textile Cluster 2003 – 2008. He is a member of the executive committee.
Ian Noel Morris (60) (South African)	Executive Committee member and Chief Executive Officer – Prima Toy and Leisure Trading Proprietary Limited	BCom, CA (SA)	36 Gunners Circle Epping Industrial I 7460	Mr Morris joined Prima Toy and Leisure Trading Proprietary Limited in July 1988 and was appointed financial director in December 1989. He was appointed CEO in April 2009 and is a member of the executive committee.
Keith Graham Robson (66) (South African)	Executive Committee member and Divisional Chief Executive Officer – Seardel Group Properties	LLB (Hons) (London)	124 Escom Road New Germany 3610	Mr Robson has served the Seardel Group in a number of senior executive capacities over the last 25 years and was appointed chief executive officer of Seardel Group Properties in January 2010. He is a member of the executive committee.

---

## EXTRACTS FROM THE MOI

---

### **“Election of Directors, Alternate Directors and Casual Vacancies**

The minimum number of Directors shall be 4 (four) and the maximum 20 (twenty). Any failure by the Company at any time to have the minimum number of Directors, does not limit or negate the authority of the Board, or invalidate anything done by the Board or the Company.

At the Annual General Meeting held each year 1/3 (one-third) of the non-executive Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office.

The non-executive Directors so to retire at each Annual General Meeting shall be those who have been longest in office since their last election, provided that:

- if more than one of them were elected non-executive Directors on the same day, those to retire shall be determined by lot unless those non-executive Directors agree otherwise between themselves;
- if at any Annual General Meeting any non-executive Director will have held office for 3 (three) years since their election, such non-executive Director shall also retire at such Annual General Meeting.

Notwithstanding anything herein contained, if, at the date of any Annual General Meeting any Director or Alternate Director will have held office for a period of 5 (five) years since his last election or appointment, he shall retire at such Annual General Meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto.

The length of time a Director has been in office shall be computed from the date of her/his last election.

A retiring Director shall act as a Director throughout the Meeting at which she/he retires. Retiring Directors, or any other Director whose term of office has or will expire, shall be eligible for re-election and, if re-elected, shall be deemed not to have vacated his office.

No Person other than a Director retiring at the Meeting shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any Annual General Meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the Meeting, there shall have been given to the secretary notice in Writing by some Holder duly qualified to be present and vote at the Meeting for which such notice is given of the intention of such Holder to propose such Person for election and also notice in Writing signed by the Person to be proposed of her/his willingness to be elected.

If at any Annual General Meeting, the place of any retiring Director is not filled, she/he shall if willing continue in office until the dissolution of the Annual General Meeting in the next year, and so on from year to year until her/his place is filled, unless it shall be determined at such Meeting not to fill such vacancy.

Each of the Directors and the Alternate Directors, other than a Director contemplated in clause 21.17, shall be elected (which in the case of a vacancy arising shall take place at the next Annual General Meeting), in accordance with clause 21.14.

Life directorships and directorships for an indefinite period are not permitted.

An Alternate Director shall serve in the place of 1 (one) or more Director(s) named in the resolution electing her/him during the Director's(s)' absence or inability to act as Director. If a Person is an Alternate Director to more than 1 (one) Director or if an Alternate Director is also a Director, she/he shall have a separate vote, on behalf of each Director she/he is representing in addition to her/his own vote, if any.

There are no general qualifications prescribed by the Company for a Person to serve as a Director or an Alternate Director in addition to the requirements of the Companies Act. The Board must make recommendations to the Holders regarding the eligibility of Persons nominated for election as Directors, taking into account their past performance and contribution, if applicable. A brief curriculum vita of each Person standing for election or re-election as a Director at a Meeting or the Annual General Meeting, must accompany the notice of the Meeting.

No Director shall be entitled to appoint any Person as an Alternate Director to himself/herself.

In any election of Directors and Alternate Directors, the election is to be conducted as follows:

- a series of votes of those entitled to exercise votes regarding such election, 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 at that time have been filled; and
- in each vote to fill a vacancy:

- each Voting Right entitled to be exercised may be exercised once; and
- the vacancy is filled only if a majority of the Voting Rights exercised support the candidate.

No Person shall be elected as a Director or Alternate Director, if she/he is Ineligible or Disqualified and any such election shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be elected as a Director or Alternate Director nor act as a Director or Alternate Director. A Person placed under probation by a court must not serve as a Director or an Alternate Director unless the order of court so permits.

No election of a Director shall take effect until he/she has delivered to the Company a Written consent to serve.

Any casual vacancy occurring on the Board may be filled by the Board, but so that the total number of the Directors shall not at any time exceed the maximum number fixed, if any, but the Individual so appointed shall cease to hold office at the termination of the first Shareholders' Meeting to be held after the appointment of such Individual as a Director unless she/he is elected at such Shareholders' Meeting.

Should the number of Directors fall below the minimum number fixed by or pursuant to this MOI as the minimum, the remaining Directors must, as soon as reasonably possible but in any event no later than 3 (three) months from the date that the number of Directors in office falls below the minimum number, fill the vacancy(ies) in question or call a Shareholders' Meeting for the purpose of filling such vacancy(ies).

The continuing Directors (or sole continuing Director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this MOI as the minimum, and where the 3- (three-) month period contemplated in clause 21.18 has expired, the continuing Directors or Director may act only for the purpose of summoning a Shareholders' Meeting or filling vacancies.

If there is no Director able and willing to act, then any Holder entitled to exercise Voting Rights in the election of a Director may convene a Shareholders' Meeting for the purpose of appointing Directors.

#### **Remuneration of Directors and Alternate Directors and members of Board committees**

The Directors or Alternate Directors or members of Board committees shall be entitled to such remuneration for their services as Directors or Alternate Directors or members of Board committees as may have been determined from time to time by Special Resolution within the previous 2 (two) years. In addition, the Directors and Alternate Directors shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the Directors and Holders, and the members of the Board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the Board committees as determined by a disinterested quorum of Directors. The Company may pay or grant any type of remuneration contemplated in sections 30(6)(b) to (g) of the Companies Act to any executive Directors.

A Director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a subsidiary of, the Company and in that event, his/her appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

#### **General powers and duties of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board, which has the authority to exercise all of the powers and perform any of the functions of the Company, except to the extent that the Companies Act or this MOI provides otherwise.

Without limiting the generality of the foregoing, the Directors may, from time to time, at their discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The Board must appoint a chief executive officer and an executive financial director. The Board may from time to time appoint one or more of the Directors to the office of managing director or manager for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms they may think fit, and it may be made a term of her/his appointment that she/he be paid a pension, gratuity or other benefit on her/his retirement from office.

The Board may from time to time entrust to and confer upon a managing director or manager for the time being such of the powers vested in the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the Directors, and may from time to time revoke or vary all or any of such powers. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Directors and after powers have been conferred upon her/him by the Board in terms hereof she/he shall be deemed to derive such powers directly from this clause.

#### **Board committees**

The Directors may appoint any number of Board committees and delegate to such committees any authority of the Board. The Directors must appoint a remuneration committee and, if required by the Companies Act or the Regulations, given the nature

of the business and composition of the Board, a risk committee, a social and ethics committee and a nominations committee. The members of such committees (other than the nominations committee), may include Persons who are not Directors as long as they are not Ineligible or Disqualified to be Directors, but such Persons shall not be able to vote.

No Person shall be appointed as a member of a Board committee, if she/he is Ineligible or Disqualified and any such appointment shall be a nullity. A Person who is Ineligible or Disqualified must not consent to be appointed as a member of a Board committee nor act as such a member. A Person placed under probation by a court must not serve as a member of a Board committee unless the order of court so permits.

There are no general qualifications prescribed by the Company for a Person to serve as a member of a Board committee in addition to the requirements of the Companies Act.

Committees of the Board may consult with or receive advice from any person.

Meetings and other proceedings of a committee of the Board consisting of more than 1 (one) member shall be governed by the provisions of this MOI regulating the meetings and proceedings of Directors.

### **Proceedings of Directors**

A Director authorised by the Board:

- may, at any time, summon a meeting of the Directors; and
- must call a meeting of the Directors if required to do so by at least 2 (two) Directors.

The Directors may determine what period of notice shall be given of meetings of Directors and may determine the means of giving such notice which may include telephone, telefax or Electronic Communication. It shall be necessary to give notice of a meeting of Directors to all Directors even those for the time being absent from South Africa.

If all of the Directors:

- acknowledge actual receipt of the notice;
- are present at a meeting of the Directors; or
- waive notice of the meeting, the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

Unless otherwise resolved by the Directors, all their meetings shall be held in the city or town where the Company's Registered Office is for the time being situated. A meeting of Directors may be conducted by Electronic Communication and/or one or more Directors may participate in a meeting of Directors by Electronic Communication so long as the Electronic Communication facility employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.

The quorum for a Directors' meeting shall be 2 (two) Directors.

The Directors may elect a chairperson, deputy chairperson and/or any vice chairperson and determine the period for which they, respectively, shall hold office. If no chairperson is elected, or if at any meeting the chairperson is not present within 15 (fifteen) minutes after the time appointed for holding it, the Directors present may choose one of their number to be chairperson of the meeting.

Each Director has 1 (one) vote on a matter before the Board and, subject to clauses 22.8, 27.13 and 27.14, a majority of the votes cast on a resolution is sufficient to approve that resolution.

In the case of a tied vote the chairperson may not cast a deciding vote even if the chairperson did not initially have or cast a vote and the matter being voted on fails.

The Company must keep minutes of the meetings of the Board, and any of its committees, and include in the minutes:

- any declaration given by notice or made by a Director in relation to that Director's personal financial interest in a matter;
- every resolution adopted by the Board.

Resolutions adopted by the Board:

- must be dated and sequentially numbered; and
- are effective as of the date of the resolution, unless the resolution states otherwise.

Any minutes of a meeting, or a resolution, signed by the chair of the meeting, or by the chair of the next meeting of the Board, are/is evidence of the proceedings of that meeting, or adoption of that resolution, as the case may be.

A written resolution of Directors, inserted into the minute book, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that each Director who is able to receive notice, has received notice of the matter to be decided upon, and has confirmed to the secretary or the chairperson that they have actually received such notice.

For the purposes of clause 27.13, a written resolution means a resolution passed other than at a meeting of Directors, in respect of which, subject to clause 27.10, at least  $\frac{3}{4}$  (three-quarters) of the total number of Directors in office at the time (which must include all executive Directors and the chairperson in office at the time) voted in favour by signing in Writing a resolution in counterparts, within 20 (twenty) Business Days after the resolution was submitted to them. Such a written resolution may consist of several documents and shall be deemed to have been passed on the date upon which it was signed or executed by the last Director required to sign or execute it. One or more Alternate Directors shall be entitled to sign a written resolution if one or more Directors are not able to sign or timeously return a signed copy of the resolution, and without his/her vote/s the requisite majority cannot be achieved. Where a resolution states a date as being the date of its signature by any Director, that document shall be prima facie evidence that it was signed or executed by that Director on that date.

### **Pre-emption on issue of equity securities**

For purposes of this clause 10, the term "Equity Security" shall mean an Ordinary Share of the Company and other Securities which confer Voting Rights on the Holders thereof.

Subject to clause 10.3, Equity Securities of a particular class in the Company which are authorised but unissued and which are intended to be issued for cash, shall be offered to the existing Holders of that class of Securities by way of a rights offer pro rata to their holding in that class of Securities immediately before the offer was made, with a reasonable time (as determined by the Board) allowed to subscribe for such Securities. All allocations of Equity Securities will be rounded up or down based on standard rounding convention in accordance with the 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 such Person declines to accept the Securities offered, the Board may issue such Securities in such manner as it thinks most beneficial to the Company.

The Board shall have the power to issue Equity Securities without having to comply with the requirements of clause 10.2 where:

- the Securities of the Company are no longer listed on the JSE and the Securities of the Company's Holding Company are not listed on the JSE;
- Shares are to be issued to or in terms of a share incentive scheme that has been approved by Holders;
- the issue of Shares has been approved in accordance with clause 9;
- a capitalisation issue, an issue for an acquisition of assets (including another company) or an issue for the purposes of an Amalgamation or Merger, is to be undertaken; and
- Equity Securities are to be specifically issued in terms of an option or Conversion rights.

Notwithstanding anything to the contrary contained in this MOI, the Company may exclude from any rights offer any Holder or category of Holders:

- in accordance with section 99(7) of the Companies Act and the Listings Requirements (to the extent applicable); or
- if the Company is precluded by any law or regulatory requirement (including but not limited to anti-money laundering legislation) from extending such rights offer to such Holder or category of Holders."

**INVESTMENTS IN SUBSIDIARIES**

Details of the Subsidiary companies of Seardel as at 31 March 2013 are set out below:

<b>No.</b>	<b>Company</b>	<b>Issued share capital</b>	<b>Interest</b>	<b>Reg No.</b>	<b>Place of incorporation</b>	<b>Date of incorporation</b>	<b>Date became subsidiary</b>	<b>Nature of business</b>
1	Berg River Textiles (Pty) Ltd	100	100%	2012/103693/07	South Africa	2012	2012	Dormant
2	Brits Automotive Systems (Pty) Ltd	196	100%	2000/018452/07	South Africa	2000	2004	Industrials
3	Frame Industrials (Pty) Ltd	100	100%	2002/026364/07	South Africa	2002	2002	Dormant
4	Gold Reef Speciality Chemicals (Pty) Ltd	100	100%	2008/006963/07	South Africa	2008	2008	Chemicals
5	Nyenyee Clothing Manufactures (Pvt) Ltd	1 000	100%	2003/356	Lesotho	2003	2003	Clothing
6	Prima Toy & Leisure Group (Pty) Ltd	823 290	100%	1997/015103/07	South Africa	1997	1997	Intermediate holding company for Prima Toy & Leisure Trading (Pty) Ltd (Branded Product distribution)
7	Seardel Group Trading (Pty) Ltd	2 500 000	100%	1988/009480/07	South Africa	1988	1968	Clothing, Textiles, Industrials, Property and Branded Product distribution
8	Seardel Number 16 (Pty) Ltd	121 000	100%	1959/004655/07	South Africa	1959	1995	Dormant
9	Seardel Number 17 (Pty) Ltd	100	100%	1964/009211/07	South Africa	1964	1964	Dormant
10	Seardel Brand ID (Pty) Ltd	1 000	100%	2008/016882/07	South Africa	2008	2008	Branded Product distribution
11	Seartec (Pty) Ltd	669 106	100%	1987/004962/07	South Africa	1987	1987	Dormant
12	Seartec Trading (Pty) Ltd	1 000	100%	2005/017638/07	South Africa	2005	2005	Branded Product distribution
13	Val Hau et Cie (Pty) Ltd	10 000	100%	1937/009576/07	South Africa	1937	2007	Dormant

None of the above Subsidiaries are listed.

---

## PRINCIPAL IMMOVABLE PROPERTIES OWNED AND LEASED

---

### SGT

#### Owned

##### Portion 43 of the Farm Melkpost, Atlantis

Factory and office building, occupied by Brits Non-Woven, manufacturing industrial products. The book value is R15 529 000 and the total combined usable extent of all improvements is approximately 10 214 m<sup>2</sup>.

##### Erf 101470, Epping

Warehousing and administrative offices, occupied by Easywear and Brand ID, distribution of branded products. The book value is R21 625 000 and the total combined usable extent of all improvements is approximately 7 775 m<sup>2</sup>.

##### Remainder Erf 117132, Epping

Factory and office building, occupied by Seardel Apparel and Seardel Head Office, manufacturing apparel products. The book value is R40 259 000 and the total combined usable extent of all improvements is approximately 17 572 m<sup>2</sup>.

##### Erf 3626, Mobeni

Factory and office building, occupied by Seardel Apparel and Easywear, manufacturing and distribution of apparel products. The book value is R14 341 000 and the total combined usable extent of all improvements is approximately 13 687 m<sup>2</sup>.

##### Erf 472, Mobeni

Factory and office building, occupied by Seardel Apparel, manufacturing apparel products. The book value is R32 802 000 and the total combined usable extent of all improvements is approximately 14 216 m<sup>2</sup>.

##### Erven 1177 and 1178, Jeppestown

Warehouses and administrative offices, occupied by Seartec, distribute branded products. The book value is R16 291 000 and the total combined usable extent of all improvements is approximately 9 899 m<sup>2</sup>.

##### Erf 102579, Epping

Factory and administrative offices, occupied by Seardel Apparel, manufacturing apparel products. The book value is R52 239 000 and the total combined usable extent of all improvements is approximately 18 391 m<sup>2</sup>.

##### Remainder Erf 254 and five others, New Germany Park

The bulk of this industrial property is externally let and partly occupied by Brits Automotive and Polypropylene, manufacturing of industrial products. The book value is R409 000 000 and the total combined usable extent of all improvements is approximately 157 280 m<sup>2</sup>. The weighted average length of the 23 external leases is 34 months.

##### Remainder Erf 19339, Elsies River

Factory and administrative offices, occupied by Romatex Home Textiles, manufacturing textile products. The book value is R28 850 000 and the total combined usable extent of all improvements is approximately 15 305 m<sup>2</sup>.

##### Erven 485 and 486, Mobeni

Factory and administrative offices, occupied by Romatex Home Textiles and Frame Knitting Manufacturers, manufacturing textile products. The book value is R49 537 000 and the total combined usable extent of all improvements is approximately 42 500 m<sup>2</sup>.

##### Erven 488, 501, 2198 and 2622, Mobeni

Industrial property is externally let. The book value is R91 011 000 and the total combined usable extent of all improvements is approximately 30 000 m<sup>2</sup>. The length of the two external leases is 60 months.

##### Erven 434 and 470, Mobeni

Industrial property is available for external letting. The book value is R39 100 000 and the total combined usable extent of all improvements is approximately 12 041 m<sup>2</sup>.



**Erf 20358, Paarl**

Factory and administrative offices, occupied by Berg River Textiles, manufacturing textile products. The book value is R24 478 000 and the total combined usable extent of all improvements is approximately 16 561 m<sup>2</sup>.

**Erf 8980, Worcester**

Factory and administrative offices, occupied by Hextex, manufacturing textile products. The book value is R29 229 000 and the total combined usable extent of all improvements is approximately 44 150 m<sup>2</sup>.

**Erven 63187, 62835, 62836, 62840 and 62852, Lansdowne**

Industrial property is externally let. The book value is R53 458 000 and the total combined usable extent of all improvements is approximately 18 723 m<sup>2</sup>. The weighted average length of the fourth external leases is 20 months.

**Erf 32504, Epping**

Warehouse and administrative offices, occupied by Prima Trading, distribute branded products. The book value is R24 235 000 and the total combined usable extent of all improvements is approximately 12 332 m<sup>2</sup>.

**Material lease agreements****Gold Reef Speciality Chemicals Proprietary Limited**

2096 Old South Coast Road, Reunion, Durban

Factory and administrative buildings, occupied by Gold Reef Speciality Chemicals.

**Seardel Group Trading Proprietary Limited**

3rd Floor, Wembley Square North, Gardens, Cape Town

Administrative offices, occupied by Brand ID.

69 Pomona Road, Kempton Park, Johannesburg

Factory and administrative premises, occupied by Brits Non-Woven.

**Nyeny Clothing Manufacturers Pvt Limited**

Site 23133-009/13 and 14, Ha Nyenye Ind Estate, Maputsoe, Lesotho

Factory, occupied by Seardel Apparel.

---

**DIRECTORS' CURRENT AND PREVIOUS DIRECTORSHIPS**


---

<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
Ahmed, Mohamed Haroun	Brevity Trade 50 Proprietary Limited	All In All Investments Proprietary Limited
	First Ready Development 213 Proprietary Limited	Almania Investments Proprietary Limited
	Go 4 Tiles Proprietary Limited	Amarilla Investments Proprietary Limited
	Go 4 Tiles (Durban) Proprietary Limited	Ardrosan Investments Proprietary Limited
	Greenwood Park Distributors Proprietary Limited	Bato Star Fishing Proprietary Limited
	HCI International Holdings Proprietary Limited	Blue Ridge Investments Proprietary Limited
	Hollyberry Props 63 Proprietary Limited	Braylon Investments Proprietary Limited
	Kelston Investments Proprietary Limited	Business Venture Investments No. 15 Proprietary Limited
	Ritz Tiles Proprietary Limited	Canelli Investments Proprietary Limited
	Ritzshelf 25 Proprietary Limited	Clicking Investments Proprietary Limited
	Rivetprops 2 Proprietary Limited	Cosatu Holdings Proprietary Limited
	Rose Tree Investments Proprietary Limited	Denkova Investments Proprietary Limited
		Descarte Investments No. 8 Proprietary Limited
		Dontello Investments Proprietary Limited
		Effit Investments Proprietary Limited
		Egistic Investments Proprietary Limited
		Fi Funding and Investments Holdco Proprietary Limited
		Fi Operations Proprietary Limited
		Flintdale Investments Proprietary Limited
		Frosthill Investments Proprietary Limited
		Gelprop Proprietary Limited
		Geomer Mining Investments Proprietary Limited
		Hartvale Investments Proprietary Limited
		HCI Managerial Services Proprietary Limited
		Helio Investments Proprietary Limited
		Hollyhill Investments Proprietary Limited
		Hosken Consolidated Investments Limited
		Jardel Investments Proprietary Limited
		Kentview Trading Proprietary Limited
		La Cosca Investments Proprietary Limited
		Lasko Investments Proprietary Limited
		Leyvan Proprietary Limited
	Lorato Investments Proprietary Limited	
	Lynpro Investments Proprietary Limited	
	Maclyn House Proprietary Limited	
	Magicover Proprietary Limited	
	Marble Gold 138 Proprietary Limited	
	Marble Gold 434 Proprietary Limited	
	Marine Nominees Proprietary Limited	
	Masana Handweavers Proprietary Limited	
	Merilyn Investments Proprietary Limited	
	Milesia Trading Proprietary Limited	
	Milro Investments Proprietary Limited	
	Mirino Investments Proprietary Limited	
	Montdene Investments Proprietary Limited	

Director	Current directorship	Previous directorship
		Ortaga Investments Proprietary Limited
		Portello Investments No 12 Proprietary Limited
		Radius Trading Proprietary Limited
		Real Africa Holdings Proprietary Limited
		Ritzshelf 24 Proprietary Limited
		Ritzshelf 92 Proprietary Limited
		SA Amalgamated Union Investments Proprietary Limited
		Sactwu Cellular Services Proprietary Limited
		Sactwu Investments Group Proprietary Limited
		Sactwu Mining Investments Proprietary Limited
		Sactwu Properties Proprietary Limited
		Sactwu Seventh Investments Company Proprietary Limited
		Sactwu Sixth Investments Company Proprietary Limited
		Sauda Investments Proprietary Limited
		Simbolia Investments Proprietary Limited
		Three Blind Mice Communications Proprietary Limited
		Tradequick 84 Proprietary Limited
		Treviso Investments Proprietary Limited
		Unifer Holdings Proprietary Limited
		Union Telecommunications Holdings Proprietary Limited
		Union Telecommunications Proprietary Limited
		Vukani Gaming Equipment Proprietary Limited
		W H Press House Proprietary Limited
		Winslow Investments Proprietary Limited
		Workflow and Imaging Solutions Proprietary Limited
		Yolan Investments Proprietary Limited
		Zenzeleni Clothing Proprietary Limited
		Zillian Investments Proprietary Limited
Copelyn, John Anthony	2 Toman Close Hydepark Proprietary Limited	20 Sydney Street Greenpoint Proprietary Limited
	21 Impala Road Properties Proprietary Limited	Amalgamated Union Transport and Automotive Proprietary Limited
	Almania Investments Proprietary Limited	Ancestral Investments Proprietary Limited
	Avenpalm Investments Proprietary Limited	Aston Bay Holiday Resorts Proprietary Limited
	Blue Beacon Investments 240 Proprietary Limited	Beier Finance Proprietary Limited
	Blue Ridge Investments Proprietary Limited	Black Ginger 75 Proprietary Limited
	Catwalk Investments 167 Proprietary Limited	Braylon Investments Proprietary Limited
	Catwalk Leisure Investments Proprietary Limited	C and A Associated Consultants Proprietary Limited
	Chearsley Investments Proprietary Limited	Cape Town Film Studios Proprietary Limited
	Cherry Moss Trade and Invest 188 Proprietary Limited	Descarte Investments No. 8 Proprietary Limited
	Circumference Investments Proprietary Limited	Dreamworld Management Company Proprietary Limited
	Curagen Investments Proprietary Limited	Durban Add-ventures Limited
	e.tv Proprietary Limited	Euphorbia Proprietary Limited
	Equity Plus Trading Proprietary Limited	Fabulous Gaming and Leisure Diversified Investments Proprietary Limited
	Fabcos Investment Holding Company Proprietary Limited	Fluxrab Investments No. 57 Proprietary Limited
	Fi Developments Proprietary Limited	Formex Industries Proprietary Limited
	Fi Equity Proprietary Limited	G E Property and Marketing Proprietary Limited
	First Ready Developments 213 Proprietary Limited	Galaxy Bingo International South Africa Proprietary Limited

<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
	Flaghigh Investments Proprietary Limited	Gallagher Convention Centre Proprietary Limited
	Foothills Trading and Investment 8 Proprietary Limited	Gallagher Estate Holdings Limited
	Free-flowing Property Holdings Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	Fulela Trade and Invest 81 Proprietary Limited	HCI Food and Beverage Investments Proprietary Limited
	Fulela Trade and Invest 96 Proprietary Limited	HCI Invest8 Holdco Proprietary Limited
	HCI – Treasury Proprietary Limited	HCI Invest9 Holdco Proprietary Limited
	HCI Coal Proprietary Limited	HCI Khusela Coal Plus Proprietary Limited
	HCI Food and Beverage Investments Proprietary Limited	HCI Proprojects Proprietary Limited
	HCI International Holdings Proprietary Limited	Hi-reach Manlift Proprietary Limited
	HCI Invest1 Holdco Proprietary Limited	HJS Advisory Services Proprietary Limited
	HCI Invest10 Holdco Proprietary Limited	Johnnic Holdings Management Services Proprietary Limited
	HCI Invest3 Holdco Proprietary Limited	Johnnic Properties Limited
	HCI Invest4 Holdco Proprietary Limited	Marc Group Proprietary Limited
	HCI Invest5 Holdco Proprietary Limited	Niveus Gaming and Entertainment Proprietary Limited
	HCI Invest6 Holdco Proprietary Limited	Niveus-kWV Holdings Proprietary Limited
	HCI Invest7 Holdco Proprietary Limited	Sabido Properties Proprietary Limited
	HCI Lifting Services Proprietary Limited	Saram Investors Proprietary Limited
	HCI Managerial Services Proprietary Limited	Self-nurturing Investments Proprietary Limited
	HCI Properties Proprietary Limited	Shibula Lodge and Spa Proprietary Limited
	Hollyberry Props 12 Proprietary Limited	Silver Vanity Investments (RF) Proprietary Limited
	Hosken Consolidated Investments Limited	The Millennium Casino Limited
	House 22 Ronald Avenue Proprietary Limited	Tsogo Sun Hotels Gaming and Entertainment Proprietary Limited
	Igi Investment Company Proprietary Limited	Tsogo Sun KwaZulu-Natal Proprietary Limited
	Industrial Development Corporation of South Africa Limited	Tylon Proprietary Limited
	Johnnic Casino Holdings Proprietary Limited	VPOS Integrated Business Solutions Proprietary Limited
	Johnnic Holdings Limited	Vukani Gaming Eastern Cape Proprietary Limited
	Johnnic Management Services Proprietary Limited	Vukani Gaming Equipment Proprietary Limited
	Johnnic Property Developments Limited	Vukani Gaming Free State Proprietary Limited
	Johnnic Property Holdings Limited	Vukani Gaming Gauteng Proprietary Limited
	Johnnic Property Investments Limited	Vukani Gaming Limpopo Proprietary Limited
	Johnnies Strategic Investment Holdings Proprietary Limited	Vukani Gaming Mpumalanga Proprietary Limited
	Kalahari Village Mall Proprietary Limited	Vukani Gaming North West Proprietary Limited
	Karisso Investments Proprietary Limited	Vukani Gaming Northern Cape Proprietary Limited
	Kwv Holdings Proprietary Limited	Vukani Gaming Western Cape Proprietary Limited
	Lennings Limited	Warwick Africa Proprietary Limited
	Leopont 255 Properties Proprietary Limited	Winslet Investments Proprietary Limited
	Leopont 261 Properties Proprietary Limited	Yired Proprietary Limited
	Leopont 262 Properties Proprietary Limited	
	Limitless Angel Fund Proprietary Limited	
	Lone Hill Estates Proprietary Limited	
	Main Place Holdings Limited	
	Main Street 614 Proprietary Limited	
	Mercanto Investments Proprietary Limited	
	Merilyn Investments Proprietary Limited	
	Mirino Investments Proprietary Limited	
	Mironetix Proprietary Limited	

Director	Current directorship	Previous directorship
	Move-on-up 14 Proprietary Limited	
	Nexrealm Technologies Proprietary Limited	
	Niveus Investments Proprietary Limited	
	Pearl Beach Investments Proprietary Limited	
	Permasolve Investments Proprietary Limited	
	Radius Trading Proprietary Limited	
	Rivetprops 47 Proprietary Limited	
	Rowan Tree 4 Proprietary Limited	
	S A Amalgamated Union Investments Proprietary Limited	
	S A M Sisonke Proprietary Limited	
	SA Amalgamated Union Fishing Proprietary Limited	
	Sabido Investments Proprietary Limited	
	Sactwu Mining Investments Proprietary Limited	
	Sactwu Mining Investments (SPV) Proprietary Limited	
	Sardel Investment Corporation Limited	
	Tangney Investments Proprietary Limited	
	Tih Prefco Proprietary Limited	
	Tihc Investments Proprietary Limited	
	Tsogo Investment Holding Company Proprietary Limited	
	Tsogo Sun Holdings Proprietary Limited	
	Tylon Holdings Proprietary Limited	
	Unit 1501 Twin Towers South Proprietary Limited	
	Vectofon Proprietary Limited	
	Vukani Gaming Corporation Proprietary Limited	
	Vukani Gaming KwaZulu-Natal Proprietary Limited	
	WH Press House Proprietary Limited	
	Y Mag Proprietary Limited	
	Zenzeleni Clothing Proprietary Limited	
Duncan, David	Berg River Textiles Proprietary Limited	Frame Textile Corporation Proprietary Limited
	Brits Automotive Systems Proprietary Limited	KwaZulu-Natal Clothing and Textile Cluster Proprietary Limited
	Consolidated Textiles Proprietary Limited	Natal Distributing Company Proprietary Limited
	Formex Industries Proprietary Limited	Sardel Investment Corporation Limited
	Formex Tubing Proprietary Limited	
	Frame Industrials Proprietary Limited	
	Gold Reef Speciality Chemicals Proprietary Limited	
	Romatex Proprietary Limited	
	Sardel Group Trading Proprietary Limited	
	Sardel Investment Corporation Limited	
Govender, Theventheran Govindsamy	Andermain Investments Proprietary Limited	All in All Investments Proprietary Limited
	Blue Beacon Investments 240 Proprietary Limited	Ancestral Investments Proprietary Limited
	Braylon Investments Proprietary Limited	Ardrosan Investments Proprietary Limited
	Bridoon Trade and Invest 196 Proprietary Limited	Aston Bay Holiday Resorts Proprietary Limited
	Business Venture Investments No. 15 Proprietary Limited	Braber Investments Proprietary Limited
	Cherry Moss Trade and Invest 145 Proprietary Limited	C and A Associated Consultants Proprietary Limited
	Curagen Investments Proprietary Limited	C and M A Shelf 73 Proprietary Limited
	E Sat Tv Proprietary Limited	Centfox Investments Proprietary Limited
	E Tv Proprietary Limited	Clare Developments Proprietary Limited

<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
	Effit Investments Proprietary Limited	Durban Add-ventures Limited
	Fi Developments Proprietary Limited	Egistic Investments Proprietary Limited
	Foothills Trading and Investment 8 Proprietary Limited	Enver Investments Proprietary Limited
	Fulela Trade and Invest 81 Proprietary Limited	Euphorbia Lot 1 Share Block Proprietary Limited
	Fulela Trade and Invest 96 Proprietary Limited	Euphorbia Lot 2 Share Block Proprietary Limited
	Gelprop Proprietary Limited	Euphorbia Lot 3 Share Block Proprietary Limited
	Golden Arrow Bus Services Proprietary Limited	Euphorbia Lot 4 Share Block Proprietary Limited
	Grey Jade Trade and Invest 145 Proprietary Limited	Euphorbia Lot 5 Share Block Proprietary Limited
	Grey Jade Trade and Invest 19 Proprietary Limited	Euphorbia Lot 6 Share Block Proprietary Limited
	HCI Central Investments Proprietary Limited	Euphorbia Proprietary Limited
	HCI International Holdings Proprietary Limited	Fi Funding and Investments Holdco Proprietary Limited
	HCI Invest10 Holdco Proprietary Limited	Foxway Investments Proprietary Limited
	HCI Invest3 Holdco Proprietary Limited	Francolin Investments Proprietary Limited
	HCI Invest4 Holdco Proprietary Limited	Frosthill Investments Proprietary Limited
	HCI Invest5 Holdco Proprietary Limited	G E Property and Marketing Proprietary Limited
	HCI Invest6 Holdco Proprietary Limited	Galaxy Bingo International South Africa Proprietary Limited
	HCI Invest7 Holdco Proprietary Limited	Gallagher Estate Holdings Limited
	HCI Invest8 Holdco Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	HCI Invest9 Holdco Proprietary Limited	H J S Advisory Services Proprietary Limited
	HCI Managerial Services Proprietary Limited	HCI – Treasury Proprietary Limited
	Hendico Investments Proprietary Limited	HCI Properties Proprietary Limited
	Hollyberry Props 12 Proprietary Limited	HCI Proprojects Proprietary Limited
	Hollyhill Investments Proprietary Limited	Hi-reach Manlift Proprietary Limited
	Hosken Consolidated Investments Limited	Isilumko Staffing Proprietary Limited
	Hubert Street Properties Proprietary Limited	Jena Investments Proprietary Limited
	I C Harrison Proprietary Limited	Johnnic Casino Holdings Proprietary Limited
	Igi Investment Company Proprietary Limited	Johnnic Management Services Proprietary Limited
	Johnnic Holdings Limited	Johnnic Properties Limited
	Johnnic Holdings Management Services Proprietary Limited	Johnnic Property Developments Limited
	Keynote Trading and Investment 53 Proprietary Limited	Johnnic Property Holdings Limited
	Leyvan Proprietary Limited	Johnnic Property Investments Limited
	Maclyn House Proprietary Limited	Johnnies Strategic Investment Holdings Proprietary Limited
	Majorshelf 183 Proprietary Limited	Justus House Proprietary Limited
	Mentor Trading and Investment 70 Proprietary Limited	Kayling Properties Share Block Proprietary Limited
	Mironetix Proprietary Limited	Kevro Consulting Proprietary Limited
	Permasolve Investments Proprietary Limited	La Cosca Investments Proprietary Limited
	Platco Digital Proprietary Limited	Lennings Limited
	Proudafrique Trading 244 Proprietary Limited	Lone Hill Estates Proprietary Limited
	Sabido Investments Proprietary Limited	Lynpro Investments Proprietary Limited
	Sactwu Seventh Investments Company Proprietary Limited	Main Place Holdings Limited
	Sardel Investment Corporation Limited	Mainway Investments Proprietary Limited
	Squirewood Investments 64 Proprietary Limited	Megapro Holdings Proprietary Limited
	Sweet Sensation 103 Proprietary Limited	Mercanto Investments Proprietary Limited
	Three Blind Mice Communications Proprietary Limited	Merilyn Investments Proprietary Limited
	Tih Prefco Proprietary Limited	Mindwell Collective Proprietary Limited

<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
	Tihc Investments Proprietary Limited	Montello Investments Proprietary Limited
	Tylon Holdings Proprietary Limited	Ortaga Investments Proprietary Limited
	Unit 1b Corporate Park Proprietary Limited	Portello Investments No. 12 Proprietary Limited
	Unit 4b Corporate Park Proprietary Limited	Publik Collective Proprietary Limited
	Vectofon Proprietary Limited	Red Pepper Pictures Proprietary Limited
	W H Press House Proprietary Limited	Romancista Property Proprietary Limited
	Yired Proprietary Limited	S A M Sisonke Proprietary Limited
	Zenzeleni Clothing Proprietary Limited	Sactwu Sixth Investments Company Proprietary Limited
		Sage Wise 118 Proprietary Limited
		Schedar Investments Proprietary Limited
		Shell Case 59 Proprietary Limited
		Simbolia Investments Proprietary Limited
		Soundprops 1065 Investments Proprietary Limited
		Tangney Investments Proprietary Limited
		Temco Investments Proprietary Limited
		The Millennium Casino Limited
		Tradequick 84 Proprietary Limited
		Tsogo Sun KwaZulu-Natal Proprietary Limited
		Varied Investments Proprietary Limited
		View Cut Mix Proprietary Limited
		Westfox Investments Proprietary Limited
		Westmar Investments Proprietary Limited
		Winslow Investments Proprietary Limited
		Xmas Media Proprietary Limited
		Zillian Investments Proprietary Limited
Lazarus, Neil Norman	Blue Label Telecoms Proprietary Limited	31a Ravine Road Bantry Bay Proprietary Limited
	Climalogix Proprietary Limited	Allied Putziger Proprietary Limited
	Corpcapital Proprietary Limited	Bluchip Media Proprietary Limited
	Corpcapital Investments Proprietary Limited	Blue Label Investments Proprietary Limited
	Corpcapital Investments Two Proprietary Limited	Caloman Investments Proprietary Limited
	Corpcapital Life Insurance Proprietary Limited	Capital Life Insurance Proprietary Limited
	Micawber 275 Proprietary Limited	Constantia Insurance Company Proprietary Limited
	Sable Platinum Proprietary Limited	Constantia Life and Health Assurance Company Proprietary Limited
	Sardel Investment Corporation Limited	Constantia Risk and Insurance Holdings Proprietary Limited
		Emeraldbrooke Investments Proprietary Limited
		Infinex Proprietary Limited
		Ip Works Proprietary Limited
		Micawber 128 Proprietary Limited
		N L Printing Proprietary Limited
		Newshelf 828 Proprietary Limited
		Ooba Proprietary Limited
		Robven Properties Proprietary Limited
		Withdrawn Investments Proprietary Limited
Ntuli, Amon Malencane	Igi Investment Company Proprietary Limited	Boomerang Trading 42 Proprietary Limited
	Masthead Trade and Invest 8 Proprietary Limited	Fast Pace Trade and Invest 1 Proprietary Limited
	Nilaflex Proprietary Limited	Flaghigh Investments Proprietary Limited
	Sactwu Edupeg Project Proprietary Limited	Honeytone Investments 17 Proprietary Limited
	Sactwu Second Investment Company Proprietary Limited	Hosken Consolidated Investments Limited

<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
	Sardel Investment Corporation Limited	Imfeira 1122 Proprietary Limited
	Zenzeleni Clothing Proprietary Limited	Mars Holdings Proprietary Limited
		Milro Investments Proprietary Limited
		Red Pepper Pictures Proprietary Limited
		Sactwu Cellular Services Proprietary Limited
		Sactwu Investments Group Proprietary Limited
		Showboat Trade and Invest 3 Proprietary Limited
		Syntell Proprietary Limited
		Tradequick 84 Proprietary Limited
		Trinergy Brand Connectors Proprietary Limited
Queen, Stuart Alexander	Avo Vending Proprietary Limited	Aston Bay Holiday Resorts Proprietary Limited
	Oconnorqueen Proprietary Limited	Blue Beacon Investments 240 Proprietary Limited
	Prima Toy and Leisure Group Proprietary Limited	Business Systems Group (Africa) Proprietary Limited
	Prima Toy and Leisure Trading Proprietary Limited	Durban Add-ventures Limited
	Purple Moss 1174 Proprietary Limited	Euphorbia Proprietary Limited
	Sardel Brand ID Proprietary Limited	Formex Industries Proprietary Limited
	Sardel Group Trading Proprietary Limited	G E Property and Marketing Proprietary Limited
	Sardel Investment Corporation Limited	Gallagher Convention Centre Proprietary Limited
	Sardel Number 16 Proprietary Limited	Gallagher Estate Holdings Limited
	Sardel Number 17 Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	Seartec Industries Proprietary Limited	Hi-reach Manlift Proprietary Limited
	Seartec Proprietary Limited	Independent Parts and Service (South Africa) Proprietary Limited
	Seartec Trading Proprietary Limited	Isilumko Staffing Proprietary Limited
		Johnnic Casino Holdings Proprietary Limited
		Johnnic Holdings Limited
		Johnnic Holdings Management Services Proprietary Limited
		Johnnic Management Services Proprietary Limited
		Johnnic Properties Proprietary Limited
		Johnnic Property Developments Proprietary Limited
		Johnnic Property Holdings Proprietary Limited
		Johnnic Property Investments Limited
		Johnnies Strategic Investment Holdings Proprietary Limited
		Johnson Access Proprietary Limited
		Lennings Limited
		Limtech Biometric Solutions Proprietary Limited
		Lone Hill Estates Proprietary Limited
		Main Place Holdings Limited
		Main Street 614 Proprietary Limited
		Mars Holdings Proprietary Limited
		Mettle Factors Proprietary Limited
		Noah Capital Markets Proprietary Limited
		Oceanair Travel Proprietary Limited
		Prima Toy and Leisure Finance Proprietary Limited
		Rowan Tree 4 Proprietary Limited
		Serendipity Financial Advisors Proprietary Limited
		Sukyae-land Proprietary Limited
		Syntell Proprietary Limited
		The Millennium Casino Limited



<b>Director</b>	<b>Current directorship</b>	<b>Previous directorship</b>
		Three Blind Mice Communications Proprietary Limited
		Tsogo Sun KwaZulu-Natal Proprietary Limited
		Tylon Proprietary Limited
		Tylon Holdings Proprietary Limited
		Western Crown Properties 6 Proprietary Limited
Shaik, Yunis	Adventure World Management Proprietary Limited	Cellsaf Proprietary Limited
	Cellsaf Proprietary Limited	Enable Investment Holding Proprietary Limited
	Durban Add-ventures Limited	Enable Leisure Proprietary Limited
	Enable Communications Proprietary Limited	Enable Logistics Proprietary Limited
	Green Strata Investments Proprietary Limited	In Line Trading 18 Proprietary Limited
	HCI International Holdings Proprietary Limited	Ipostel Proprietary Limited
	Hosken Consolidated Investments Limited	Isiqwayi People Management Proprietary Limited
	Keldoron Properties 22 Proprietary Limited	Kintetsu World Express South Africa Proprietary Limited
	Nelesco 861 Proprietary Limited	Orangeview Investments Proprietary Limited
	Niveus Investments Proprietary Limited	Rainswan Investments Proprietary Limited
	Seardel Investment Corporation Limited	Sapura Communications Proprietary Limited
	Tsogo Investment Holding Company Proprietary Limited	Sapura Holdings Proprietary Limited
	Tsogo Sun Holdings Proprietary Limited	Sapura Technology Proprietary Limited
	Urban Pink Investments Proprietary Limited	Silver Halo Investments Proprietary Limited
	Vlatacom (South Africa) Proprietary Limited	Sol Danka Proprietary Limited
	Voxvita Proprietary Limited	Tsimpilo Trading 2 Proprietary Limited
		Webram Eight Proprietary Limited
		Wheatfields Investments No 77 Proprietary Limited
Watson, Rachel Doreen	Keep The Dream 186 Proprietary Limited	
	National Community Radio Forum Proprietary Limited	
	Seardel Investment Corporation Limited	
Wege, Gysbert Du Toit	Berg River Textiles Proprietary Limited	Dynamic Dwellings Proprietary Limited
	Brits Automotive Systems Proprietary Limited	E3 Technology Holdings Proprietary Limited
	Consolidated Textiles Proprietary Limited	Phase 4 Solutions Proprietary Limited
	Frame Industrials Proprietary Limited	South Seas Cottage Furniture Proprietary Limited
	Gold Reef Speciality Chemicals Proprietary Limited	
	Oceanair Travel Proprietary Limited	
	Romatex Proprietary Limited	
	Seardel Brand ID Proprietary Limited	
	Seardel Group Trading Proprietary Limited	
	Seardel Investment Corporation Limited	
	Seardel Number 16 Proprietary Limited	
	Seardel Number 17 Proprietary Limited	

---

## CORPORATE GOVERNANCE

---

### Corporate governance statement

The Sear del Group's Directors, officers and senior management remain committed to the highest level of corporate governance and endorse the Code of Corporate Practices and Conduct as enshrined in the King III. Sound corporate governance structures are viewed as pivotal to delivering on the Sear del Group's sustainability objectives.

### Corporate governance checklist

KEY: ✓ Compliant; # Partially compliant; ? Under review; \* Not compliant

---

#### ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

---

- ✓ Effective leadership based on an ethical foundation
- ✓ Responsible corporate citizen
- ✓ Effective management of Group's ethics

---

#### BOARDS AND DIRECTORS

---

- ✓ The Board is the focal point for and custodian of corporate governance
- ✓ Strategy, risk, performance and sustainability are inseparable
- ✓ Directors act in the best interests of the Group
- \* The chairman of the Board is an independent non-executive Director (note 1)
- ✓ Framework for the delegation of authority has been established
- ✓ The Board comprises a balance of power, with a majority of non-executive Directors who are independent
- ✓ Directors are appointed through a formal process
- ✓ Formal induction and ongoing training of Directors is conducted
- ✓ The Board is assisted by a competent, suitably qualified and experienced company secretary
- ✓ Regular performance evaluations of the Board, its committees and the individual Directors
- ✓ Appointment of well-structured committees and oversight of key functions
- ✓ An agreed governance framework between the Group and its subsidiary Board is in place
- ✓ Directors and executives are fairly and responsibly remunerated
- ✓ Remuneration of Directors and senior executives is disclosed
- ✓ The Group's remuneration policy is approved by its shareholders

---

#### AUDIT COMMITTEE

---

- ✓ Effective and independent
- ✓ Suitably skilled and experienced independent non-executive directors
- ✓ Chaired by an independent non-executive director
- ✓ Oversees integrated reporting
- ✓ A combined assurance model is applied to improve efficiency in assurance activities
- ✓ Satisfies itself of the expertise, resources and experience of the Group's finance function, chief financial officer and company secretary
- ✓ Oversees internal audit
- ✓ Integral to the risk management process
- ✓ Oversees the external audit process
- ✓ Reports to the Board and shareholders on how it has discharged its duties

---

#### THE GOVERNANCE OF RISK

---

- ✓ The Board is responsible for the governance of risk and setting levels of risk tolerance
  - ✓ The audit committee assists the Board in carrying out its risk responsibilities
  - ✓ The Board delegates the risk management plan to management
  - ✓ The Board ensures that risk assessments and monitoring are performed on a continual basis
  - ? Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
  - ✓ Management implements appropriate risk responses
  - ? The Board receives assurance of the effectiveness of the risk management process
  - ✓ Sufficient risk disclosure to stakeholders
-

KEY: ✓ Compliant; # Partially compliant; ? Under review; \* Not compliant

---

#### THE GOVERNANCE OF INFORMATION TECHNOLOGY

---

- ✓ The Board is responsible for information technology (IT) governance
- ✓ IT is aligned with the performance and sustainability objectives of the Group
- ✓ Management is responsible for the implementation of an IT governance framework
- ✓ The Board monitors and evaluates significant IT investments and expenditure
- ✓ IT is an integral part of the Group's risk management
- ✓ IT assets are managed effectively
- ✓ The audit committee assists the Board in carrying out its IT responsibilities

---

#### COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS

---

- ✓ The Board ensures that the Group complies with relevant laws
- ✓ The Board has a working understanding of the relevance and implications of non-compliance
- ✓ Compliance risk forms an integral part of the Group's risk management process
- ✓ The Board has delegated to management the implementation of an effective framework and processes

---

#### INTERNAL AUDIT

---

- ✓ Effective risk-based internal audit
- ? Written assessment of the effectiveness of the Group's system of internal controls and risk management
- ✓ Internal audit is strategically positioned to achieve its objectives

---

#### GOVERNING STAKEHOLDER RELATIONSHIPS

---

- ✓ Appreciation that stakeholders' perceptions affect the Group's reputation
- ✓ Management proactively deals with stakeholder relationships
- ✓ There is an appropriate balance amongst the Group's various stakeholder groupings
- ✓ Equitable treatment of stakeholders
- ✓ Transparent and effective communication to stakeholders
- ✓ Disputes are resolved effectively and timeously

---

#### INTEGRATED REPORTING AND DISCLOSURE

---

- ✓ Ensures the integrity of the Group's integrated report
  - ✓ Sustainability reporting and disclosure is integrated with the Group's financial reporting
  - ? Sustainability reporting and disclosure is independently assured
- 

#### Note

1. The chairman of the Board is not an independent non-executive Director because of his position as chief executive officer of HCI. A lead independent Director has been appointed.

#### Application of King III principles

The Directors confirm that the Seardel Group has, except where noted, in all material respects applied or committed to apply the King III corporate governance principles and the corporate governance provisions of the Listings Requirements during the year under review. The following principles as recommended by King III were not materially complied with:

**Principle 2.16** recommends that the Board should elect a chairperson who is an independent non-executive Director. The Board has appointed a non-executive chairperson and in terms of the definition provided, he is not regarded as independent. The Board is of the opinion that the experience and specialist knowledge of the industry makes it appropriate for him to hold this position. The Board has appointed Mr N Lazarus as lead independent non-executive Director.

**Principle 2.26** recommends that the remuneration of each individual Director and the three most highly paid employees who are not Directors in the Company be disclosed. The remuneration report discloses the remuneration of the three most highly paid employees, however, the names of the employees who are not Directors have not been disclosed as the Board is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

**Principle 4.2 and 4.6** recommend the formal determination of levels of risk tolerance, including the probability of anticipated unpredictable risks. During the year under review the risk committee has implemented substantial changes to the Seardel Group's risk framework and in terms of this context intends to set formal levels of tolerance during the following financial year.

**Principle 4.9 and 9.3** recommend that the effectiveness of the risk management process and sustainable reporting and disclosure should be independently assured. The Seardel Group's external auditors have assured the annual financial statements and accredited specialist agencies have verified the disclosure on broad-based black economic empowerment, property valuations and carbon emissions. The Seardel Group has implemented a combined assurance framework which considers the assurance provided by all independent assurance providers.

## Board composition

The Board of Directors of Seardel comprises ten members: four executive Directors and six non-executive Directors, of which four are independent. The composition of the Board reflects the need to protect the interest of all stakeholders as well as the demographics of the country. The majority of the Board members are previously disadvantaged individuals as defined in the Employment Equity Act.

The non-executive Directors have extensive business experience and specialist skills across a range of sectors including law, accounting, manufacturing and human resources. This enables them to provide balanced and independent advice and judgement in the decision-making process.

The Board has appointed a non-executive Director as chairperson. The roles of chairperson and chief executive officer are separated with a clear division of responsibilities.

There is a distinctive division of responsibilities at Board level so that no individual has unfettered powers of decision-making. The Board as a whole, within its powers and in a formal and transparent manner, is responsible for the selection and appointment of Directors.

The only change to the Board composition during the year ended 31 March 2012 was the resignation of Ms N Teladia. Ms Teladia was an independent non-executive Director and the Board elected not to appoint a member in her place. Mr. D Duncan was appointed as a executive Director to the Company with effect from 16 May 2013.

The company's controlling shareholder is HCI. Two members of the Board also serve on the Board of HCI.

The Board meets at least four times a year and additional meetings can be convened to consider specific business issues which may arise between scheduled meetings. No additional meetings were required during the year.

## Independence of Directors

Seardel's non-executive Directors acknowledge the need for their independence, while recognising the importance of good communication and close co-operation with executive management. King III requires the Board to review the independence of long-serving non-executive Directors. Mr N Lazarus has served on the Board since 2002. The Board has assessed his independence and is satisfied that his independence has not in any way been affected or impaired by the length of service.

## Board appointment

There is a distinctive division of responsibilities at Board level so that not one individual has unfettered powers of decision-making. The Board as a whole, within its powers and in a formal and transparent manner, is responsible for the selection and appointment of directors.

Directors do not have a fixed term of appointment. According to the Company's MOI, one-third of non-executive Directors must retire at every Annual General Meeting. The Directors who retire shall be those who have been longest in office since their last election. Any Director, who has held office for five years since the last election, shall also retire at the conclusion of the Annual General Meeting. A retiring Director shall be eligible for re-election, and if re-elected, shall be deemed not to have vacated office. The Directors retiring by rotation at the 2012 Annual General Meeting of the Company were Mr S Queen, Mr G Wege and Ms R Watson. Their reappointment was subject to shareholders' approval.

## Board attendance

	16 May 2012	5 September 2012	13 November 2012	18 March 2013
J A Copelyn	√	√	√	√
N N Lazarus	X	√	X	√
M H Ahmed	√	√	√	√
T G Govender	√	√	X	√
A M Ntuli	√	√	√	√
S A Queen	√	√	√	√
Y Shaik	√	√	√	√
R Watson	√	√	√	√
G D T Wege	√	√	√	√

Key: √ = in attendance, X = not in attendance

## Company secretary

HCI Managerial Services Proprietary Limited is the appointed company secretary of the Seardel Group and provides support and guidance to the Board in matters relating to governance, ethical conduct and their fiduciary duties. Where required, the secretary facilitates induction and training for Directors and co-ordinates the annual Board evaluation process.

Directors have unrestricted access to the advice and services of the company secretary.

The Board, after reviewing the performance and the quality of the service and advice provided by the company secretary, are satisfied as to its competence, qualifications and experience.

The Board, after considering all relevant factors including the individual who performs the company secretary role, is satisfied that the company secretary has an arm's length relationship with the Board.

## **Dealings in the Company's securities**

Seardel complies with the continuing obligations of the Listings Requirements. The Company's Directors, executives and senior employees are prohibited from dealing in Seardel Shares during certain prescribed restricted periods. The company secretary regularly disseminates written notices to inform Directors of the insider trading legislation and advise them of closed periods. All Directors and senior executives are required to obtain clearance from the company secretary prior to dealings in the Seardel Shares. All dealings in the Seardel Shares are disclosed in terms of the applicable Listings Requirements.

## **Governance of Information Technology**

Information technology (IT) governance is the responsibility of the Board, forms an integral part of the Seardel Group's risk management and is assisted by the audit and risk committees in carrying out its IT responsibilities.

The Seardel Group Head of Information Technology steers the Seardel Group IT committee, comprising the IT managers of the various business units in the Seardel Group. The committee reports on critical items pertaining to governance, business continuation and progress on solutions implementation. In turn, the IT manager of each business unit is responsible to ensure the execution of each authorised project within the appropriate governance measures in place and directly reports to the IT committee on such matters.

The risk committee monitors execution and progress of the IT committee to ensure that IT risks are managed appropriately so as not to pose a threat to the continuity of the Seardel Group's operations. Internal audit audits the efficacy of IT controls, policies and processes in so far as these might pose a risk to the financial and operating reporting process.

## **Board committees**

The Board has established five committees to assist in discharging its responsibilities. The committees comprise members of the Board and executive officers of the Seardel Group. The committees have an important role in enhancing high standards of governance and achieving increased effectiveness within the Seardel Group. Clear terms of reference for each of the committees have been established. Board committees are free to take independent, outside professional advice within the scope of their terms of reference, as deemed necessary to carry out their duties.

The Seardel Group's chief executive officer and other members of the executive management whose presence is required for such committees' effective performance of their responsibilities are invited to be in attendance at committee meetings.

## **Executive committee**

The Seardel executive committee comprises Messrs S Queen (Chairperson, Seardel Group Chief Executive Officer), G Wege (Group Financial Director), D Duncan (Chief Executive Officer Textiles), K Robson (Chief Executive Officer Properties) and B Smart (Chief Executive Officer Clothing). Subsequent to the year ended 31 March 2012, Mr B Smart resigned as the Chief Executive Officer Clothing. Mr I Stein who was appointed as the new Chief Executive Officer Clothing has joined the committee in this role. In addition, Mr I Morris (Chief Executive Officer Prima) has been appointed to the executive committee.

Authority has been delegated by the Board to the chief executive officer and the executive committee for the implementation of the strategy and day-to-day management of the business. The Board is apprised of progress through reporting at Board meetings and regular communication with management.

The executive committee meets weekly. On a monthly basis, executive committee members attend meetings of each operating entity within the Seardel Group. The formal weekly and monthly meetings include the review of strategic, operational and financial results.

## **Audit committee report**

The Seardel Group audit committee is a formal committee of the Board and functions within its documented terms of reference. This report is presented to shareholders and constitutes the report of the audit committee in respect of the past financial year of the Seardel Group as required by the Companies Act.

## **Primary role and responsibility of the committee**

The audit committee fulfils an independent oversight role regarding the Seardel Group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the Board and to Seardel Shareholders. The committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King III and additional responsibilities assigned by the Board.

## **Composition of the audit committee**

The committee comprises three independent, non-executive Directors.

The members of the audit committee are Messrs M Ahmed (Chairperson), N Lazarus and Y Shaik. Ms N Teladia resigned during the year ended 31 March 2012 and the Board appointed Mr Y Shaik to the committee. The three independent non-executive Directors will be proposed for election to the committee by shareholders at the forthcoming Annual General Meeting. By invitation, executive Directors and KPMG Inc., external auditors of the Seardel Group, as well as the Seardel Group's head of internal audit have attended all the committee meetings.

The committee held two meetings during the financial year ended 31 March 2013 and attendance was as follows:

	15 May 2012	11 November 2012
Mohamed Ahmed (BCompt)	√	√
Neil Lazarus SC (BA LLB)	√	√
Yunis Shaik (BProc)	√	√

Key: √ = in attendance, X = not in attendance

Fees paid to the committee members are disclosed in the remuneration report.

Audit committee agendas provide for confidential meetings between the committee members, internal auditors and the external auditors without members of executive management being present.

The effectiveness of the committee is assessed as part of the annual Board and committee self-evaluation process and the chairperson of the committee attends all statutory shareholder meetings to answer any questions on the committee's activities.

#### Functions and responsibilities of the audit committee

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Companies Act as follows:

##### *Reporting*

- Reviewed the interim report, preliminary results announcement, annual financial statements and integrated report, culminating in a recommendation to the Board to adopt them
- Reviewed and approved the appropriateness of the accounting policies and practices
- Ensured compliance with International Financial Reporting Standards, including consistent application to all periods as presented in the consolidated financial statements
- Evaluated and determined the effectiveness of the Company's internal control systems
- Reviewed legal matters that could have a significant impact on the Searde! Group's consolidated financial statements
- Reviewed the requirements of King III and instances where the King III requirements have not been applied have been explained in the corporate governance report

##### External audit

- Reviewed the external audit report on the annual consolidated financial statements
- Nominated the external auditor for appointment by the shareholders
- Monitored and reported on the independence of the external auditor
- Approved the budgeted audit fees, audit plan and engagement terms of the external auditor
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor
- Determined that the audit firm and designated auditor is accredited as such on the JSE list of auditors and advisers

##### Finance function

- Considered the expertise and resources of the finance function, as well as the experience of the senior members of management responsible for the financial function
- Considered the expertise and experience of the chief financial officer

##### Internal audit

- Oversaw the functioning of the internal audit department and approved the appointment and performance assessment of the head of internal audit
- Approved the annual internal audit plan and monitored the progress thereof

##### External audit

The audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the expertise and objectivity of KPMG Inc. as the external auditor. The external auditor has unrestricted access to the Searde! Group's records and management and furnishes a written report to the committee on significant findings arising from the annual audit. The committee is satisfied that the external auditor is independent of the Company. During the year Mr Gary Thompson retired as the appointed audit partner to the Company due to partner rotation as required by the Company's Act. Mr Pierre Conradie was appointed in his place.

### **Internal audit and internal control**

The internal audit function is an independent and objective assurance and consulting function that adds value and improves the operations of the Seardel Group. It helps to accomplish Seardel Group objectives by evaluating and improving the adequacy and effectiveness of risk management, internal control and governance processes. The internal audit function reports functionally to the chairperson of the audit committee, but administratively to the Seardel Group's chief financial officer.

A risk-based approach has been applied to develop the annual internal audit plan. The internal audit plan:

- is formally approved by the audit committee;
- is formulated by considering key risk factors identified through ongoing risk assessments, but also incorporating any additional matters identified by management and the audit committee;
- considers the evaluation of governance processes, business processes and associated controls in accordance with the combined assurance model;
- assesses the Seardel Group's internal financial controls; and
- is continually reviewed to consider new risk areas as the business evolves.

Any material or significant control weaknesses are brought to the attention of management and the audit committee.

### **Expertise and financial experience of financial director and finance function**

The audit committee is satisfied that the expertise and experience of the chief financial officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, continuing professional education and the committee's assessment of the financial knowledge and levels of experience of the chief financial officer.

The committee has reviewed the resources of the finance function and the experience of the senior members of management responsible for the financial function and has concluded that the function is performing adequately in terms of the requirements of the audit committee.

### **Approval of the audit committee report**

The committee has confirmed that it functioned in accordance with its terms of reference for the 2012 financial year and complied with all statutory and regulatory responsibilities.

### **Risk committee report**

The Seardel Group strives to maintain an appropriate balance between risk and reward, recognising that certain risks need to be taken to achieve sustainable growth and returns while at the same time protecting the Seardel Group and its stakeholders against avoidable risks.

#### **Primary responsibility**

The Board is responsible for the governance of risk in accordance with the framework of a risk management policy.

The Board has appointed a risk committee to review risk management progress of the Company, the effectiveness of risk management activities, the key risks facing the Company and the responses to the risk.

#### **Members of the risk committee**

The risk committee formally convenes twice a year and consists of the members of the audit committee, the chief executive officer, chief financial officer and the Seardel Group risk officer. The head of internal audit is invited to attend meetings. The composition of the committee ensures a good balance of executive and independent input.

Members: Mr A Ahmed (Chairperson), Mr N Lazarus, Mr Y Shaik, Mr S Queen, Mr G Wege and Mr D Levin (Group risk officer). During the year ended 31 March 2012, Ms N Teladia resigned from the committee and was replaced by Mr Y Shaik.

#### **Risk management process**

The risk committee is accountable to the Board for designing, implementing and monitoring the system and process of risk management and integrating it into the day-to-day activities of the Company. The committee has implemented and adheres to appropriate risk management measures to counter significant risks which could undermine the achievement of its business objectives. Enterprise-wide risk assessments are undertaken on an annual basis to identify material risks and the impact thereof. Each risk is assigned an impact and probability rating. Based on the outcome of the assessments, the committee identified the material risk areas of the Seardel Group and focused its risk management processes accordingly.

The Seardel Group's independent risk consultants monitor its insurance and risk control programme. The risk committee has appointed risk champions to monitor and report on a quarterly basis on each of the identified risk areas.

The Seardel Group has made good progress to inculcate a risk management culture into all levels of the Seardel Group's decision-making framework.

## Material risk disclosure

Through its business activities the Seardel Group is exposed to a range of financial risks, including credit, liquidity and market risks. The Seardel Group's exposures to these risks are disclosed in the annual financial statements.

Derivative financial instruments are used to hedge certain risk exposures, in particular the Seardel Group's foreign exchange risk, which is mitigated by entering into forward exchange contracts. Details of the Seardel Group's forward exchange exposure are set out in the annual financial statements.

The Seardel Group has Major Hazardous Installation sites which, due to their inherent high risk, are required to be registered with the Chief Inspector. The prescribed regulatory requirements are adhered to, inclusive of site assessments and evacuation disaster plans.

The Seardel Group has made substantial investments in property development as part of the Seardel Group's diversification strategy.

While the Board has not set specific limits for the levels of risk the Company is willing to tolerate, the allocation of capital is considered on the basis of ensuring a sustainable return on equity for shareholders.

In the forthcoming financial year, the Board intends to formally document its risk tolerance policy and to formalise a framework to increase the probability of anticipating unpredictable risks as it further evolves its risk management approach.

## Remuneration report

The Seardel Group's remuneration philosophy strives to reward employees in a fair and responsible way which ensures a culture of high performance to deliver returns to shareholders through employees who are motivated, engaged and committed. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth.

### Members

The members of the remuneration committee are Mr N Lazarus SC (Chairperson, independent, non-executive Director) and Mr J Copelyn (non-executive Director).

At the request of the committee members, the chief executive officer attends the meetings, but recuses himself from the meetings before any decisions are made which affect him.

### Governance

The Board delegates responsibility for the oversight of the Seardel Group's remuneration practices to the remuneration committee. The committee ensures that the Seardel Group has a competitive remuneration structure which is aligned with the Seardel Group's strategy and performance goals. The key duties of the committee include:

- ensuring the Seardel Group upholds its entrenched remuneration philosophy that promotes the achievement of strategic objectives;
- ensuring the combination of fixed and variable pay is appropriate when benchmarking remuneration levels;
- reviewing incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules; and
- reviewing the remuneration of executive Directors, non-executive Directors and senior management who report directly to the chief executive officer.

The committee meets annually and seeks advice and guidance from external experts, as deemed appropriate.

### Composition of remuneration

#### *Non-executive directors*

Non-executive Directors receive fees for their services as Directors and for serving on the Board committees. These fees reward the Directors fairly for the time, service and expertise provided to the Seardel Group. The fee structure is based on a benchmark of non-executive fees of JSE listed entities with a similar market capitalisation to that of the Seardel Group. Non-executive Directors do not participate in the Seardel Group's short-term or long-term incentive schemes.

The fees paid to non-executive Directors were tabled and approved by shareholders at the Annual General Meeting.

Details of non-executive Directors' remuneration are disclosed in the annual financial statements.



### *Executive directors*

The remuneration packages of executive Directors comprise:

- a guaranteed remuneration package (structured on a cost-to-company basis);
- access to retirement fund and medical aid benefits funded from the guaranteed remuneration package;
- a short-term discretionary cash-based incentive bonus based on business and individual performance and/or participation in the Seardel Long-Term Incentive Scheme.

The remuneration structure of executive directors is linked to the Seardel Group's medium-term financial targets and is therefore aligned to shareholder interests.

The performance of the chief executive officer is evaluated by the chairperson, while the performance of the other executive directors is evaluated by the chief executive officer. The annual pay increases of the executive Directors are directly related to individual performance and aligned to the annual increase parameters as determined by the remuneration committee.

Executive Directors participate in the annual short-term cash-based incentive scheme. Financial targets, based on the Seardel Group's return on equity ("ROE"), are set by the remuneration committee. The achievement of these targets is reviewed by the remuneration committee before any incentive payments are made.

The Seardel Group's performance for the 2012 and 2013 financial years achieved the levels required in terms of the predetermined ROE targets.

The sustainability of the Seardel Group's business is critical in determining remuneration and the Board is satisfied that the performance targets do not encourage excessive risk taking by the executives.

The Seardel Long-Term Incentive Scheme in which executive Directors participate consists of a share option scheme and is detailed later in this Annexure.

### *Management and non-bargaining unit employees*

Senior management receives an annual guaranteed salary and participates in the short-term incentive bonus scheme. The review of the performance of senior management is undertaken by the chief executive officer who provides a recommendation to the committee on any adjustments or incentive payments. Key senior managers participate in the Seardel Long-Term Incentive Scheme, with selection based on their strategic contribution.

Under the guidance of the remuneration committee, the Seardel Group has introduced a uniform appraisal and evaluation process for all non-bargaining council employees. This process has been applied to all employees of the Seardel Group and is used as a guideline to determine remuneration adjustments.

The average salary increase parameter set by the remuneration committee for the year under review was 6% (2011: 5,5%) and the annual increase date is 1 July.

### *Bargaining unit employees*

Collective salary increases are negotiated each year with the representatives of recognised trade unions.

### *Incentive schemes*

#### *Discretionary short-term incentive scheme*

Key employees in each business unit participate in an annual discretionary short-term incentive scheme, which rewards the achievement of performance in excess of predetermined performance targets.

The performance target is based on the business unit's core operating profit after interest, adjusted by an imputed interest charge at a hurdle rate. The imputed interest charge is calculated on the higher of net asset value or average working capital level utilisation of each business unit. In addition to the quantitative performance targets, the scheme includes various predetermined qualitative performance targets that need to be achieved.

#### *Long-term incentive scheme*

The Seardel Long-Term Share Incentive Plan was approved by the shareholders on 29 October 2009.

The Plan was implemented to more closely align executive directors and senior management's objectives with those of the Seardel Shareholders so as to ensure that those employees of the Seardel Group are encouraged and motivated to pursue sustainable growth and profitability.

Participants shall become entitled to exercise options in accordance with the following schedule:

- 10% from the first anniversary date of the granting of the option;
- 20% from the second anniversary date of the granting of the option;

- 30% from the third anniversary date of the granting of the option; and
- 40% from the fourth anniversary date of the granting of the option.

Each tranche is further subject to:

- the participant's continued employment on the date of which the option is exercised; and
- achieving predetermined performance targets.

Performance targets are linked to the Seardel Group's and individual business unit's profitability. The aggregate number of shares which any participant may acquire in terms of the scheme may not exceed 12 700 000 Ordinary Shares. During the year under review 765 000 Ordinary Shares were issued to participants in terms of the rules of the scheme.

Further details pertaining to the Plan are disclosed in the annual financial statements.

## Employee benefits

### Retirement funds

Defined contribution pension and provident fund arrangements exist throughout the Seardel Group. Membership of a retirement fund is compulsory for all permanent employees.

The assets of such retirement funds are managed separately from the Seardel Group's assets and are administered by independent administrators. Each fund has an elected Board of trustees and funds administered within an umbrella fund have a management committee with 50% employee and 50% employer representation.

The funds are all defined contribution schemes and the Seardel Group carries no liability in relation to these funds.

### Medical aid

Membership of approved medical aid funds is compulsory for all permanent employees. The Seardel Group carries a liability totalling R89,3 million for post-employment medical aid benefits offered to employees of the textile segment. Employees who joined the Company before 1 July 1996 are eligible for a 50% retirement subsidy of their total medical scheme contributions. The annual financial statements provide further details of the post-employment medical aid benefits.

### Top three executive management earners

In accordance with the recommendation of disclosure of King III, the top three earners in the Seardel Group, excluding executive directors, during the year ended 31 March 2012 review were remunerated as follows:

	Salary R000's	Bonus R000's	Retirement fund contributions R000's	Share options delivered R000's	Medical aid contributions R000's	Total R000's
Exec 1	1 466	3 348	92	128	91	5 125
Exec 2	1 443	2 941	48	68	81	4 581
Exec 3	2 062	328	217	–	30	2 637

The names of the three most highly paid employees who are not Directors have not been disclosed. The committee is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

## Social and ethics committee

### Role

The committee monitors activities relating to ethics, stakeholder engagement and the social impact of the Company on communities within which it operates. It also monitors progress across all areas of strategic empowerment as well as compliance with transformation codes.

### Members

The members of the committee are Mr A Ntuli (Chairperson, executive Director), Ms R Watson (independent non-executive Director), Mr S Rubidge (Group IR executive) and Mr G Wege (executive Director).

## Meetings

The committee holds a minimum of two meetings per annum. Additional meetings are convened at the request of any of the members.

The table below records the attendance of committee members at these meetings:

	15 Aug 2012	24 Feb 2012
Amon Ntuli	√	√
Stephen Rubidge	√	√
Rachel Watson	√	√
Gys Wege	√	√

## Functions

As required by the Companies Act 2008, as amended and King III, the committee fulfilled the following functions:

- Monitored the Seardel Group's standing to social activities relating to social and economic development, including the principles of the United Nations Global Compact, Broad-based Black Economic Empowerment, Employment Equity and the Organisation for Economic Cooperation and Development ("OECD") recommendations on corruption
- Reviewed and endorsed the Seardel Group's code of ethics
- Reviewed the Company's practices pertaining to good corporate citizenship which include promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts
- Reviewed the Seardel Group's activities in relation to:
  - consumer relations;
  - labour and employment, including skills development; and
  - health and safety and environmental issues.
- Drew matters within its mandate to the attention of the Board

When the committee developed its terms of reference, taking into account the relevant legislation, it became apparent that the functions of the committee as intended, were already included within the mandate of existing committees and structures within the Seardel Group. In recognition of this position, it was agreed that the functions of the committee would be focused on the monitoring and review of the functions within its terms of reference. In the event that the committee was to find the social and ethics activities of the Seardel Group to fall outside of these parameters or were not in line with the Seardel Group's code of ethics, the committee has undertaken to draw the attention of such activities to the responsible committee or structure for rectification.

During the year under review the committee monitored and oversaw the social and ethics activities of the Seardel Group and more specifically can confirm that the Seardel Group:

- supports and respects the protection of internationally proclaimed human rights and to the best of its knowledge is not complicit in any human rights abuses;
- upheld freedom of association and the effective right of collective bargaining with recognised trade unions;
- has no form of forced, compulsory or child labour and does not discriminate on the grounds of gender, race, sexual or religious preference, disability or age in respect of employment and occupation;
- remains committed to the principles of Broad-based Black Economic Empowerment;
- has commenced the recording of its carbon footprint and promoted greater environmental responsibility through the management of energy consumption and waste control;
- has appointed a Seardel Group Compliance Officer and introduced a detailed programme to audit and monitor compliance with legislation, specifically health and public safety; and
- has a zero-tolerance policy towards fraud and corruption.

---

## FAIRNESS OPINION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS

---

**The Directors**

Seardel Investment Corporation Limited  
 1 Moorsom Avenue,  
 Corner Bofors Circle and Moorsom Avenue  
 Epping Industria II  
 Cape Town  
 7460

3 July 2013

Dear Sirs

**REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO SEARDEL INVESTMENT CORPORATION LIMITED (“SEARDEL” OR “THE COMPANY”) REGARDING THE PROPOSED ACQUISITION BY SEARDEL OF A 70% INTEREST IN HCI INVEST 3 HOLDCO PROPRIETARY LIMITED (“SPV”) FROM HOSKEN CONSOLIDATED INVESTMENTS LIMITED (“HCI”) FOR A PURCHASE CONSIDERATION OF R560 MILLION**

**INTRODUCTION**

BDO Corporate Finance has been appointed by the Board of Directors (“the Directors”) of Seardel to provide an independent fairness opinion to the shareholders of Seardel with regard to the proposed acquisition of a 70% interest in SPV from HCI, which, following an internal restructuring within the HCI group, will hold a 63,9% interest in Sabido Investments Proprietary Limited (“Sabido”). Sabido is the investment vehicle that houses HCI’s investments in e-tv, eSat tv, Yfm and Sasani Studios (“the Transaction”).

The Proposed Transaction will be implemented in terms of the following transaction steps:

- HCI will implement an internal restructuring on the basis set out in the Subscription and Sale of Shares Agreement entered into by HCI and SPV (“Restructuring Agreement”) in terms of which SPV will acquire HCI’s 63,9% interest in Sabido; and
- in terms of the agreement concluded between HCI and Seardel in respect of the Transaction (“Transaction Agreement”), after implementing the internal restructuring HCI will dispose of its 70% equity stake in SPV to Seardel for a purchase price of R560 million. The purchase price will be settled by Seardel by the allotment and issue to HCI of 350 million new N Shares in Seardel at a value of R1,60 per N Share. The ordinary shares in SPV will be sold to Seardel ex the right to receive any dividends which will be declared by SPV, based on the dividend which SPV will receive from Sabido, in May 2013 and November 2013. Both such dividends will accrue to HCI or its nominee.

**FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS**

HCI holds a voting interest of 81,1% and an economic interest of 76,3% in Seardel and is a related party (as defined in section 10.1(b)(i) of the JSE Limited (“JSE”) Listings Requirements read together with the definition of material shareholder).

The Directors of Seardel are required to provide the JSE with written confirmation from an independent professional expert that the terms of the Transaction are fair in so far as the shareholders of Seardel are concerned (“the Fairness Opinion”).

**Responsibility**

Compliance with the JSE Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the Directors and shareholders of Seardel on the fairness of the terms of the Transaction.

**EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE TRANSACTION**

Schedule 5.7 of the JSE Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. In the case of the acquisition of an asset from a related party, a transaction may be said to be fair if the value of the consideration paid is less than or equal to the value of the asset that is the subject of the transaction.

The Transaction would therefore be considered fair to the shareholders of Seardel if the consideration paid in respect of the Transaction is less than or equal to the value of the shares in SPV acquired, or unfair if the consideration payable is more than the value of the shares repurchased.

## DETAILS AND SOURCES OF INFORMATION

In arriving at our opinion we have relied upon the following principal sources of information:

- signed Restructuring Agreement and signed Transaction Agreement;
- audited reports of Seardel for the years ended 31 March 2010, 2011 and 2012;
- reviewed financial results of Seardel for the year ended 31 March 2013;
- Seardel budget for the year ended 31 March 2014;
- Seardel forecasts for the financial years 2015 and 2016;
- audited annual financial statements of SPV for the year ended 31 March 2013;
- draft annual financial statements of Sabido for the year ended 31 March 2013;
- budget financial information of Sabido for the year ending 31 March 2014;
- discussions with Seardel Directors and management regarding the rationale for the Transaction;
- discussions with Seardel and Sabido directors and management regarding the historical, budgeted and forecast financial information;
- discussions with Seardel and Sabido directors and management on prevailing market, economic, legal and other conditions which may affect underlying value; and
- publicly available information relating to Seardel and Sabido in the markets in which they operate.

The information above was secured from:

- Directors and management of Seardel and their advisers;
- Directors and management of Sabido; and
- third-party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Seardel and Sabido.

## PROCEDURES

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Transaction:

- reviewed the terms and conditions of the Transaction;
- reviewed the audited and unaudited financial information related to Seardel, as detailed above;
- reviewed the audited and unaudited financial information related to Sabido and SPV, as detailed above;
- reviewed and obtained an understanding from management as to the forecast financial information of Seardel and assessed the achievability thereof by considering historic information as well as macroeconomic and sector-specific data;
- reviewed and obtained an understanding from management as to the forecast financial information of Sabido and assessed the achievability thereof by considering historic information as well as macroeconomic and sector-specific data;
- held discussions with Directors of Seardel and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- held discussions with Directors of Sabido and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- compiled forecast cash flows for Seardel by using the historic and forecast financial information as detailed above and by applying BDO's assumptions in respect of growth in revenue and operating profits.
- applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation for Seardel;
- compiled a capitalisation of maintainable earnings valuation for Seardel by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables to revenue, earnings before interest and taxation ("EBIT"), earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit after tax ("PAT")
- compiled forecast cash flows for Sabido by using the historic and forecast financial information as detailed above and by applying of BDO Corporate Finance's assumptions in respect of growth in revenue and operating profits. Applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuations for Sabido;

- compiled a capitalisation of maintainable earnings valuation for Sabido by using adjusted historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables to revenue, EBIT, EBITDA and PAT;
- performed a valuation of SPV based on the net asset value ("NAV") of SPV which comprises the fair value of its investment in Sabido less the fair value of the liabilities assumed by SPV;
- assessed the long-term potential of Seardel and Sabido;
- performed a sensitivity analysis on key assumptions included in the discounted cash flow valuations, specifically related to cost of capital and growth in the businesses;
- evaluated the relative risks associated with Seardel and Sabido the industries in which they operate;
- reviewed certain publicly available information relating to Seardel and Sabido and the industries in which they operate that we deemed to be relevant, including Company announcements and media articles;
- where relevant, representations made by management and/or Directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industries in which Seardel and Sabido operate, and to analyse external factors that could influence the businesses; and
- held discussions with the Directors and management of Seardel as to their strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends.

## **ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- that all agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of Seardel; and
- that reliance can be placed on the audited and unaudited financial information of Seardel and Sabido.

## **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- reliance on audit reports in the financial statements of Seardel, SPV and Sabido;
- conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Seardel and Sabido and the economic environment in which they operate.

## **LIMITING CONDITIONS**

This opinion is provided to the Directors and shareholders of Seardel in connection with and for the purposes of the Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Seardel Shareholders.

Individual shareholders' decisions regarding the Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Seardel and Sabido relate to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Seardel and Sabido will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Seardel, and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion and we are under no obligation to update, review or reaffirm our opinion based on such developments.

## **INDEPENDENCE**

We confirm that we have no direct or indirect interest in Seardel or HCI shares or in the Transaction. We also confirm that we have the necessary qualifications and competence to provide the fair and reasonable opinion on the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Transaction.

## **VALUATION APPROACH**

BDO Corporate Finance performed a valuation of Seardel, SPV and Sabido to determine whether the Transaction represents fair value to the Seardel Shareholders. The valuations of Seardel and Sabido have been determined by applying the discounted cash flow methodology as the primary valuation methodology and the capitalisation of maintainable earnings methodology as a secondary methodology. As SPV is a pure investment company, the fair value of SPV was determined by applying the NAV methodology and comprises the fair value of its underlying investment in Sabido less the fair value of the liabilities assumed by SPV.

The valuations were performed taking cognisance of risk and other market and industry factors affecting the entities being valued. Additionally, sensitivity analyses were performed considering key value drivers.

Key internal value drivers to the discounted cash flow valuation included the discount rate, working capital and capital expenditure requirements, operating margins and expected future growth in the business.

External value drivers, including, interest rates, headline inflation rates and prevailing market and industry conditions in respect of the sectors in which the entities being valued operate were also considered in assessing the forecast cash flows and risk profiles of the entities being valued.

Key internal value drivers to the capitalisation of maintainable earnings valuation included an assessment of non-recurring transactions included in historical results, operating margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of the entities being valued, as well as an assessment of market-related earnings multiples applicable to comparable companies in the industry in which the company operates.

The fair value of the liabilities assumed by SPV was determined based on their carrying value, after confirming that such carrying value approximates fair market value in terms of International Financial Reporting Standards ("IFRS").

## **OPINION**

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction, based on quantitative considerations, are fair to the Seardel Shareholders.

Our opinion is necessarily based upon the information available to us up to 3 July 2013, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

### **BDO Corporate Finance Proprietary Limited**

Nick Lazanakis  
Director  
22 Wellington Road  
Parktown  
2193

---

**REPORT ON THE CONVERSION OF SHARES FROM PAR VALUE TO NO PAR VALUE IN TERMS OF REGULATION 31(7) OF THE COMPANIES REGULATIONS 2011**


---

<b>Regulation</b>	<b>Requirement</b>	<b>Response</b>
Reg. 31(7)(a)	State all information that may affect the value of the securities affected by the proposed conversion	The value of the Ordinary Shares and the N Ordinary Shares will not change as a result of the proposed conversion.
Reg. 31(7)(b)	Identify the class of holders of the Company's securities affected by the proposed conversion	There are currently only two classes of the shareholders of the Company, i.e. shareholders holding Ordinary Shares and shareholders holding N Ordinary Shares.
Reg. 31(7)(c)	Describe the material effects that the proposed conversion will have on the rights of the holders of the Company's securities affected by the proposed conversion	The proposed conversion will not alter or affect the rights of any of the holders of Ordinary Shares or N Ordinary Shares.
Reg. 31(7)(d)	Evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement	Holders of the Ordinary Shares and N Ordinary Shares will not suffer any adverse effects as a result of the proposed conversion and will not receive any compensation as a result of the proposed conversion.

Confirmed by

**S Queen**

Director

SEARDEL INVESTMENT CORPORATION LIMITED





# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

---

---

## NOTICE OF GENERAL MEETING OF SEARDEL SHAREHOLDERS

---

All terms defined in the Circular, to which this notice of General Meeting is attached, shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given to SearDel Shareholders that the General Meeting will be held in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460, on Thursday, 8 August 2013 at 09:00, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder.

The record date for determining which SearDel Shareholders must be registered in the Register in order to receive the Circular is Friday, 5 July 2013.

The record date for determining which SearDel Shareholders are entitled to participate in and vote at the General Meeting is Friday, 2 August 2013. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be on Friday, 26 July 2013.

**Please note that SearDel intends to provide for participation at the General Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.**

### RESOLUTIONS RELATED TO THE SABIDO ACQUISITION

#### Special resolution number 1 – Approval for the conversion of par value shares into no par value shares

**“Resolved as a special resolution that:**

- 1 the conversion of the 700 000 000 Ordinary Shares having a par value of 25 cents each and 200 000 000 N Shares having a par value of 0,25 cents each in the authorised share capital of the Company into 700 000 000 Ordinary Shares of no par value and 200 000 000 N Shares of no par value; and
- 2 the conversion of the 642 486 801 Ordinary Shares having a par value of 25 cents each and 61 233 077 N Shares having a par value of 0,25 cents each in the issued share capital of the Company into 642 486 801 Ordinary Shares of no par value and 61 233 077 N Shares of no par value,

be and is hereby approved and that the Memorandum of Incorporation of the Company be amended accordingly.”

#### **Reason for and effect of special resolution number 1:**

The reason for and the effect of special resolution number 1 is to convert the existing authorised and issued share capital from shares having a par value into shares having no par value which will, *inter alia*, facilitate the creation of additional N Shares for the purposes of implementing the Transaction Agreement.

A copy of the report in respect of the proposed conversion of shares from par value to no par value, required in terms of Regulation 31(7) of the Companies Regulations 2011 made under the Companies Act, is contained in Annexure XVII to the Circular.

#### **Special resolution number 2 – Creation of new N Shares**

**“Resolved as a special resolution that,** subject to special resolution number 1 being passed and becoming effective, the authorised share capital of the Company of 700 000 000 Ordinary Shares of no par value and 200 000 000 N Shares of no par value be and is hereby increased to 700 000 000 Ordinary Shares of no par value and 550 000 000 N Shares of no par value, by the creation of 350 000 000 new N Shares of no par value, which, upon their issue, will rank *pari passu* in all respects with the existing issued N Shares and that the Company’s Memorandum of Incorporation be amended accordingly.”

### **Reason for and effect of special resolution number 2:**

The reason for and the effect of special resolution number 2 is to increase the authorised share capital of the Company by the creation of 350 000 000 new N Shares of no par value for the purposes of the implementation of the Sabido Acquisition, there being insufficient N Shares in the authorised but unissued share capital of the Company to enable it to allot and issue the 350 000 000 N Shares to HCI in terms of the Transaction Agreement.

### **Special resolution number 3 – Approval to issue N Shares in terms of sections 41(1) and 41(3) of the Companies Act**

“**Resolved as a special resolution that**, subject to special resolution number 2, being passed and becoming effective, the Company be and is hereby authorised in terms of sections 41(1) and 41(3) of the Companies Act, to issue 350 000 000 N Shares of no par value, at a subscription price of R1,60 per N Share to HCI for the purposes of the Sabido Acquisition on the terms and conditions set out in the Transaction Agreement, and that the Directors of the Company be authorised to issue the aforementioned N Shares to HCI.”

#### **Note:**

Section 41(1) of the Companies Act requires that Seardel Shareholders approve, by way of a special resolution, an issue of shares to a person related or interrelated to the Company. HCI is a related company of the Company for the purposes of the Companies Act.

Section 41(3) of the Companies Act requires that Seardel Shareholders approve, by way of a special resolution, an issue of shares if the voting power of the class of shares that are issued as a result of a transaction will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before such a transaction. Accordingly, the N Shares issued to HCI in terms of the Sabido Acquisition will be in excess of the aforementioned 30% threshold and requires approval from shareholders.

In terms of the Companies Act, the Listings Requirements and the MOI, this resolution will be adopted with the support of at least 75% of the voting rights exercised on this resolution.

### **Reason and effect of special resolution number 3:**

The reason for and the effect of special resolution number 3 is to obtain approval from Seardel Shareholders to issue 350 000 000 N Shares to HCI at a price of R1,60 per N Share as consideration for the 70% interest in SPV as set out in the Transaction Agreement.

### **Ordinary resolution number 1 – Approval of the Sabido Acquisition as a Category 1 transaction and a transaction with a related party**

“**Resolved as an ordinary resolution that**, the Company be and is hereby authorised in terms of the Listings Requirements to acquire a 70% equity stake in SPV from HCI, a related party, on the terms and conditions set out in the Transaction Agreement governing the Sabido Acquisition.”

In terms of section 10 of the Listings Requirements, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

As HCI is a related party to Seardel, by virtue of the fact that HCI is a material shareholder in Seardel, in order to implement the Sabido Acquisition an ordinary resolution of the Company must be passed by Seardel Shareholders, excluding HCI.

### **Ordinary resolution number 2 – Directors’ authority to take all such actions necessary to implement the Sabido Acquisition**

“**Resolved as an ordinary resolution that**, any director of the Company, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the Sabido Acquisition.”

In terms of section 65(7) of the Companies Act and the Company’s MOI, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

### **Entitlement to attend and vote at the General Meeting and appointment of proxies**

Seardel Shareholders who wish to participate in the General Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders’ meeting.

Certificated Seardel Shareholders or Own Name Dematerialised Seardel Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy (**blue**) and returning it to the Transfer Secretaries at the address given in the Circular by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by no later than 09:00 on Thursday, 8 August 2013.

Dematerialised Sear del Shareholders other than Own Name Dematerialised Sear del Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If Sear del Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

Forms of proxy (**blue**) should be forwarded to reach the Transfer Secretaries at the address given in the Circular by not later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.

The completion of a form of proxy will not preclude a Sear del Shareholder from attending the General Meeting.

#### **Participation in the General Meeting by electronic communication**

Sear del Shareholders wishing to participate electronically in the General Meeting are required by no later than 09:00 on Tuesday, 6 August 2013, to deliver written notice to Sear del at Sear del's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of the Sear del company secretary) that they wish to participate via electronic communication at the General Meeting ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the Sear del Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Sear del Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the Sear del Shareholder wishes to vote via electronic communication. By no later than 24 (twenty-four) hours before the General Meeting Sear del shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

10 July 2013

#### **Registered office**

1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460





# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

## FORM OF PROXY – GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

**For use by Certificated Seardel Shareholders or Own Name Dematerialised Seardel Shareholders at the General Meeting to be held at 09:00 on Thursday, 8 August 2013 in the boardroom at the offices of Seardel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460.**

**Dematerialised Seardel Shareholders, other than Own Name Dematerialised Seardel Shareholders, must not complete this form of proxy.**

Full name: I/We (block letters) \_\_\_\_\_

Of (address): \_\_\_\_\_

Telephone: (work) \_\_\_\_\_ Telephone: (home) \_\_\_\_\_

Fax: \_\_\_\_\_ Cell number: \_\_\_\_\_

being the holder(s) of \_\_\_\_\_ Ordinary Shares  
and \_\_\_\_\_ N Shares

hereby appoint: \_\_\_\_\_

1 \_\_\_\_\_ or failing him/her,

2 \_\_\_\_\_ or failing him/her,

3 the chairman of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 09:00 on Thursday, 8 August 2013 or any adjournment thereof as follows:

Resolution		For	Against	Abstain
Special resolution number 1	Conversion of shares having a par value into shares having no par value			
Special resolution number 2	Creation of new N Shares			
Special resolution number 3	Approval to issue N Shares in terms of section 41(1) and 41(3) of the Companies Act			
Ordinary resolution number 1	Approval of the Sabido Acquisition as a category 1 transaction and a transaction with a related party			
Ordinary resolution number 2	Directors' authority to take all such actions necessary to implement the Sabido Acquisition			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

**A Seardel Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be a Seardel Shareholder.**

**On a show of hands, every Seardel Shareholder or his proxy shall have one vote (irrespective of the number of Seardel Shares held).**

**On a poll, every Seardel Shareholder or his proxy shall have:**

- 1 100 votes for each Ordinary Share held or represented by him; and**
- 2 one vote for each N Share held or represented by him.**

**NOTES:**

- 1 A Seardel Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the chairperson of the General Meeting", but any such deletion must be initialled by the Seardel Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Seardel Shares exercisable by you, insert the number of Seardel Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. A Seardel Shareholder or his proxy is not obliged to use all the votes exercisable by the Seardel Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Seardel Shareholder or his proxy.
- 3 Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.
- 4 Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
- 5 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
- 6 The completion and lodging of this form of proxy will not preclude the relevant Seardel Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Seardel Shareholder wish to do so.
- 7 The chairperson of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Seardel Shareholder wishes to vote.
- 8 This form of proxy shall not be valid after the expiration of the General Meeting or any adjournment thereof.
- 9 Joint holders – any such persons may vote at the General Meeting in respect of such joint Seardel Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the register in respect of such Seardel Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
- 10 Own Name Dematerialised Seardel Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in 3 above.

## Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary “shareholder” shall have the meaning ascribed thereto in the Companies Act.

- 1 At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- 2 A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- 3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- 4 Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- 5 Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
- 6 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- 7 If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
- 8 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
- 9 If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
  - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.



# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

---

---

## NOTICE OF SEPARATE CLASS MEETING OF HOLDERS OF ORDINARY SHARES HAVING A PAR VALUE OF 25 CENTS EACH

---

All terms defined in the Circular, to which this notice of Ordinary Share Class Meeting is attached, shall bear the same meanings when used in this notice of Ordinary Share Class Meeting.

Notice is hereby given that a separate class meeting of the holders of the Ordinary Shares will be held in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460, on Thursday, 8 August 2013 at 09:30 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned), for the purposes of considering and if thought fit passing the special resolution set out hereunder in accordance with the provisions of Regulation 31 of the Companies Act.

The record date for determining which Ordinary Shareholders must be registered in the Register in order to receive the Circular is Friday, 5 July 2013.

The record date for determining which Ordinary Shareholders are entitled to participate in and vote at the Ordinary Share Class Meeting is Friday, 2 August 2013. Accordingly, the last day to trade in order to be eligible to participate and vote at the Ordinary Share Class Meeting will be on Friday, 26 July 2013.

**Please note that SearDel intends to provide for participation at the Ordinary Share Class Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.**

### **Special resolution – Conversion of Ordinary Shares having a par value into Ordinary Shares having no par value**

**“Resolved as a special resolution that:**

- 1 the conversion of the 700 000 000 Ordinary Shares having a par value of 25 cents each in the authorised share capital of the Company into 700 000 000 Ordinary Shares of no par value; and
- 2 the conversion of the 642 486 801 Ordinary Shares having a par value of 25 cents each in the issued share capital of the Company into 642 486 801 Ordinary Shares of no par value,

be and is hereby approved and that the Memorandum of Incorporation of the Company be amended accordingly.”

### **Reason for and effect of special resolution:**

The reason for and the effect of special resolution is to convert the existing authorised and issued Ordinary Shares having a par value into Ordinary Shares having no par value.

### **Entitlement to attend and vote at the Ordinary Share Class Meeting and appointment of proxies**

Ordinary Shareholders who wish to participate in the Special Class Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting.

Certificated Ordinary Shareholders or Own Name Dematerialised Ordinary Shareholders may attend and vote at the Ordinary Share Class Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy (**green**) and returning it to the Transfer Secretaries at the address given in the Circular by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by no later than 09:00 on Thursday, 8 August 2013.

Dematerialised Ordinary Shareholders other than Own Name Dematerialised Ordinary Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the Ordinary Share



Class Meeting. If Ordinary Shareholders are unable to attend the Ordinary Share Class Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the Ordinary Share Class Meeting.

Forms of proxy (**green**) should be forwarded to reach the Transfer Secretaries at the address given in the Circular by not later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.

The completion of a form of proxy will not preclude an Ordinary Shareholder from attending the Ordinary Share Class Meeting.

#### **Participation in the Ordinary Share Class Meeting by electronic communication**

Ordinary Shareholders wishing to participate electronically in the Ordinary Share Class Meeting are required by no later than 09:30 on Tuesday, 6 August 2013, to deliver written notice to Seardel at Seardel's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of the Seardel company secretary) that they wish to participate via electronic communication at the Ordinary Share Class Meeting ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the Ordinary Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the Ordinary Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the Ordinary Share Class Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the Ordinary Shareholder wishes to vote via electronic communication. By no later than 24 (twenty-four) hours before the Ordinary Share Class Meeting Seardel shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the Ordinary Share Class Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial in to the dial-in facility on the date of the Ordinary Share Class Meeting. The dial-in facility will be linked to the venue at which the Ordinary Share Class Meeting will take place on the date of, from the time of commencement of, and for the duration of, the Ordinary Share Class Meeting. The dial-in facility will enable all persons to participate electronically in the Ordinary Share Class Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the Ordinary Share Class Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

10 July 2013

#### **Registered office**

1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460





# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

## FORM OF PROXY – ORDINARY SHARE CLASS MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

**For use by Certificated Ordinary Shareholders or Own Name Dematerialised Ordinary Shareholders at the Ordinary Share Class Meeting to be held at 09:30 on Thursday, 8 August 2013, in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned).**

**Dematerialised Ordinary Shareholders, other than Own Name Dematerialised Ordinary Shareholders, must not complete this form of proxy.**

Full name: I/We (block letters) \_\_\_\_\_

Of (address): \_\_\_\_\_

Telephone: (work) \_\_\_\_\_ Telephone: (home) \_\_\_\_\_

Fax: \_\_\_\_\_ Cell number: \_\_\_\_\_

being the holder(s) of \_\_\_\_\_ Ordinary Shares

and \_\_\_\_\_ N Shares

hereby appoint: \_\_\_\_\_

1 \_\_\_\_\_ or failing him/her,

2 \_\_\_\_\_ or failing him/her,

3 the chairperson of the Ordinary Share Class Meeting,

as my/our proxy to vote for me/us on my/our behalf at the Ordinary Share Class Meeting to be held at 09:30 on Thursday, 8 August 2013 (or so soon thereafter as the General Meeting convened for 09:00 on the same day and at the same venue, shall have been concluded or adjourned), or any adjournment thereof as follows:

**Resolution**

	For	Against	Abstain
Special resolution – Conversion of Ordinary Shares having a par value into Ordinary Shares having no par value			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

**An Ordinary Shareholder entitled to attend and vote at the Ordinary Share Class Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the Ordinary Share Class Meeting. A proxy need not be an Ordinary Shareholder.**

**On a show of hands, every Ordinary Shareholder or his proxy shall have one vote (irrespective of the number of Searde! Shares held).**

**On a poll, every Ordinary Shareholder or his proxy shall have 100 votes for each Ordinary Share held or represented by him.**

**Notes:**

- 1 An Ordinary Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the chairperson of the Ordinary Share Class Meeting", but any such deletion must be initialled by the Ordinary Shareholder. The person whose name appears first on the form of proxy and who is present at the Ordinary Share Class Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Ordinary Shares exercisable by you, insert the number of Ordinary Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. An Ordinary Shareholder or his proxy is not obliged to use all the votes exercisable by the Ordinary Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Ordinary Shareholder or his proxy.
- 3 Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.
- 4 Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
- 5 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the Ordinary Share Class Meeting.
- 6 The completion and lodging of this form of proxy will not preclude the relevant Ordinary Shareholder from attending the Ordinary Share Class Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Ordinary Shareholder wish to do so.
- 7 The chairperson of the Ordinary Share Class Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Ordinary Shareholder wishes to vote.
- 8 This form of proxy shall not be valid after the expiration of the Ordinary Share Class Meeting or any adjournment thereof.
- 9 Joint holders – any such persons may vote at the Ordinary Share Class Meeting in respect of such joint Ordinary Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the Ordinary Share Class Meeting, that one of the said persons whose name stands first in the register in respect of such Ordinary Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
- 10 Own Name Dematerialised Ordinary Shareholders will be entitled to attend the Ordinary Share Class Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in 3 above.

## Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary “shareholder” shall have the meaning ascribed thereto in the Companies Act.

- 1 At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- 2 A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- 3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- 4 Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- 5 Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
- 6 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- 7 If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
- 8 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
- 9 If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
  - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.



# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

---

---

## NOTICE OF SEPARATE CLASS MEETING OF HOLDERS OF N SHARES HAVING A PAR VALUE OF 0,25 CENTS EACH

---

All terms defined in the Circular, to which this notice of N Share Class Meeting is attached, shall bear the same meanings when used in this notice of N Share Class Meeting.

Notice is hereby given that a separate class meeting of the holders of the N Shares will be held in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460, on Thursday, 8 August 2013 at 10:00 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned), for the purposes of considering and if thought fit passing the special resolution set out hereunder in accordance with the provisions of Regulation 31 of the Companies Act.

The record date for determining which N Shareholders must be registered in the Register in order to receive the Circular is Friday, 5 July 2013.

The record date for determining which N Shareholders are entitled to participate in and vote at the N Share Class Meeting is Friday, 2 August 2013. Accordingly, the last day to trade in order to be eligible to participate and vote at the N Share Class Meeting will be on Friday, 26 July 2013.

**Please note that SearDel intends to provide for participation at the N Share Class Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.**

### **Special resolution – Conversion of N Shares having a par value into N Shares having no par value**

#### **“Resolved as a special resolution that:**

- 1 the conversion of the 200 000 000 N Shares having a par value of 0,25 cents each in the authorised share capital of the Company into 200 000 000 N Shares of no par value; and
- 2 the conversion of the 61 233 077 N Shares having a par value of 0,25 cents each in the issued share capital of the Company into 61 233 077 N Shares of no par value,

be and is hereby approved and that the Memorandum of Incorporation of the Company be amended accordingly.”

#### **Reason for and effect of special resolution:**

The reason for and the effect of special resolution is to convert the existing authorised and issued N Shares having a par value into N Shares having no par value in order to facilitate the creation of additional N Shares for the purposes of implementing the Transaction Agreement.

#### **Entitlement to attend and vote at the N Share Class Meeting and appointment of proxies**

N Shareholders who wish to participate in the N Share Class Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting.

Certificated N Shareholders or Own Name Dematerialised N Shareholders may attend and vote at the N Share Class Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy (**yellow**) and returning it to the Transfer Secretaries at the address given in the Circular by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by no later than 09:00 on Thursday, 8 August 2013.

Dematerialised N Shareholders other than Own Name Dematerialised N Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the N Share Class Meeting. If N Shareholders are unable to attend the N Share Class Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the N Share Class Meeting.

Forms of proxy (**yellow**) should be forwarded to reach the Transfer Secretaries at the address given in the Circular by not later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.

The completion of a form of proxy will not preclude a N Shareholder from attending the N Share Class Meeting.

#### **Participation in the N Share Class Meeting by electronic communication**

N Shareholders wishing to participate electronically in the N Share Class Meeting are required by no later than 09:00 on Tuesday, 6 August 2013, to deliver written notice to Sear del at Sear del's offices, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (marked for the attention of the Sear del company secretary) that they wish to participate via electronic communication at the N Share Class Meeting ("**Electronic Notice**").

In order for the Electronic Notice to be valid it must contain: (a) if the N Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the N Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the N Share Class Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the N Shareholder wishes to vote via electronic communication. By no later than 24 (twenty-four) hours before the N Share Class Meeting Sear del shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the N Share Class Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial in to the dial-in facility on the date of the N Share Class Meeting. The dial-in facility will be linked to the venue at which the N Share Class Meeting will take place on the date of, from the time of commencement of, and for the duration of, the N Share Class Meeting. The dial-in facility will enable all persons to participate electronically in the N Share Class Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with one another without an intermediary, and to participate reasonably effectively in the N Share Class Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

10 July 2013

#### **Registered office**

1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460







# SEARDEL

INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1968/011249/06

N Shares share code: SRN; Ordinary Shares share code: SER

ISIN: ZAE000030144; ISIN: ZAE000029815

## FORM OF PROXY – N SHARE CLASS MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

**For use by Certificated N Shareholders or Own Name Dematerialised N Shareholders at the N Share Class Meeting to be held at 10:00 on Thursday, 8 August 2013, in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned).**

**Dematerialised N Shareholders, other than Own Name Dematerialised N Shareholders, must not complete this form of proxy.**

Full name: I/We (block letters) \_\_\_\_\_

Of (address): \_\_\_\_\_

Telephone: (work) \_\_\_\_\_ Telephone: (home) \_\_\_\_\_

Fax: \_\_\_\_\_ Cell number: \_\_\_\_\_

being the holder(s) of \_\_\_\_\_ Ordinary Shares

and \_\_\_\_\_ N Shares

hereby appoint: \_\_\_\_\_

1 \_\_\_\_\_ or failing him/her,

2 \_\_\_\_\_ or failing him/her,

3 the chairperson of the N Share Class Meeting,

as my/our proxy to vote for me/us on my/our behalf at the N Share Class Meeting to be held at 10:00 on Thursday, 8 August 2013 (or so soon thereafter as the Ordinary Share Class Meeting convened for 09:30 on the same day and at the same venue, shall have been concluded or adjourned), or any adjournment thereof as follows:

**Resolution**

	For	Against	Abstain
Special resolution – Conversion of N Shares having a par value into N Shares having no par value			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

**An N Shareholder entitled to attend and vote at the N Share Class Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the N Share Class Meeting. A proxy need not be a N Shareholder.**

**On a show of hands, every N Shareholder or his proxy shall have one vote (irrespective of the number of SeardeI Shares held).**

**On a poll, every N Shareholder or his proxy shall have one vote for each N Share held or represented by him.**

**Notes:**

- 1 An N Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the chairperson of the N Share Class Meeting", but any such deletion must be initialled by the N Shareholder. The person whose name appears first on the form of proxy and who is present at the N Share Class Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
- 2 Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of N Shares exercisable by you, insert the number of N Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. An N Shareholder or his proxy is not obliged to use all the votes exercisable by the N Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the N Shareholder or his proxy.
- 3 Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 09:00 on Tuesday, 6 August 2013 for administrative purposes or thereafter delivered by hand to the Company by 09:00 on Thursday, 8 August 2013.
- 4 Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
- 5 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the N Share Class Meeting.
- 6 The completion and lodging of this form of proxy will not preclude the relevant N Shareholder from attending the N Share Class Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such N Shareholder wish to do so.
- 7 The chairperson of the N Share Class Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the N Shareholder wishes to vote.
- 8 This form of proxy shall not be valid after the expiration of the N Share Class Meeting or any adjournment thereof.
- 9 Joint holders – any such persons may vote at the N Share Class Meeting in respect of such joint N Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the N Share Class Meeting, that one of the said persons whose name stands first in the register in respect of such N Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
- 10 Own Name Dematerialised N Shareholders will be entitled to attend the N Share Class Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in 3 above.

## Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary “shareholder” shall have the meaning ascribed thereto in the Companies Act.

- 1 At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- 2 A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- 3 Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- 4 Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- 5 Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
- 6 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- 7 If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
- 8 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
- 9 If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
  - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

