

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 6 of this Circular apply throughout this document.

### Actions required

This Circular is important and should be read with particular attention to the section entitled "Action required by Shareholders", which commences on page 3 of this Circular.

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

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

This Circular is not an invitation to the public to subscribe for Rights Offer Shares, but rather is issued in compliance with the Listings Requirements, for the purposes of providing information about Seardel.



### CIRCULAR TO SEARDEL SHAREHOLDERS

relating to:

- a fully underwritten renounceable Rights Offer to raise R5 billion through the issue of 3,125 billion N Shares at an issue price of R1,60 per Rights Offer Share in the ratio of 258,93 Rights Offer Shares for every 100 Seardel Shares held on the close of business on Friday, 4 April 2014;

and incorporating:

- Revised Listing Particulars;
- a notice convening the General Meeting; and
- a form of proxy to vote at the General Meeting (for use only by Certificated Seardel Shareholders and Own Name Dematerialised Seardel Shareholders).

**Rights Offer opens at 09:00 on Monday, 7 April 2014**

**Rights Offer closes at 12:00 on Friday, 25 April 2014**

As at the date of this Circular, the authorised share capital of the Company consists of 700 000 000 no par value Ordinary Shares and 10 550 000 000 no par value N Shares. The Company's issued share capital of R1 690 732 000 comprises 645 657 477 Ordinary Shares of R320 392 000 and 561 233 077 N Shares of R1 370 340 000. As at the Last Practicable Date, the Company has 14 704 938 Ordinary Shares and 6 123 306 N Shares held as treasury shares.

The Rights that are represented by the Letters of Allocation are valuable and may be traded on the JSE. Letters of Allocation can, however, only be traded in Dematerialised form and, accordingly, all Letters of Allocation will be issued in Dematerialised form.

The Rights Offer Shares will, upon their issue, rank *pari passu* with all other N Shares and shall be fully paid up and freely transferable.

There are no conversion or redemption provisions relating to the Rights Offer Shares.

The allocation of Rights Offer Shares will be such that only whole numbers of Rights Offer Shares will be issued and Seardel Shareholders will be entitled to rounded numbers of Rights Offer Shares based on conventional rounding principles.

The Rights Offer may be affected by the laws of the relevant jurisdictions of foreign Qualifying Seardel Shareholders. Such foreign Seardel Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them, including the Rights Offer. It is the responsibility of any foreign Seardel Shareholders to satisfy themselves as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with this Circular and the Rights Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

The Rights Offer is governed by the laws of South Africa and is subject to any applicable South African laws and regulations, including the Exchange Control Regulations. Any foreign Seardel Shareholder who is in doubt as to his position, including without limitation, his tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Circular has been prepared on the assumption that the ordinary and special resolutions proposed in the Notice of General Meeting forming part of this Circular will be passed at the General Meeting of Seardel Shareholders to be held on Tuesday, 25 March 2014. Seardel Shareholders holding approximately 81% of the voting rights have provided irrevocable undertakings to vote in favour of the ordinary and special resolutions to be voted on at the General Meeting.

The Directors, whose names appear in the "Corporate Information and Advisers" section of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts which have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by South African law and the Listings Requirements.

**Investment bank**

*Out of the Ordinary\**



**Sponsor to Seardel**

*Out of the Ordinary\**



**Joint corporate law adviser**

**T A B A C K S**

**Reporting accountants and auditors**



**Joint corporate law adviser**



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## CORPORATE INFORMATION AND ADVISERS

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### Directors of Seardel

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

\* 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 and registered office of HCI

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 accountants and auditors

Grant Thornton (Jhb) Inc.  
(Registration number 2002/022635/07)  
137 Daisy Street  
Sandown  
Johannesburg  
2196  
(Private Bag X28, Benmore, 2010)

### Joint corporate law 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)

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg  
2001  
(PO Box 61763, Marshalltown, 2107)

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## ACTION REQUIRED BY SHAREHOLDERS

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### Please take careful note of the following provisions regarding the action required by Seardel Shareholders

- 1 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.
- 2 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 or other agent through whom the disposal was effected.
- 3 This Circular contains information relating to the General Meeting and the Rights Offer. If you are a Qualifying Seardel Shareholder, you should carefully read through this Circular and decide how you wish to treat the Rights allocated to you in terms of the Rights Offer.

### ACTION REQUIRED BY CERTIFICATED SEARDEL SHAREHOLDERS AND OWN NAME DEMATERIALISED SEARDEL SHAREHOLDERS

#### Voting and attendance at the General Meeting – Certificated Seardel Shareholders and Own Name Dematerialised Seardel Shareholders

You may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the relevant form of proxy attached to this Circular 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 no later than 10:00 on Thursday, 20 March 2014 (or delivered to the Company by hand by no later than 10:00 on Tuesday, 25 March 2014).

#### Participation in the Rights Offer – Qualifying Certificated Seardel Shareholders

If you are a Qualifying Certificated Seardel Shareholder:

- a Form of Instruction, to be posted to Qualifying Certificated Seardel Shareholders on Tuesday, 1 April 2014, and a Letter of Allocation to be created in electronic form with the Transfer Secretaries, to afford you the same rights and opportunities as those Qualifying Seardel Shareholders who have already Dematerialised their Seardel Shares;
- if you wish to subscribe for all or part of the Rights Offer Shares to which you are entitled, you must complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rands, with the Transfer Secretaries as follows:

**Hand deliveries to:**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001

**Postal deliveries to:**

Computershare Investor Services Proprietary Limited  
PO Box 61763  
Marshalltown, 2107

so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 25 April 2014.

If you do not wish to exercise all of the Rights allocated to you as reflected in the Form of Instruction, you may either dispose of, or renounce, all or part of your Rights or do nothing (in which case your Rights will lapse).

If you wish to sell all or part of your Rights, you must complete Form A in the Form of Instruction and return it to the Transfer Secretaries so as to be received by them by no later than 12:00 on Wednesday, 16 April 2014.

In this regard, none of the Transfer Secretaries, any Broker appointed by them to effect the sale, or Seardel, its directors or employees, will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising from, the timing of such sale, the price obtained, or the failure to dispose of such Rights. **Please note that the last day to trade Letters of Allocation is Wednesday, 16 April 2014.**

If you wish to renounce your Rights (or part thereof) in favour of any named Renounee, you must complete Form B in the Form of Instruction, and the Renounee must complete Form C in the Form of Instruction and return it to the Transfer Secretaries so as to be received by no later than 12:00 on Friday, 25 April 2014, together with a bank-guaranteed cheque or banker's draft for the appropriate amount. Renounees must attach a certified true copy of their identification document to the Form of Instruction, where Forms B and C are completed.

Applications for additional Rights Offer Shares (“**Excess Applications**”) will be allowed but will be limited to an aggregate number of 600 million Rights Offer Shares, or such higher number as determined by the Directors, in their sole discretion. If you wish to apply for additional Rights Offer Shares, you must complete Blocks (7) and (8) on the Form of Instruction and return it to the Transfer Secretaries, so as to be received by no later than 12:00 on Friday, 25 April 2014, together with sufficient funds to cover such application in accordance with your instruction. The right to apply for additional Rights Offer Shares is transferable on renunciation of the Letters of Allocation.

Refund cheques in respect of unsuccessful Excess Applications will be posted by registered post to the relevant applicants, at their own risk, on or about Friday, 2 May 2014. No interest will be paid on monies received in respect of unsuccessful applications.

**If the required documentation and payment have not been received in accordance with the instructions contained in the Form of Instruction, either from the Qualifying Seardel Shareholder or from any person in whose favour the Rights have been renounced, by 12:00 on Friday, 25 April 2014, then such Rights will be deemed to have been declined and will lapse.**

## **ACTION REQUIRED BY DEMATERIALIZED SEARDEL SHAREHOLDERS**

### **Voting at the General Meeting – Dematerialised Seardel Shareholders other than Own Name Dematerialised Seardel Shareholders**

Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

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.

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.

You must **not** complete the attached form of proxy.

### **Attendance and representation at the General 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, and if so, your Broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

### **Participation in the Rights Offer**

If you are a Qualifying Dematerialised Seardel Shareholder, you will not receive a Form of Instruction. Your CSDP or Broker will credit your account with the number of Rights to which you are entitled and you should receive notification from your CSDP or Broker in this regard. If you are not contacted by your CSDP or Broker, you should contact your CSDP or Broker and provide them with your instructions.

If you do not wish to subscribe for all of the Rights allocated to you, you may either dispose of, or renounce, all or part of your Rights.

If you wish to sell all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights you wish to sell. **Please note that the last day to trade the Letters of Allocation is Wednesday, 16 April 2014.**

If you wish to renounce your Rights (or part thereof) in favour of any named Renounee, you are required to instruct your CSDP or Broker as to the number of Rights you wish to renounce, and in favour of whom you wish to renounce those Rights, by the cut-off time required by the CSDP or Broker as per your agreement held with them.

If you wish to subscribe for all or part of your Entitlement, you are required to instruct your CSDP or Broker as to the number of Rights Offer Shares for which you wish to subscribe, by the cut-off time required by the CSDP or Broker as per your agreement held with them.

CSDPs effect payment on a delivery-versus-payment basis and therefore you must ensure that the necessary funds are deposited with the relevant CSDP or Broker, as the case may be.

Excess Applications will be allowed but will be limited to an aggregate number of 600 million Rights Offer Shares, or such higher number as determined by the Directors, in their sole discretion. If you wish to apply for additional Rights Offer Shares, you should instruct your CSDP or Broker as to the number of additional Rights Offer Shares for which you wish to apply, by the cut-off time required by the CSDP or Broker, and ensure that sufficient funds are deposited with your CSDP or Broker. The right to apply for additional Rights Offer Shares is transferable on renunciation of the Letters of Allocation.

Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Rights Offer Shares in terms of the Rights Offer.

**Seardel does not take responsibility, and will not be held liable, for any failure on the part of any CSDP or Broker to**

notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to sell the Rights to which you are entitled.

## JURISDICTION

The distribution of this Circular, the Rights Offer, the Form of Instruction, the transfer of the Rights Offer Shares, and/or the rights to subscribe for the Rights Offer Shares in jurisdictions other than South Africa may be restricted by law, and failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. Neither this Circular, nor any Form of Instruction, may be regarded as an offer in any jurisdiction in which it is illegal to make such an offer. In those circumstances, this Circular is sent for information purposes only. It is the responsibility of any person outside South Africa (including, without limitation, nominees, agents and trustees for such persons) receiving this Circular and wishing to take up Rights under the Rights Offer, to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

If a premium can be obtained over the expenses of the sale, the rights of Qualifying Seardel Shareholders in jurisdictions in which it is illegal to make an offer will be sold by the Transfer Secretaries on the JSE for the benefit of such Seardel Shareholders, in accordance with this section. Any premium over the expenses of the sale of the Rights of Seardel Shareholders in these jurisdictions (including applicable taxes, brokerage fees and commissions) shall be remitted to such Seardel Shareholders.

None of Seardel, its Directors or employees, the Transfer Secretaries or any Broker appointed by them or by Seardel, will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising out of, the timing of such sales or the remittance of the net proceeds of such sales or the failure to effect such sales.

## NON-RESIDENTS

Seardel Shareholders who are non-residents are referred to paragraph 6 of the Circular regarding applicable Exchange Control Regulations.

## PARTICIPATION IN THE GENERAL MEETING BY ELECTRONIC COMMUNICATION

Seardel Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on Thursday, 20 March 2014 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 General Meeting ("**Electronic Notice**").

In order for the Electronic 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 via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the Seardel Shareholder wishes to vote via electronic communication. By no later than 24 hours before the General 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 Seardel 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 Act) and to communicate concurrently with each other 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.

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## IMPORTANT DATES AND TIMES

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2014

Notice Record Date, being the date on which a Seardel Shareholder must be registered in the Register in order to be entitled to receive the Circular, on	Friday, 14 February
Circular and notice convening the General Meeting posted to Seardel Shareholders on	Monday, 24 February
Declaration date announcement released on SENS on	Monday, 24 February
Declaration date announcement published in the press on	Tuesday, 25 February
Last day to trade in Seardel Shares in order to be recorded in the Register to vote at the General Meeting, on	Friday, 7 March
Meeting Record Date, being the date on which a Seardel Shareholder must be registered in the Register in order to be entitled to participate in the General Meeting, close of trading on	Friday, 14 March
Proxy forms for the General Meeting to be received, for administrative purposes, by 10:00 on (or thereafter by no later than 10:00 on Tuesday, 25 March 2014)	Thursday, 20 March
General Meeting held at 10:00 on	Tuesday, 25 March
Finalisation announcement released on SENS on	Tuesday, 25 March
Last day to trade in Seardel Shares on the JSE for settlement by the Rights Offer Record Date and to be recorded as a Qualifying Seardel Shareholder for the purpose of receiving Rights, on	Friday, 28 March
Seardel Shares trade ex-Rights on the JSE, from	Monday, 31 March
Listing and trading on the JSE of the Letters of Allocation (ISIN ZAE000188868), from the commencement of trade, on	Monday, 31 March
Issue of Letters of Allocation to Qualifying Certificated Seardel Shareholders and posting of the Form of Instruction (where applicable) on	Tuesday, 1 April
Rights Offer Record Date in order to be entitled to participate in the Rights Offer, on	Friday, 4 April
Rights Offer opens at 09:00 on	Monday, 7 April
Letters of Allocation credited to an electronic account held at the Transfer Secretaries in respect of Qualifying Certificated Seardel Shareholders, on	Monday, 7 April
CSDP or Broker accounts credited with Rights in respect of Qualifying Dematerialised Seardel Shareholders, on	Monday, 7 April
Last day to trade in Letters of Allocation on the JSE in order to settle by close of the Rights Offer, on	Wednesday, 16 April
Listing and trading on the JSE of Rights Offer Shares commences on	Thursday, 17 April
Payment to be made to, and Form of Instruction to be lodged with, the Transfer Secretaries by Qualifying Certificated Seardel Shareholders, by 12:00 on	Friday, 25 April
Rights Offer closes at 12:00 on	Friday, 25 April
Record date for Letters of Allocation, on	Friday, 25 April
Rights Offer Shares issued on	Tuesday, 29 April
CSDP or Broker accounts of Dematerialised Seardel Shareholders debited and updated with Rights Offer Shares and share certificates posted to Certificated Seardel Shareholders on	Tuesday, 29 April
Results of Rights Offer announced on SENS on	Tuesday, 29 April
Results of Rights Offer announced in the press on	Wednesday, 30 April
Refunds (if any) to Qualifying Seardel Shareholders in respect of unsuccessful excess applications made and/or Seardel certificates posted on or about	Friday, 2 May
Dematerialised Seardel Shareholders' accounts updated and debited by CSDP or Broker in respect of any additional Seardel N Shares allocated on	Friday, 2 May

The above dates and times are subject to change. Any such changes will be published on SENS.

### Notes:

- All times indicated in this Circular are South African times.*
- Dematerialised Seardel Shareholders are required to inform their CSDP or Broker of their instructions in respect of the General Meeting and the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Seardel Shareholder and its CSDP or Broker.*
- Seardel Share certificates may not be Dematerialised or rematerialised between Monday, 31 March 2014 and Friday, 4 April 2014, both days inclusive.*
- Qualifying Dematerialised Seardel Shareholders will have their accounts at their CSDP or Broker automatically credited with their Rights and Qualifying Certificated Seardel Shareholders will have their Rights credited to a nominee account at Computershare Investor Services Proprietary Limited.*
- CSDPs effect payment in respect of Dematerialised Shareholders on a delivery-versus-payment method.*
- This Circular is available in English only. Copies may be obtained from the registered office of Seardel and from the Investment Bank at the addresses set out in the "Corporate Information and Advisers" section of this Circular during normal business hours from Monday, 24 February 2014 to Tuesday, 29 April 2014 and will also be available on the website [www.seardel.co.za](http://www.seardel.co.za).*

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## DEFINITIONS

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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*:

“Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Board”	the board of Directors of Seardel as constituted from time to time;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Seardel Shareholders”	Seardel Shareholders who have not Dematerialised their Seardel Share certificates in terms of Strate and hold Certificated Seardel Shares;
“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 bound circular, dated 24 February 2014, including all annexures and attachments hereto;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“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 31 of the Financial Markets Act;
“Dematerialise” or “Dematerialisation”	the process whereby Certificated Seardel Shares are replaced by electronic records of ownership under Strate and recorded in the sub-register of Seardel Shareholders maintained by a CSDP or Broker and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Seardel Shareholders”	Seardel Shareholders who hold Dematerialised Seardel Shares;
“Dematerialised Seardel Shares”	Seardel Shares which have been Dematerialised;
“Directors”	the directors of the Company at the Last Practicable Date, as listed in the “Corporate Information and Advisers” section of this Circular;
“Entitlement”	the number of Rights Offer Shares which Qualifying Seardel Shareholders are entitled to subscribe for in terms of the Rights Offer, being 258,93 N Shares for every 100 Seardel Shares held on the Rights Offer Record Date, and/or such proportionately lower number of N Shares in respect of holdings of less than 100 Seardel Shares held on the Rights Offer Record Date;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act 19 of 2012);
“Form of Instruction”	the form of instruction in respect of the Letters of Allocation reflecting the Entitlement of Qualifying Certificated Seardel Shareholders to subscribe for Rights Offer Shares and on which such Qualifying Seardel Shareholders should indicate whether they wish to take up, sell or renounce all or some of their Rights, which form will be posted to Qualifying Certificated Seardel Shareholders on Tuesday, 1 April 2014;
“General Meeting”	the general meeting of Seardel to be held on Tuesday, 25 March 2014 for the purpose of considering and if thought fit passing, <i>inter alia</i> , a special resolution approving the issue of the Rights Offer Shares in terms of section 41(3) of the Act. Shareholders holding, in aggregate approximately 81% of the voting rights in respect of Seardel Shares have provided irrevocable undertakings to vote in favour of the resolutions to be proposed at the General Meeting;
“HCI”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the issued share capital of which is listed on the JSE;



“IFRS”	International Financial Reporting Standards;
“Independent Reporting Accountants”	Grant Thornton (Jhb) Inc. (registration number 2002/022635/07), a private personal liability company duly registered and incorporated in accordance with the laws of South Africa;
“Investec”	Investec Bank Limited (registration number 1969/004763/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“Investment Bank”	the Corporate Finance Division of Investec;
“Issue Price”	the subscription price at which the Rights Offer Shares will be offered to Qualifying Sear del Shareholders in terms of the Rights Offer, being R1,60 per Rights Offer Share;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and a licensed stock exchange in accordance with the Financial Markets Act;
“King Code”	the Code of Corporate Practices and Conduct in South Africa representing principles of good corporate governance as laid out in the King Report on Corporate Governance for South Africa 2009;
“Last Practicable Date”	Tuesday, 18 February 2014, being the last practicable date prior to the finalisation of this Circular;
“Letters of Allocation”	renounceable (nil paid) letters of allocation to be issued to Qualifying Sear del Shareholders, in electronic form, conferring the right to subscribe and pay for a <i>pro rata</i> portion of the allotment of Rights Offer Shares in terms of the Rights Offer and which are also referred to in this Circular, in respect of holders of Qualifying Certificated Sear del Shares, as “the Form of Instruction”;
“Listings Requirements”	the Listings Requirements of the JSE;
“MOI”	the Memorandum of Incorporation of Sear del;
“N Shareholders”	registered holders of N Shares as appearing on the Register;
“N Shares”	N ordinary shares of no par value in the issued stated capital of Sear del, all of which shares are listed on the JSE, being, at the Last Practicable Date, 561 233 077 shares, of which 6 123 306 are held as treasury shares. When voting on a poll, each N ordinary share entitles the holder thereof to one vote at Sear del general meetings;
“Ordinary Shareholders”	registered holders of Ordinary Shares as appearing on the Register;
“Ordinary Shares”	ordinary shares having no par value in the issued stated capital of Sear del, all of which shares are listed on the JSE, being, at the Last Practicable Date, 645 657 477, of which 14 704 938 are held as treasury shares. When voting on a poll, each ordinary share entitles the holder thereof to 100 votes at Sear del general meetings;
“Own Name Dematerialised Sear del Shareholders”	those Sear del Shareholders that hold Dematerialised Sear del Shares in their own name, forming part of the Register;
“Qualifying Certificated Sear del Shareholders”	Qualifying Sear del Shareholders who are Certificated Sear del Shareholders;
“Qualifying Dematerialised Sear del Shareholders”	Qualifying Sear del Shareholders who are Dematerialised Sear del Shareholders;
“Qualifying Sear del Shareholder”	a registered holder of Sear del Shares recorded in the register at 17:00 on the Rights Offer Record Date;
“Ratio of Entitlement”	the number of Rights Offer Shares to which Qualifying Sear del Shareholders are entitled in terms of the Rights Offer, details of which are set out in Annexure I of this Circular, being 258,93 Rights Offer Shares for every 100 Sear del Shares held on the Rights Offer Record Date;
“Register”	the securities register of Sear del Shareholders maintained by Sear del in terms of the Act including the register of Certificated Sear del Shareholders and the sub-registers of Dematerialised Sear del Shareholders maintained by the relevant CSDPs in accordance with the Act;
“Renounee”	a person in whose favour a Qualifying Sear del Shareholder has renounced all or a portion of its Rights;
“Revised Listing Particulars”	the revised listing particulars of Sear del, as required by the Listings Requirements, included in this Circular;

“Right”	the entitlement of a Qualifying Seardel Shareholder to subscribe for Rights Offer Shares in terms of the Rights Offer;
“Rights Offer”	the fully underwritten renounceable rights offer by Seardel to raise R5,0 billion through the issue of a total of 3,125 billion N Shares at an Issue Price of R1,60 per Rights Offer Share to be extended to all Qualifying Seardel Shareholders, in the ratio of 258,93 Rights Offer Shares for every 100 Seardel Shares held on the Rights Offer Record Date;
“Rights Offer Record Date”	the record date of the Rights Offer, being Friday, 4 April 2014;
“Rights Offer Shares”	3 125 000 000 new N Shares, which are to be offered to Qualifying Seardel Shareholders pursuant to the Rights Offer;
“Sabido”	Sabido Investments Proprietary Limited (registration number 1999/011709/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Sabido Holdco”	HCI Invest3 Holdco Proprietary Limited (registration number 2012/125138/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a Subsidiary of Seardel;
“Sactwu”	Southern African Clothing and Textile Workers Union, whose business address is 350 Victoria Road, Salt River, Cape Town, 7925;
“Seardel” or “the Company”	Seardel Investment Corporation Limited (registration number 1968/011249/06), a public company duly registered and incorporated in accordance with the laws of South Africa, whose Ordinary Shares and N Shares are listed on the JSE;
“Seardel Group”	Seardel and its subsidiaries;
“Seardel Shareholders”	the registered holders of Seardel Shares as appearing on the Register;
“Seardel Shares”	together, the Ordinary Shares and the N Shares;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which is managed by Strate Limited (registration number 1998/022242/06);
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa with its address at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107);
“Underwriter”	HCI Invest6 Holdco Proprietary Limited (registration number 2012/125148/07), a private company duly registered and incorporated in accordance with the laws of South Africa owned as to 70% by HCI and 30% by Sactwu; and
“Underwriting Agreement”	the agreement entered into between Seardel and the Underwriter, dated 18 February 2014, in terms of which the Underwriter has irrevocably undertaken to subscribe for all of the Rights Offer Shares that are not taken up by Qualifying Seardel Shareholders and/or their Renounees in terms of the Rights Offer.



# 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

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## Directors

J A Copelyn\* (Non-executive Chairperson)

S A Queen (Chief Executive Officer)

G D T Wege (Financial Director)

M H Ahmed\*\* (Lead Independent Director)

D Duncan

T G Govender\*

A M Ntuli

Y Shaik\*\*

R D Watson\*\*

\* Non-executive

\*\* Independent non-executive

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## CIRCULAR TO SEARDEL SHAREHOLDERS

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### 1 INTRODUCTION AND PURPOSE OF THIS DOCUMENT

SearDel has proposed a fully underwritten renounceable rights offer to raise R5 billion through the issue of 3,125 billion new N Shares in the ratio of 258,93 new N Shares for every 100 SearDel Shares held, at an Issue Price of R1,60 per Rights Offer Share.

The purpose of the Rights Offer is to settle debt within the SearDel Group to achieve an appropriate and sustainable consolidated capital structure and to fund potential acquisition opportunities as detailed below in paragraph 3.1.

The purpose of this Circular is to inform SearDel Shareholders of the terms and conditions of the Rights Offer and provide them with relevant information relating to the Rights Offer in order for Qualifying SearDel Shareholders to make an informed decision as to whether or not to vote in favour of the resolutions required to implement the Rights Offer and whether or not to participate in the Rights Offer.

Qualifying SearDel Shareholders are invited to apply for additional Rights Offer Shares and should these be available, they will be allocated to applicants in an equitable manner by the Directors in accordance with the provisions of paragraph 5.33 of the Listings Requirements.

### 2 NATURE OF BUSINESS AND PROSPECTS

#### 2.1 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 when SearDel was experiencing 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 group of companies. In 2013 SearDel acquired a 100% equity interest in Sabido Holdco, which in turn holds a 63,9% equity interest in Sabido, the media group which owns e.tv and a variety of other broadcasting, content and production businesses. In October 2013 SearDel disposed of its apparel manufacturing business to Sactwu, subject to Competition Commission approval.

#### 2.2 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 and Brits Non-Woven and Frame Polypropylene.
- Media – a variety of broadcasting, content and production businesses, including e.tv, e News Channel Africa, Yfm, Cape Town Film Studios, The Refinery, Sasani Television Studios, Sabido Productions and the Natural History Unit South Africa.

### **2.3 Prospects for the Company**

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

### **2.4 Financial information**

The audited financial information of Seardel for the three financial periods ended 31 March 2011, 31 March 2012 and 31 March 2013 and the interim financial information for the six months ended 30 September 2013 are set out in Annexure VI to this Circular.

### **2.5 Government protection**

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.

### **2.6 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.

## **3 THE RIGHTS OFFER**

Seardel proposes to undertake the Rights Offer to all Qualifying Seardel Shareholders.

### **3.1 Rationale**

The proceeds of the Rights Offer will be used to settle debt within the Seardel Group to achieve an appropriate and sustainable consolidated capital structure which will provide the Seardel Group with the flexibility to pursue potential acquisition opportunities and strategic growth initiatives.

### **3.2 Terms of the Rights Offer**

Seardel hereby offers, by way of the Rights Offer to Qualifying Seardel Shareholders, a total of 3,125 billion new N Shares, at an issue price of R1,60 per Rights Offer Share, payable in full upon acceptance, in the currency of South Africa, in the ratio of 258,93 Rights Offer Shares for every 100 Seardel Shares held on the Rights Offer Record Date. The Rights Offer will raise R5,0 billion, before the deduction of allowable expenses.

The Rights Offer Issue Price of R1,60 per Rights Offer Share represents a:

- 22,7% discount to the 30-day volume-weighted average price of N Shares listed on the JSE as at the close of business on Tuesday, 18 February 2014, being the Last Practicable Date; and
- 33,3% discount to the closing price of N Shares on the JSE on Tuesday, 18 February 2014.

The subscription price is at a discount to the trading price in order to maximise subscriptions to the issuance.

The Entitlement of each Qualifying Certificated Seardel Shareholder is reflected in the appropriate block in the Form of Instruction, which will be posted to Seardel Shareholders on Tuesday, 1 April 2014. Certificated Seardel Shareholders will have their Rights credited to a nominee account in electronic form, which will be administered by the Transfer Secretaries on their behalf. The Form of Instruction reflects the number of N Shares for which the Qualifying Certificated Seardel Shareholder is entitled to subscribe. The procedure to be followed by Qualifying Certificated Seardel Shareholders for the acceptance, sale or renunciation of their Rights is reflected on the Form of Instruction and detailed in paragraph 4 below.

Qualifying Dematerialised Sear del Shareholders will not receive a Form of Instruction. Their CSDP or Broker accounts will automatically be credited with their respective Entitlements. The CSDP or Broker will advise Qualifying Dematerialised Sear del Shareholders of the procedure to be followed and the timing for the acceptance, sale, renunciation or lapsing of their Rights.

The Letters of Allocation to which the Forms of Instruction relate are valuable and can be traded on the JSE. Letters of Allocation can, however, only be traded in Dematerialised form and, accordingly, all Letters of Allocation have been issued in Dematerialised form. The maintaining of an electronic record of Certificated Sear del Shares by the Transfer Secretaries has made it possible for Qualifying Certificated Sear del Shareholders to enjoy similar rights and opportunities as Qualifying Dematerialised Sear del Shareholders in respect of trades on the JSE of the Letters of Allocation, to the extent possible.

Fractional Entitlements to N Shares resulting from the Rights Offer will be rounded down to the nearest whole number if they are less than 0,5 and will be rounded up to the nearest whole number if they are equal to or greater than 0,5. Sear del Shareholders not holding a multiple of 100 Sear del Shares will receive Entitlements in accordance with the table of Entitlements contained in Annexure I to this Circular.

Excess Applications will be allowed as detailed in paragraph 4.3 of this Circular.

The Rights Offer Shares will, upon issue, rank *pari passu* with all other issued N Shares in all respects.

### **3.3 Opening and closing dates of the Rights Offer**

The Rights Offer will open at 09:00 on Monday, 7 April 2014 and close at 12:00 on Friday, 25 April 2014.

### **3.4 Underwriting**

The Rights Offer has been fully underwritten by the Underwriter.

In terms of the Underwriting Agreement, an underwriting fee equal to 0,6% of R5,0 billion, to be raised pursuant to the Rights Offer, is payable by the Company to the Underwriter.

The underwriting fee is, in the opinion of the Board, not greater than the current market rate charged by independent underwriters. The underwriting fee is only payable upon the Underwriter fulfilling its commitments in terms of the Underwriting Agreement.

The Board has made due and careful enquiry to confirm that the Underwriter can meet its underwriting commitments in terms of the Underwriting Agreement.

Details of the Underwriter, as required in terms of the Listings Requirements, are set out in Annexure II to this Circular.

There have been no other commissions, discounts or brokerages paid or payable in respect of underwriting within the preceding three years.

### **3.5 Minimum subscription**

The Rights Offer is fully underwritten and is therefore not conditional upon a minimum subscription.

## **4 PROCEDURES FOR ACCEPTANCE, PAYMENT, RENUNCIATION AND SALE OF RIGHTS**

### **4.1 Procedure for acceptance of Entitlements**

#### ***Qualifying Certificated Sear del Shareholders***

If you are a Qualifying Certificated Sear del Shareholder and/or have had Rights renounced in your favour, and wish to subscribe for all or part of your Entitlement in terms of the Form of Instruction, you are requested to complete the Form of Instruction in accordance with the instructions contained therein and lodge it, together with payment of the Issue Price, with the Transfer Secretaries, so as to be received by the Transfer Secretaries by no later than 12:00 on Friday, 25 April 2014.

Once received by the Transfer Secretaries, the acceptance is irrevocable and may not be withdrawn. If payment of the Issue Price in full is not received on or before 12:00 on Friday, 25 April 2014, the Qualifying Sear del Shareholder or Renouncee concerned will be deemed to have declined the offer to acquire Rights Offer Shares pursuant to the Rights Offer.

#### ***Qualifying Dematerialised Sear del Shareholders***

If you are a Qualifying Dematerialised Sear del Shareholder, you will not receive a Form of Instruction. You should receive notification from your CSDP or Broker regarding your Rights. If you wish to follow your Rights, you are required to notify your duly appointed CSDP or Broker of your acceptance of your Rights in the manner and time allotted in the custody agreement governing the relationship between yourself and your CSDP or Broker.

## 4.2 Procedure for sale or renunciation of Entitlements

### ***Qualifying Certificated Sear del Shareholders***

If you are a Qualifying Certificated Sear del Shareholder, and do not wish to subscribe for all of the Rights allocated to you as reflected in the Form of Instruction, you may either dispose of or renounce all or part of your Rights.

If you wish to sell all or part of your Rights, you must complete Form A in the Form of Instruction and return it to the Transfer Secretaries to be received by no later than 12:00 on Friday, 25 April 2014. In this regard, none of the Transfer Secretaries, any Broker appointed by them to effect the sale or Sear del, its Directors or employees, will have any obligation or be responsible for any loss or damage whatsoever in relation to, or arising from, the timing of such sale, the price obtained, or the failure to dispose of such Rights. **Please note that the last day to trade Letters of Allocation is Wednesday, 16 April 2014.**

If you wish to renounce your Rights (or part thereof) in favour of any named Renounee, you must complete Form B in the Form of Instruction, and the Renounee must complete Form C in the Form of Instruction and return it to the Transfer Secretaries, to be received by no later than 12:00 on Friday, 25 April 2014, together with a bank guaranteed cheque or banker's draft for the appropriate amount.

Renounees must attach a certified true copy of their identity document to the Form of Instruction, where Forms B and C are completed.

**If the required documentation and payment have not been received in accordance with the instructions contained in the Form of Instruction, either from the Qualifying Sear del Shareholder or from any person in whose favour the Rights have been renounced, by 12:00 on Friday, 25 April 2014, then such Rights will be deemed to have been declined and will lapse.**

### ***Qualifying Dematerialised Sear del Shareholders:***

If you are a Qualifying Dematerialised Sear del Shareholder, you will not receive a Form of Instruction. Your CSDP or Broker will credit your account with the number of Rights to which you are entitled and you should receive notification from your CSDP or Broker in this regard. If you are not contacted by your CSDP or Broker, you should contact your CSDP or Broker and provide them with your instructions.

If you do not wish to subscribe for all of the Rights allocated to you, you may either dispose of, or renounce, all or part of your Rights.

If you wish to sell all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights you wish to sell. **Please note that the last day to trade the Letters of Allocation is Wednesday, 16 April 2014.**

If you wish to renounce your Rights (or part thereof) in favour of any named Renounee, you are required to instruct your CSDP or Broker as to the number of Rights you wish to renounce, and in favour of whom you wish to renounce those Rights, by the cut-off time required by the CSDP or Broker as per your agreement held with them.

If you wish to subscribe for all or part of your Entitlement, you are required to instruct your CSDP or Broker as to the number of Rights Offer Shares for which you wish to subscribe, by the cut-off time required by the CSDP or Broker as per your agreement held with them.

CSDPs effect payment on a delivery-versus-payment basis and therefore you must ensure that the necessary funds are deposited with the relevant CSDP or Broker, as the case may be.

Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Rights Offer Shares in terms of the Rights Offer.

**Sear del does not take responsibility, and will not be held liable, for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to sell the Rights to which you are entitled.**

## 4.3 Excess Applications

Qualifying Sear del Shareholders will have the right to apply for any additional Rights Offer Shares not taken up by other Qualifying Sear del Shareholders but subject to a limit in aggregate number of 600 million Rights Offer Shares, or such higher number as determined by the Directors, in their sole discretion. Should there be additional Rights Offer Shares available for allocation after all Rights Offer Shares have been taken up in terms of the Rights Offer and subject to the limit referred to above, these will be allocated to applicants in an equitable manner by the Directors in accordance with the provisions of paragraph 5.33 of the Listings Requirements.

The right to apply for additional Rights Offer Shares is automatically transferred by, and to the extent of, any renunciation.

Certificated Qualifying Sear del Shareholders who wish to apply for Rights Offer Shares in addition to those allocated to them in terms of the Rights Offer, may do so by indicating the number of additional Rights Offer Shares that they wish to subscribe for in Blocks (7) and (8) on the Form of Instruction and by enclosing payment, in accordance with paragraph 4.4 of this Circular, for such additional Rights Offer Shares with their subscription.

Dematerialised Qualifying Sear del Shareholders who wish to apply for Rights Offer Shares in addition to those allocated to them in terms of the Rights Offer, should advise their CSDP or Broker in terms of the agreement entered into between them and their CSDP or Broker, as to the number of additional Rights Offer Shares for which they wish to apply and ensure that they have sufficient funds in their account.

Non-equitable allocations of Excess Applications will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 Rights Offer Shares.

An announcement will be published on SENS on Tuesday, 29 April 2014 and in the press on Wednesday, 30 April 2014, stating the results of the Rights Offer and the basis of allocation of any excess applications.

Cheques refunding monies in respect of unsuccessful applications for additional Rights Offer Shares by Certificated Qualifying Sear del Shareholders will be posted to the relevant applicants, at their risk, on or about Friday, 2 May 2014. No interest will be paid on monies received in respect of unsuccessful applications.

#### 4.4 Payment by Rights Offer recipients and/or their Renounees

A cheque (drawn on a registered bank, crossed "not transferable" and with the words "or bearer" or "or order" deleted), payable to "**SRN – Rights Offer**", for the total amount due in respect of the number of Rights Offer Shares to be acquired in the currency of South Africa, together with a properly completed Form of Instruction, must be lodged by Qualifying Certificated Sear del Shareholders as follows:

**Hand delivered to:**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg  
2001

**Postal deliveries (at the risk of the holder) to:**

Computershare Investor Services Proprietary Limited  
PO Box 61763  
Marshalltown  
2107

by no later than 12:00 on Friday, 25 April 2014.

CSDPs will effect payment on a delivery-versus-payment basis in respect of a Qualifying Dematerialised Sear del Shareholder. Qualifying Dematerialised Sear del Shareholders must instruct their CSDP or Broker as to the action they must take to enable the CSDP or Broker to act timeously on their behalf in terms of the agreement entered into between the Dematerialised Sear del Shareholder and their CSDP or Broker.

All cheques or bankers' drafts received by the Transfer Secretaries will be deposited immediately for payment. In the event that any cheque or banker's draft is dishonoured, Sear del, in its sole discretion, may treat the relevant Form of Acceptance as void or may tender delivery of the relevant Rights Offer Shares to which it relates against payment in cash of the subscription price for such Rights Offer Shares. Money received in respect of a Form of Acceptance which is rejected or otherwise treated as void by the Company, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be refunded (without interest) by way of a cheque drawn in Rand to the applicant concerned, and posted by ordinary post at the applicant's risk on or about Friday, 2 May 2014. If the applicant concerned is not a Qualifying Sear del Shareholder and gives no address in the Form of Instruction, then the relevant refund will be held by Sear del until collected by the applicant. No interest in respect of such refund will be paid by Sear del.

## 5 JURISDICTION

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer, and this Circular and the Form of Instruction should not be forwarded or transmitted to any person in any territory other than where it is lawful to make such an offer.

The Rights Offer Shares have not been, and will not be, registered under the Securities Act of the United States of America. Accordingly, the Rights Offer Shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States of America or to, or for the account or benefit of, United States of America persons, except pursuant to exemptions from the Securities Act of the United States of America. This Circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States of America. This Circular does not constitute an offer of any securities for sale in the United States of America or to United States of America persons.

Seardel Shareholders resident outside the Common Monetary Area should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade their Entitlements.

## **6 EXCHANGE CONTROL REGULATIONS**

The following summary is intended only as a guide and is therefore not a comprehensive statement of the Exchange Control Regulations. If Seardel Shareholders are in any doubt as to the appropriate course of action to take, they are advised to consult their professional advisers.

The Rights Offer Shares will not be freely transferable from South Africa and will have to be dealt with in terms of the South African Exchange Control Regulations.

### **6.1 Non-residents outside the Common Monetary Area**

Qualifying Seardel Shareholders who are resident outside the Common Monetary Area should obtain advice whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to follow their Rights in terms of the Rights Offer.

### **6.2 Non-residents of the Common Monetary Area**

Pursuant to the Exchange Control Regulations and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents of the Common Monetary Area, will be allowed to:

- take up Rights allocated to them in terms of the Rights Offer;
- purchase Letters of Allocation on the JSE;
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and
- apply for additional Rights Offer Shares,

provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any Seardel Share certificates issued pursuant to such applications, will be endorsed "non-resident".

### **6.3 Former residents of the Common Monetary Area ("emigrants")**

Where a Right in terms of the Rights Offer becomes due to a former resident of the Common Monetary Area, which Right is based on Seardel Shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the Rights allocated to them in terms of the Rights Offer;
- purchase Letters of Allocation on the JSE;
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and
- apply for additional Rights Offer Shares.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Seardel Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any Rights Offer Share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked Seardel Shares will be credited to the blocked accounts of the emigrants concerned.

Any Qualifying Seardel Shareholder resident outside the Common Monetary Area who receives this Circular and Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction.

New N Share certificates issued pursuant to the Rights Offer to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations. Where the emigrant's Seardel Shares are in Dematerialised form with a CSDP or Broker, the electronic statement issued in terms of Strate will be dispatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.



## 7 IRREVOCABLE UNDERTAKINGS

The following Seardel Shareholders, holding a total of 509 734 821 Ordinary Shares and 511 580 352 N Shares, which represent a voting interest of approximately 80,9% of the Seardel Shares excluding treasury shares, have provided irrevocable undertakings to vote in favour of the resolutions required to implement the Rights Offer as set out in the attached Notice of General Meeting. Irrevocable undertakings representing sufficient voting rights have been received to ensure the passing of all of the resolutions being tabled at the General Meeting.

Seardel Shareholder	Number of Ordinary Shares	Number of N Shares	% voting rights
HCI	509 734 821	11 580 352	80,1
Underwriter	–	500 000 000	0,8
<b>Total</b>	<b>509 734 821</b>	<b>511 580 352</b>	<b>80,9</b>

## 8 STOCK EXCHANGE LISTINGS

The JSE has granted separate listings for:

- the Letters of Allocation in respect of the Rights Offer from the commencement of trading on the JSE on Monday, 7 April 2014 to Wednesday, 16 April 2014 (both days inclusive); and
- the N Shares to be issued pursuant to the Rights Offer from the commencement of trading on the JSE on Thursday, 17 April 2014.

Listing fees of R461 556 (excluding VAT) are payable in respect of the N Shares to be issued pursuant to the Rights Offer.

## 9 PRO FORMA FINANCIAL INFORMATION RELATING TO THE RIGHTS OFFER

The table below sets out the *pro forma* financial effects of the Rights Offer on the earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share for the six months ended 30 September 2013 and the net asset value and tangible net asset value per Seardel Share at that date.

The *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”), ISAE 3420 and the measurement and recognition requirements of IFRS. The accounting policies used to prepare the *pro forma* financial effects are consistent with those applied in the preparation of the financial results for the six months ended 30 September 2013.

The *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the Rights Offer may have affected the financial results and position of a Seardel Shareholder and, because of their nature, may not fairly present the Company’s financial position, changes in equity, results of operations or cash flows. The *pro forma* financial effects are the responsibility of the Directors of Seardel.

The financial results of Sabido have been reviewed by its auditors, Grant Thornton (Jhb) Inc., and an unmodified review conclusion has been expressed on the financial results of Sabido for the six months ended 30 September 2013. Sabido’s auditor’s unmodified review report is available for inspection as set out in paragraph 23 of this Circular.

	Seardel interim results 2013 per Seardel Share <sup>1</sup> cents	Adjustment for the Sabido acquisition per Seardel Share <sup>2</sup> cents	Adjustment for the disposal of the apparel manufacturing business per Seardel Share <sup>3</sup> cents	Before the Rights Offer per Seardel Share cents	<i>Pro forma</i> adjustment of the Rights Offer per Seardel Share <sup>4,5</sup> cents	<i>Pro forma</i> after the Rights Offer per Seardel Share %	% change
Earnings	4,1	1,2	(4,7)	0,6	3,0	3,6	500
Diluted earnings	3,8	1,3	(4,5)	0,6	2,9	3,5	483
Headline earnings	4,1	1,3	4,1	9,5	(3,5)	6,0	(37)
Diluted headline earnings	3,8	1,3	4,0	9,1	(3,2)	5,9	(35)
NAV per share	217,1	(104,3)	(8,9)	103,9	39,9	143,8	38
Tangible NAV	212,6	(422,4)	(8,4)	(218,2)	273,3	55,1	125
Diluted weighted average shares in issue (000’s)	730 820	500 000	–	1 230 820	3 125 000	4 355 820	254
Weighted average shares in issue (000’s)	683 354	500 000	–	1 183 354	3 125 000	4 308 354	264
Shares in issue (000’s)	685 925	500 000	–	1 185 925	3 125 000	4 310 925	264

## Notes and assumptions:

- 1 The "Seardel interim results 2013 per Seardel Share" column reflects the earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share based on the consolidated results for the interim period ended 30 September 2013 and the net asset value and the tangible net asset value per Seardel Share based on the consolidated interim results as at 30 September 2013.
- 2 The "Adjustment for the Sabido acquisition per Seardel Share" column reflects the financial effects of the corporate actions set out in the circulars dated 10 July 2013 and 5 November 2013 whereby Seardel acquired 100% of Sabido Holdco and is based on the principal assumptions as set out in the aforementioned circulars which are summarised below:
  - i) The earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share are based on the Sabido and Sabido Holdco results for the interim period ended 30 September 2013 and the net asset value and the tangible net asset value per Seardel Share based on the interim results as at 30 September 2013.
  - ii) The earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share assumes funding to the value of R4,4 billion is raised on 1 April 2013 and that the funding incurs non-tax deductible interest at a rate of 72% of the South African prime lending rate. This impact is expected to have a continuing effect.
  - iii) The administrative expenses relating to the Sabido acquisition have not been included in the calculation as they are not considered to have a significant impact.
  - iv) The net asset value and the tangible net asset value per Seardel Share assumes that funding to the value of R4,4 billion is raised on 30 September 2013 to finance the Sabido acquisition as set out in Annexure XI of this Circular.
- 3 The "Adjustment for the disposal of the apparel manufacturing business per Seardel Share" column reflects the financial effects of the corporate action set out in the circular dated 18 December 2013 whereby Seardel disposed of its apparel manufacturing business to Sactwu for an assumed value of R77,1 million. The assumptions applied in the *pro forma* financial effects above are the same as those set out the circular dated 18 December 2013 which are based on the results for the six months ended 30 September 2013.
- 4 The *pro forma* financial effects of the Rights Offer on earnings, diluted earnings, headline earnings and diluted headline earnings per Seardel Share are based on the following assumptions and information:
  - i) The 3,125 billion new N Shares were issued at R1,60 per share for proceeds of R5 billion on 1 April 2013.
  - ii) The proceeds of the Rights Offer are assumed to have been applied on 1 April 2013, firstly to settle interest bearing debt of R4,5 billion, resulting in an interest saving at a rate of 72% of the South African prime lending rate with the excess cash raised assumed to be placed on call, earning interest at 5,5% before taxation. These impacts are expected to have a continuing effect.
- 5 The *pro forma* financial effects of the Rights Offer on net asset value and tangible net asset value per Seardel Share are based on the following assumptions:
  - i) The 3,125 billion new N Shares were issued at R1,60 per share for proceeds of R5 billion on 30 September 2013.
  - ii) The proceeds of the Rights Offer are assumed to have been applied on 30 September 2013, firstly to settle interest-bearing debt of R4,5 billion with the excess cash raised assumed to be placed on call.
  - iii) Transaction costs estimated at R35,4 million have been off-set against the R5 billion Rights Offer share issue.
- 6 The Independent Reporting Accountant's limited assurance report on the *pro forma* financial information is included in Annexure V to this Circular.

## 10 CAPITAL OF SEARDEL

### 10.1 Stated capital

#### 10.1.1 Authorised and issued Shares

None of the issued Seardel Shares have preferential conversion and/or exchange rights, rights to dividends, profits or capital. Refer to annexure VIII for the extract from the MOI with respect to Seardel Shareholders' entitlement to dividends. 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.

No other securities are issued by Seardel which have voting rights. Upon liquidation the issued Seardel Shares rank *pari passu* with respect to any liquidation dividends. No arrangement is in place under which future dividends are waived or agreed to be waived.

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.

At the Last Practicable Date, the stated capital of the Seardel, before and after the Rights Offer has been implemented is as follows:

	<b>Shares</b>
<b>BEFORE THE RIGHTS OFFER</b>	
<b>Authorised</b>	
Ordinary Shares with no par value	700 000 000
N Shares with no par value	10 550 000 000
<b>Issued</b>	
Ordinary Shares with no par value	645 657 477
N Shares with no par value	561 233 077
<b>Total issued stated capital – Ordinary Shares</b>	<b>R320 392 000</b>
<b>Total issued stated capital – N Shares</b>	<b>R1 370 340 000</b>
<b>AFTER THE RIGHTS OFFER</b>	
<b>Authorised</b>	
Ordinary Shares with no par value	700 000 000
N Shares with no par value	10 550 000 000
<b>Issued</b>	
Ordinary Shares with no par value	645 657 477
N Shares with no par value	3 686 233 077
<b>Total issued stated capital – Ordinary Shares</b>	<b>R320 392 000</b>
<b>Total issued stated capital – N Shares</b>	<b>R6 370 340 000</b>

The issued share capital of 3 686 233 077 N Shares after the Rights Offer has been implemented, shows the effect of all the Rights being taken up resulting in 3,125 billion additional N Shares being issued.

As at the Last Practicable Date, Seardel has 14 704 938 Ordinary Shares and 6 123 306 N Shares held as treasury shares.

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

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 and up to the Last Practicable Date are summarised below:

	Ordinary Shares (‘000)	N Shares (‘000)
<b>Changes to issued shares</b>		
<b>Up to the Last Practicable Date</b>		
Issued Shares at the beginning of the year	627 782	55 109
Shares issued in terms of share incentive scheme	3 171	–
Shares issued to HCI as consideration for Sabido Holdco	–	350 000
Shares issued to Sactwu as consideration for Sabido Holdco	–	150 000
Issued shares at the Last Practicable Date	630 953	555 109
<b>Year ended 31 March 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 legal settlement	(14 514)	(11 886)
Issued Shares at the end of the year	627 782	55 109
<b>Year ended 31 March 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>Year ended 31 March 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

The Seardel Shares acquired as part of the legal settlement were acquired on 7 June 2012 at a price per share of R0,80.

The 350 million N Shares issued to HCI were issued on 3 October 2013 at R1,60 per share, to settle the R560 million purchase consideration for a 70% equity stake in Sabido Holdco.

The 150 million N Shares issued to Sactwu were issued on 4 February 2014 at R1,60 per share, to settle the R240 million purchase consideration for a 30% equity stake in Sabido Holdco.

Seardel Shareholders are referred to the circulars referenced in paragraph 14 where the details of the N Shares issued for the Sabido acquisition are set out, including the reasons for any discounts or premiums of the issue prices.

The Seardel Shares issued in terms of Seardel's share incentive scheme in the preceding three years were issued at various dates and at the issue prices in terms of the share incentive scheme rules.

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

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

There have been no share repurchases, consolidations or subdivisions by the Seardel Group during the preceding three years other than, as disclosed in the table above, the details of which are also set out in paragraph 14 of this Circular, 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.

### 10.1.3 Share options and share appreciation rights

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.

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 Seardel 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 Rights Offer.

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.

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.

Options granted under the Seardel Long-Term Incentive Plan, but not yet exercised as at 31 March 2013 are as follows:

Option holder	Grant date	Options issued	Strike price (cents)	Vesting conditions	Life of option
<b>S A Queen</b>	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>			
<b>G D T Wege</b>	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>			
<b>D Duncan</b>	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>			
<b>Other, not being directors</b>	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>			

#### 10.1.4 Commissions

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

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

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

All the authorised and issued Seardel Shares rank *pari passu* in every respect, except in respect of voting rights as detailed below. 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.

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.

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.

### 10.1.6 Options or preferential rights in respect of Seardel Shares

Other than the share incentive scheme detailed in paragraph 10.1.3 there are no options or preferential rights in respect of Seardel Shares.

### 10.1.7 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.

## 10.2 Trading history

The Seardel Shares' prices and volume histories on the JSE:

- in the twelve months prior to the Last Practicable Date;
- for each quarter for the two years prior to such twelve-month period; and
- in the thirty days preceding the Last Practical Date,

are set out in Annexure III of this Circular.

## 11 MAJOR BENEFICIAL SEARDEL SHAREHOLDERS

In so far as 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, is as follows:

Shareholder	Direct number of Ordinary Shares	Indirect number of Ordinary Shares	Direct number of N Shares	Indirect number of N Shares	Percentage of Seardel Shares	Percentage of voting rights
HCI	509 734 821	–	–	361 580 352	73,5	80,7
Ceejay Trust	32 778 542	–	5 536 334	–	3,2	5,2
36One	32 042 000	–	10 070 030	–	3,6	5,1
Sactwu	–	–	17 659 320	150 000 000	14,1	0,3

The major beneficial shareholders' interests in Seardel Shares, as at the Last Practicable Date and following the implementation of the Rights Offer are as follows on the assumption that all the major beneficial shareholders follow their Rights, is as follows:

Shareholder	Direct number of Ordinary Shares	Indirect number of Ordinary Shares	Direct number of N Shares	Indirect number of N Shares	Percentage of Seardel Shares	Percentage of voting rights
HCI	509 734 821	–	1 319 856 372	1 297 820 357	72,5	80,3
Ceejay Trust	32 778 542	–	104 745 042	–	3,2	5,1
36One	32 042 000	–	119 110 709	–	3,5	5,0
Sactwu	–	–	63 384 597	538 395 000	14,0	0,9

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 Rights Offer. 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.

## 12 DIRECTORS

### 12.1 Details of Directors

The full names, ages, business address and capacities of the Directors are outlined in the table set out in Annexure IX of this Circular.

### 12.2 Directors' confirmations and experience

The Directors have:

- been appointed in accordance with the MOI;
- confirmed that they do not have any conflict of interest between their duties as Directors and their private interests; and
- confirmed that they collectively have the appropriate expertise and experience for the management of Seardel's investments.

The details relating to the experience of Directors and senior management is set out in Annexure IX to this Circular.

### 12.3 Authority of Directors

The relevant provisions of the MOI relating to qualification, appointment, voting powers, retirement, remuneration and borrowing powers of Directors are set out in Annexure VIII to this Circular.

The MOI does not impose any limitation on the borrowing powers of Directors. No Subsidiary of Seardel has exceeded its borrowing powers during the preceding three years. The MOI does not impose any limitations on the Directors in relation to exchange control.

### 12.4 Directors' other Directorships and partnerships

Details of the Directors' Directorships and partnerships in the past five years are set out in Annexure X to this Circular.

### 12.5 Directors' declarations

None of the Directors, company secretary or senior managers of Seardel have:

- ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- ever been declared bankrupt, insolvent or sequestrated in any jurisdiction;
- at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors;
- ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations or creditors' voluntary liquidations;
- 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;
- ever been barred from entry into a profession or occupation;
- ever been convicted in any jurisdiction of any criminal offence;
- ever been removed from an office of trust, on the grounds of misconduct and involving honesty;
- 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;
- ever received a court order declaring the Director a delinquent or placing the Director under probation in terms of section 162 of the Act or prohibiting him to act as a Director; or
- 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 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.

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.

## 12.6 Directors' interests in securities

The Directors' interests in Seardel Shares, as at 30 September 2013, were as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Indirect N Shares	Total Seardel Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
<b>Executive directors</b>						
S A Queen		2 389 582	6 486	2 396 068	0,2	0,4
G D T Wege	1 123 750			1 123 750	0,1	0,2
A M Ntuli		1 220	28	1 248	0,0	0,0
D Duncan	1 136 625			1 136 625	0,1	0,2
<b>Total</b>	<b>2 260 375</b>	<b>2 390 802</b>	<b>6 514</b>	<b>4 657 691</b>	<b>0,4</b>	<b>0,8</b>
<b>Non-executive directors</b>						
Y Shaik	–	72 391	1 645	74 036	0,0	0,0
T G Govender	–	730 443	16 594	747 037	0,1	0,1
J A Copelyn	–	22 490 075	510 938	23 001 013	1,9	3,5
<b>Total</b>	<b>–</b>	<b>23 292 909</b>	<b>529 177</b>	<b>23 822 086</b>	<b>2,0</b>	<b>3,6</b>

There were no changes to the Directors' interests in Seardel Shares between 30 September 2013 and the Last Practicable date.

The Directors' interests in Seardel Shares, as at the Last Practicable Date and following the implementation of the Rights Offer are as follows on the assumption that all the Directors follow their Rights:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Indirect N Shares	Direct N Shares	Total Seardel Shares	Percentage of Seardel Shares (%)	Percentage of voting rights (%)
<b>Executive directors</b>							
S A Queen	–	2 389 582	6 210 625	–	8 600 207	0,2	0,4
G D T Wege	1 123 750	–	–	2 909 726	4 033 476	0,1	0,2
A M Ntuli	–	1 220	3 259	–	4 479	0,0	0,0
D Duncan	1 136 625	–	–	2 943 063	4 079 688	0,1	0,2
<b>Total</b>	<b>2 260 375</b>	<b>2 390 802</b>	<b>6 213 884</b>	<b>5 852 789</b>	<b>16 717 850</b>	<b>0,4</b>	<b>0,8</b>
<b>Non-executive directors</b>							
Y Shaik	–	72 391	193 346	–	265 737	0,0	0,0
T G Govender	–	730 443	1 950 897	–	2 681 340	0,1	0,1
J A Copelyn	–	22 490 075	60 067 461	–	82 557 536	1,9	3,5
<b>Total</b>	<b>–</b>	<b>23 292 909</b>	<b>62 211 704</b>	<b>–</b>	<b>85 504 613</b>	<b>2,0</b>	<b>3,6</b>

For the purposes of the disclosure above, "Director's interests" include any interests held by their associates.

Mr Neil Lazarus resigned as a Director of Seardel on 19 August 2013. No other Directors of Seardel have resigned in the past 18 months prior to the date of this Circular.

## 12.7 Directors' interests in transactions

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

No loans have been made or security provided by Seardel or by any of its Subsidiaries to or for the benefit of any Director or manager or any associate of any Director or manager.

## 12.8 Directors' interests in promotion and property of Seardel

None of the Directors had any interest, direct or indirect, in the promotion of Seardel or during the three years preceding the date of this Circular and none of the Directors have any such interest as at the date of this Circular.



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 Sear del within the preceding three years.

## 12.9 Directors' emoluments

Non-executive Directors receive fees for their services as Directors and for serving on Board committees. These fees reward the Directors fairly for the time, service and expertise that they provide to the Sear del Group.

Non-executive Directors do not participate in the Sear del Group's short-term or long-term incentive schemes.

The fees paid to non-executive Directors for the year ended 31 March 2013 are tabled below:

Director	Directors' fees (R'000s)	Audit committee fees (R'000s)	Remuneration committee fees (R'000s)	Total (R'000s)
M H Ahmed	90	36	–	126
J A Copelyn	90	–	36	126
T G Govender	90	–	–	90
N N Lazarus	90	36	36	162
Y Shaik	90	19	–	109
R Watson	90	–	–	90

J Copelyn, T Govender and Y Shaik are Directors of Sear del's ultimate holding company, HCI and the following table reflects the remuneration received by these Directors from HCI and its subsidiaries for the year ended 31 March 2013:

Director	Board fees (R'000s)	Salary (R'000s)	Other benefits (R'000s)	Share option expense (R'000s)	Bonuses (R'000s)	Total (R'000s)
J A Copelyn	–	5 145	1 091	3 682	3 858	13 776
T G Govender	–	1 832	417	1 149	1 190	4 588
Y Shaik	468	–	–	–	–	468

Details of the executive Directors' remuneration for the year ended 31 March 2013 are tabled below:

Director	Salary (R'000s)	Short-term bonus (R'000s)	Retirement and medical contributions (R'000s)	Share option expense (R'000s)	Directors' fees (R'000s)	Other benefits (R'000s)	Total (R'000s)
S A Queen	3 149	1 186	–	2 252	–	–	6 587
A M Ntuli	795	65	146	–	–	–	1 006
G D T Wege	1 446	603	217	547	–	–	2 813

The annual fees to be paid to non-executive Directors as services as Directors for the 12-month period from 1 October 2013 to 30 September 2014 are tabled below:

Director	Directors' fees (R'000s)	Audit committee fees (R'000s)	Remuneration committee fees (R'000s)
J A Copelyn	100	–	40,5
Y Shaik	100	40,5	–
M H Ahmed	100	40,5	–
T G Govender	100	–	–
R Watson	100	40,5	–

There will be no variation in the Directors' remuneration as a result of the Rights Offer.

### **12.10 Terms of office and appointment of Directors**

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

### **12.11 Service contracts of Executive Directors**

Executive Directors have no fixed-term service contracts and conditions of employment are governed by service agreements with Seardel which are no more onerous than the minimum requirements as stipulated in the Labour Relations Act, 1995 (Act 66 of 1995), as amended.

### **12.12 Chief Financial Officer**

The audit committee of the Company is satisfied with the expertise and experience of the Chief Financial Officer.

### **12.13 Secretarial and technical fees**

There are no contractual secretarial or technical fees payable.

### **12.14 Directors' responsibility statement**

The Directors, whose names are listed in the "Corporate information and Advisers" section of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by applicable law and the Listings Requirements.

## **13 GOVERNING LAW**

All transactions arising from the provisions of this Circular and the Form of Instruction shall be governed by and be subject to the laws of South Africa.

## **14 MATERIAL CONTRACTS, ACQUISITIONS AND DISPOSALS**

There are no material contracts entered into otherwise than in the ordinary course of business, within the three years prior to the date of this Circular or entered into at any time and containing an obligation or settlement that is material to Seardel Shareholders, other than the following:

- The acquisition by Seardel of a 70% equity interest in Sabido Holdco from HCI for a consideration of R560 million by issuing 350 million N Shares to HCI, the details of which are disclosed in the circular to Seardel Shareholders dated 10 July 2013. The acquisition was implemented on 3 October 2013.
- The acquisition by Seardel of a 30% equity interest in Sabido Holdco from Sactwu for a consideration of R240 million by issuing 150 million N Shares to Sactwu, the details of which are disclosed in the circular to Seardel Shareholders dated 5 November 2013. Sactwu originally acquired their 30% stake in Sabido for R240 million. The acquisition was implemented on 4 February 2014.
- There were no restraint of trade agreements, tax liabilities or exceptional warranties in respect of the acquisition of Sabido.
- The disposal by Seardel Group Trading Proprietary Limited, a wholly-owned subsidiary of Seardel, of its apparel manufacturing business, excluding the Lesotho operation, to Sactwu, the details of which are disclosed in the circular to Seardel Shareholders dated 18 December 2013. The effective date of the disposal is 1 October 2013, but it is subject to Competition Commission approval which is still pending.
- The assets acquired by way of the litigation settlement are set out in paragraph 15.

## **15 LITIGATION**

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, Sabido Holdco or Sabido, other than as set out below. Seardel and its Subsidiaries, Sabido Holdco and Sabido, are not aware of any other such proceedings that are pending or threatened.

### **15.1 Litigation against former Directors and officers of Seardel and entities controlled by those persons**

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. The aggregate consideration attributable to the settlement was approximately R247,0 million. In terms of the settlement the Seardel Group was to obtain the following assets:

- loan claims totalling R98,6 million being ceded to Seardel Group Trading Proprietary Limited;

- the following properties being transferred to Seardel Group Trading Proprietary Limited:
  - 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.
- the trustees for the time being of The A Searll Descendants Trust and Grawood Investments Proprietary Limited transferring to Seardel Group Trading Proprietary Limited 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 the Seardel; and
  - The total income derived from the transfer of the Ordinary Shares and the N Shares amounts to R20,8 million.
- A cash payment of R10 million to Seardel Group Trading Proprietary Limited.

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

The settlement referred to in paragraph 15.1 involved the transfer to Seardel Group Trading Proprietary Limited of Erf 27412, Observatory, situate at the corner Main Road and Browning Road, Observatory, Cape Town.

The transfer of the property was the subject of separate litigation by and against unrelated third parties. Judgement was delivered in Seardel's favour in relation to the separate litigation and the subsequent application of the third party for leave to appeal was ultimately dismissed by the Supreme Court of Appeal.

As a result Seardel 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>.

## **16 ADDITIONAL DISCLOSURES**

Details of items listed below are set out in Annexure XI to this Circular

- material commitments;
- material loans and borrowings;
- material intercompany transactions; and
- loans receivable.

## **17 MATERIAL CHANGE**

The Directors confirm that there has been no material change in the financial or trading position of Seardel since its results for the interim period ended 30 September 2013 other than the implementation of the transactions referred to in paragraph 14.

## **18 PROMOTERS**

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 is or was a member.

## **19 WORKING CAPITAL**

The Board has considered the effects of the Rights Offer and is of the opinion that subsequent to the implementation of the Rights Offer:

- 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 this Circular;
- the assets of Seardel and its Subsidiaries will be in excess of their liabilities for a period of twelve months after the date 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 Seardel;
- 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
- 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 this Circular.

## 20 COSTS

The following costs, expenses and provisions are expected, or have been provided for in connection with the Rights Offer and will be settled out of the proceeds thereof.

Costs	(R'000s)
Underwriting fee	30 000
Investment Bank and JSE Sponsor fees	2 500
Legal fees	2 075
JSE listing fees	462
Independent reporting accountant's fee	220
Printing, publication, distribution and advertising expenses	135
JSE documentation fee	49
<b>Total</b>	<b>35 441</b>

## 21 CORPORATE GOVERNANCE

Seardel and its Directors are committed to the principles of effective corporate governance and the application of the highest ethical standards in the conduct of its business and affairs. The Board supports and substantially complies with the principles of effective corporate governance as set out in the King Code.

The corporate governance statement of Seardel is set out in Annexure VII to this Circular.

## 22 CONSENTS

The Investment Bank and sponsor, corporate law advisers, Independent Reporting Accountant and Transfer Secretaries have provided their written consents to act in the capacity stated and to their names being used in this Circular and none of them have withdrawn their consents prior to the posting of this Circular.

## 23 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of the Company, the Investment Bank and sponsor and at the Transfer Secretaries whose addresses are set out in the "Corporate Information and Advisers" section of this Circular from Monday, 24 February 2014, up to and including Tuesday, 29 April 2014:

- this Circular;
- the Form of Instruction;
- a signed copy of the Underwriting Agreement;
- the material contracts referred to in paragraph 14, excluding those with confidentiality restrictions;
- the MOI and the memoranda of incorporation of each of Seardel's material subsidiaries;
- Seardel's audited annual financial statements for the years ended 31 March 2011, 2012 and 2013;
- the unaudited interim financial statements for the six months ended 30 September 2013;
- the Independent Reporting Accountant's assurance report on the *pro forma* financial effects and the *pro forma* statement of comprehensive income and financial position;
- the Independent Reporting Accountant's review opinion on the financial results of Sabido for the six months ended 30 September 2013;
- the Independent Reporting Accountant's assurance report on the *pro forma* financial effects and the *pro forma* statement of comprehensive income and financial position for the disposal of the manufacturing division, attached to the circular to Seardel Shareholders dated 18 December 2013;
- the letters of consent of the Investment Bank and sponsor, corporate law advisers, Transfer Secretaries and Independent Reporting Accountant; and
- a copy of each of the irrevocable Seardel Shareholder commitments.

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

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**TABLE OF ENTITLEMENTS**


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No fractions of Rights Offer Shares will be issued to Qualifying Searidel Shareholders and the Rights Offer Shares will be issued based on the rounding principle (up or down, as the case may be). The table of Entitlement of Qualifying Searidel Shareholders to receive Rights Offer Shares is set out below.

Number of existing Searidel Shares held	Number of Rights Offer Shares to which a Qualifying Searidel Shareholder is entitled	Rounded number of Rights Offer Shares to which a Qualifying Searidel Shareholder is entitled	Number of existing Searidel Shares held	Number of Rights Offer Shares to which a Qualifying Searidel Shareholder is entitled	Rounded number of Rights Offer Shares to which a Qualifying Searidel Shareholder is entitled
1	2,589	3	53	137,233	137
2	5,179	5	54	139,822	140
3	7,768	8	55	142,411	142
4	10,357	10	56	145,001	145
5	12,946	13	57	147,590	148
6	15,536	16	58	150,179	150
7	18,125	18	59	152,769	153
8	20,714	21	60	155,358	155
9	23,304	23	61	157,947	158
10	25,893	26	62	160,537	161
11	28,482	28	63	163,126	163
12	31,072	31	64	165,715	166
13	33,661	34	65	168,304	168
14	36,250	36	66	170,894	171
15	38,839	39	67	173,483	173
16	41,429	41	68	176,072	176
17	44,018	44	69	178,662	179
18	46,607	47	70	181,251	181
19	49,197	49	71	183,840	184
20	51,786	52	72	186,429	186
21	54,375	54	73	189,019	189
22	56,965	57	74	191,608	192
23	59,554	60	75	194,197	194
24	62,143	62	76	196,787	197
25	64,732	65	77	199,376	199
26	67,322	67	78	201,965	202
27	69,911	70	79	204,555	205
28	72,500	73	80	207,144	207
29	75,090	75	81	209,733	210
30	77,679	78	82	212,322	212
31	80,268	80	83	214,912	215
32	82,858	83	84	217,501	218
33	85,447	85	85	220,090	220
34	88,036	88	86	222,680	223
35	90,625	91	87	225,269	225
36	93,215	93	88	227,858	228
37	95,804	96	89	230,448	230
38	98,393	98	90	233,037	233
39	100,983	101	91	235,626	236
40	103,572	104	92	238,215	238
41	106,161	106	93	240,805	241
42	108,751	109	94	243,394	243
43	111,340	111	95	245,983	246
44	113,929	114	96	248,573	249
45	116,518	117	97	251,162	251
46	119,108	119	98	253,751	254
47	121,697	122	99	256,341	256
48	124,286	124	100	258,930	259
49	126,876	127	1 000	2 589,299	2 589
50	129,465	129	10 000	25 892,986	25 893
51	132,054	132	100 000	258 929,858	258 930
52	134,644	135			

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## INFORMATION ON THE UNDERWRITER

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The Rights Offer is underwritten by HCI Invest6 Holdco Proprietary Limited. Details pertaining to the Underwriter as required by the Listings Requirements are set out below.

Full legal entity name:	HCI Invest6 Holdco Proprietary Limited
Directors:	John Anthony Copelyn Theventheran Govindsamy Govender
Company secretary:	HCI Managerial Services Proprietary Limited
Date and place of incorporation:	16 July 2012, South Africa
Registration number:	2012/125148/07
Registered office:	Block B Longkloof Studios Darters Road Gardens 8001
Auditors:	Grant Thornton (Jhb) Inc.
Bankers:	Nedbank Group Limited
Authorised share capital:	1 000 Ordinary Shares of no par value
Issued share capital:	100 Ordinary Shares of no par value

### **Seardel Directors' indirect interests in the Underwriter**

J A Copelyn has a direct beneficial interest in HCI of 5 584 766 Shares, being a 3,3% indirect interest in the issued share capital of the Underwriter.

T G Govender has a direct beneficial interest in HCI of 215 024 Shares and an indirect beneficial interest of 17 250 Shares, being a 0,1% indirect interest in the aggregate in the issued share capital of the Underwriter.

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**SEARDEL SHARES' TRADING HISTORY ON THE JSE**


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**TRADING HISTORY OF ORDINARY SHARES ON THE JSE**

Period	Low (cents)	High (cents)	Close (cents)	Volume	Value (Rand)
<b>Quarterly</b>					
March 2011	77	100	85	2 357 112	2 043 713
June 2011	77	85	85	3 716 388	3 125 970
September 2011	71	85	84	4 675 252	3 538 098
December 2011	74	80	79	2 629 619	1 983 741
March 2012	75	120	119	10 119 262	8 368 936
June 2012	86	154	145	13 243 984	16 222 861
September 2012	120	145	135	1 263 128	1 702 474
December 2012	104	140	137	2 818 793	3 571 308
March 2013	115	138	120	1 170 544	1 530 549
June 2013	116	250	235	7 481 259	13 198 069
<b>Monthly</b>					
<b>2013</b>					
February	130	138	130	406 224	551 106
March	120	123	120	302 514	363 088
April	125	132	125	123 604	161 311
May	116	250	235	6 880 375	11 944 439
June	214	235	235	477 280	1 092 319
July	220	282	262	1 015 103	2 758 423
August	256	290	260	567 850	1 522 937
September	230	295	295	581 667	1 568 520
October	265	320	310	2 040 911	6 184 550
November	260	305	290	6 056 324	17 980 702
December	266	292	287	4 456 515	12 714 006
January	249	287	269	1 365 760	3 618 385
<b>Daily</b>					
8 January 2014	270	277	277	10 757	29 744
9 January 2014	270	275	270	22 443	61 096
10 January 2014	266	270	266	41 040	109 658
13 January 2014	266	266	266	75 000	199 500
14 January 2014	270	270	270	75 000	202 500
15 January 2014	270	270	270	75 000	202 500
16 January 2014	270	270	270	75 000	202 500
17 January 2014	270	270	270	75 320	203 364
20 January 2014	268	270	270	75 000	202 048
21 January 2014	268	269	269	75 000	201 500
22 January 2014	260	268	266	88 000	234 860
23 January 2014	267	267	267	75 000	200 250
24 January 2014	258	270	259	330 000	855 494
27 January 2014	257	265	265	26 000	66 900
28 January 2014	260	260	260	4 000	10 400
29 January 2014	259	259	259	100 000	259 000
30 January 2014	249	269	269	85 200	212 711
31 January 2014	249	269	269	0	0
3 February 2014	249	269	269	358 000	963 020
4 February 2014	249	269	269	50 000	125 390
5 February 2014	249	269	269	0	0
6 February 2014	249	269	269	0	0
7 February 2014	269	269	269	14 500	39 005
10 February 2014	268	268	268	10 000	26 800
11 February 2014	268	268	268	50 000	134 000
12 February 2014	268	268	268	0	0
13 February 2014	268	268	268	0	0
14 February 2014	268	268	268	0	0
17 February 2014	268	268	268	0	0
18 February 2014	268	268	268	0	0

**TRADING HISTORY OF N SHARES ON THE JSE**

Period	Low (cents)	High (cents)	Close (cents)	Volume	Value (Rand)
<b>Quarterly</b>					
March 2011	75	90	83	1 688 727	1 340 977
June 2011	75	85	81	589 493	478 018
September 2011	72	86	86	333 261	256 371
December 2011	74	80	75	782 796	585 893
March 2012	75	115	111	885 648	922 223
June 2012	110	145	145	489 403	581 774
September 2012	120	140	130	324 548	422 737
December 2012	129	130	130	90 061	116 992
March 2013	96	120	120	211 271	240 563
June 2013	120	245	235	462 032	951 143
<b>Monthly</b>					
<b>2013</b>					
February	120	120	120	16 800	20 160
March	96	120	120	66 400	66 720
April	120	120	120	4 965	5 958
May	120	235	235	350 965	696 282
June	220	245	235	106 102	248 903
July	232	290	290	302 095	830 882
August	260	275	275	192 300	514 560
September	250	295	295	482 458	1 302 931
October	294	315	310	1 341 319	4 099 628
November	225	305	295	9 479 017	28 436 199
December	275	309	309	7 766	22 051
January	215	270	225	20 862	52 717
<b>Daily</b>					
8 January 2014	309	309	309	0	0
9 January 2014	309	309	309	0	0
10 January 2014	309	309	309	0	0
13 January 2014	309	309	309	0	0
14 January 2014	215	270	270	14 365	38 035
15 January 2014	215	270	270	0	0
16 January 2014	215	270	270	0	0
17 January 2014	215	270	270	0	0
20 January 2014	215	270	270	0	0
21 January 2014	215	270	270	0	0
22 January 2014	215	270	270	0	0
23 January 2014	215	270	270	0	0
24 January 2014	215	270	270	0	0
27 January 2014	215	270	270	0	0
28 January 2014	215	270	270	0	0
29 January 2014	215	270	270	0	0
30 January 2014	220	226	225	6 497	14 682
31 January 2014	220	226	225	0	0
3 February 2014	220	226	225	0	0
4 February 2014	220	226	225	0	0
5 February 2014	220	226	225	0	0
6 February 2014	220	226	225	0	0
7 February 2014	220	226	225	0	0
10 February 2014	220	226	225	–	0
11 February 2014	220	226	225	0	0
12 February 2014	201	205	204	390 660	792 912
13 February 2014	201	205	204	0	0
14 February 2014	201	205	204	0	0
17 February 2014	220	240	240	7 000	15 600
18 February 2014	240	240	240	15 000	36 000



## PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information shown below sets out the *pro forma* financial effects of the Rights Offer on the earnings, diluted earnings, headline earnings and diluted headline earnings per Sear del Share for the six months ended 30 September 2013 and the net asset value and tangible net asset value per Sear del Share at that date.

The *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"), ISAE 3420 and the measurement and recognition requirements of IFRS. The accounting policies used to prepare the *pro forma* financial effects are consistent with those applied in the preparation of the financial results for the six months ended 30 September 2013.

The *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the Rights Offer may have affected the financial results and position of a Sear del Shareholder and, because of their nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows. The *pro forma* financial effects are the responsibility of the Directors of Sear del.

The financial results of Sabido have been reviewed by its auditors, Grant Thornton (Jhb) Inc., and an unmodified review conclusion has been expressed on the financial results of Sabido for the six months ended 30 September 2013 which is available for inspection in terms of paragraph 23 of this Circular.

### PRO FORMA FINANCIAL EFFECTS OF THE RIGHTS OFFER

#### STATEMENT OF COMPREHENSIVE INCOME

	Sear del interim results 2013 <sup>1</sup> (R'000s)	Sabido <sup>2</sup> (R'000s)	Adjustment for the Sabido acquisition (R'000s)	Sabido acquisition <sup>3</sup> Adjustment for the disposal of the apparel manu- facturing business <sup>4</sup> (R'000s)	Before the Rights Offer (R'000s)	<i>Pro forma</i> adjustment of the Rights Offer <sup>5</sup> (R'000s)	<i>Pro forma</i> after the Rights Offer (R'000s)
<b>Revenue</b>	1 362 157	1 140 436		(309 058)	2 193 535	-	2 193 535
<b>Gross profit</b>	313 208	1 140 436		(43 454)	1 410 190	-	1 410 190
<b>Operating profit before restructuring costs</b>	65 944	393 259		(75 792)	383 411	-	383 411
<b>Net impairment reversal/(impairment) of assets</b>	-	(151)		-	(151)	-	(151)
Net restructuring and retrenchment costs	(10 399)	-		9 470	(929)	-	(929)
<b>Operating profit before finance costs</b>	55 545	393 109		(66 322)	382 332	-	382 332
Finance income	862	-		10 356	11 218	13 750	24 968
Finance costs	-	-	(135 313)	-	(135 313)	-	(135 313)
Other finance expenses	(28 848)	(9 737)		-	(38 585)	137 250	98 665
<b>Profit before tax</b>	27 559	383 371	(135 313)	(55 966)	219 652	151 000	370 652
Income tax	496	(117 382)		-	(116 886)	(3 850)	(120 736)
<b>Profit for the period from continuing operations</b>	28 055	265 990	(135 313)	(55 966)	102 766	147 150	249 916
Profit/Loss for the period from discontinued operations	-	-		-	-	-	-
<b>Income for the year</b>	28 055	265 990	(135 313)	(55 966)	102 766	147 150	249 916
<b>Other comprehensive income</b>	-	-		-	-	-	-
Revaluation of land and buildings	-	-		-	-	-	-
Exchange difference in translating foreign operations	-	(1 235)		-	(1 235)	-	(1 235)
Reclassification of exchange differences on disposal of foreign operations	-	-		-	-	-	-
Post-employment medical benefit – actuarial loss	-	-		-	-	-	-
<b>Other comprehensive income for the period</b>	-	(1 235)	-	-	(1 235)	-	(1 235)
<b>Total comprehensive income for the period</b>	28 055	264 775	(135 313)	(55 966)	101 531	147 150	248 681

**STATEMENT OF COMPREHENSIVE INCOME (continued)**

	Sabido acquisition <sup>3</sup>		Adjustment for the disposal of the apparel manufacturing business <sup>4</sup>		Before the Rights Offer per Share	<i>Pro forma</i> adjustment of the Rights Offer <sup>5</sup>	<i>Pro forma</i> after the Rights Offer
	Seardel interim results 2013 <sup>1</sup>	Sabido <sup>2</sup>	Adjustment for the Sabido acquisition				
	(R'000s)	(R'000s)	(R'000s)	(R'000s)	(R'000s)	(R'000s)	(R'000s)
<b>Total income attributable to:</b>	28 055	265 990	(135 313)	(55 966)	102 766	147 150	249 916
Owners of the parent	28 055	266 540	(231 335)	(55 966)	7 295	147 150	154 445
Non-controlling interests	–	(551)	96 022	–	95 471	–	95 471
<b>Total comprehensive income attributable to:</b>	28 055	264 775	(135 313)	(55 966)	101 531	147 150	248 237
Owners of the parent	28 055	265 306	(230 889)	(55 966)	6 506	147 150	153 656
Non-controlling interests	–	(551)	95 777	–	95 026	–	95 026
<b>Reconciliation between profit and headline earnings</b>							
Income attributable to owners of the parents	28 055	266 540	(231 335)	(55 966)	7 295	147 150	154 445
Net impairment of assets		151		–	151	–	151
Foreign currency translation reserve		–		–	–	–	–
Surplus on disposal of property, plant and equipment	(173)	–		–	(173)	–	(173)
Loss on disposal of property, plant and equipment	131	(556)		–	(425)	–	(425)
Loss from disposal of a subsidiary		–		105 000	105 000	–	105 000
Total tax effect of adjustments	16	–		–	16	–	16
<b>Headline earnings</b>	28 029	266 134	(231 335)	49 034	111 862	147 150	259 012
Weighted average number of shares in issue – basic (000's)	683 354		500 000	–	1 183 354	3 125 000	4 308 354
Weighted average number of shares in issue – diluted (000's)	730 820		500 000	–	1 230 820	3 125 000	4 355 820
Number of shares in issue (000's)	685 925		500 000	–	1 185 925	3 125 000	4 310 925
Earnings per share (cents)	4,1		1,2	(4,7)	0,6	3,0	3,6
Diluted earnings per share (cents)	3,8		1,3	(4,5)	0,6	2,9	3,5
Headline earnings per share (cents)	4,1		1,3	4,1	9,5	(3,5)	6,0
Diluted headline earnings per share (cents)	3,8		1,3	4,0	9,1	(3,2)	5,9

**Notes and assumptions:**

- The "Seardel interim results 2013" column reflects the consolidated interim results as at 30 September 2013.
- The "Sabido" column reflects the interim financial results of Sabido for the six months ended 30 September 2013, which have been reviewed by Sabido's auditors.
- The combined "Sabido" column and the "Adjustment for the Sabido acquisition" column reflects the financial effects of the corporate actions set out in the circulars dated 10 July 2013 and 5 November 2013 whereby Seardel acquired 100% of Sabido Holdco and is based on the assumptions which are summarised below:
  - the figures in the statement of comprehensive income of Sabido are based on the interim results of Sabido for the six months ended 30 September 2013;
  - funding to the value of R4,4 billion is raised on 1 April 2013 to finance the Sabido acquisition as set out in Annexure XI to this Circular, and that the funding incurs non-tax deductible interest at a rate of 72% of the South African prime lending rate. This impact is expected to have a continuing effect; and
  - the administrative expenses related to these corporate actions, which were once-off in nature, have not been included in the calculation as they are not considered to have a significant impact;
- The "Adjustment for the disposal of the apparel manufacturing business" column reflects the financial effects of the corporate action set out in the circular dated 18 December 2013, whereby Seardel disposed of its apparel manufacturing business to Sactwu for an assumed value of R77,1 million. The assumptions applied in the *pro forma* financial effects above are the same as those set out in the circular dated 18 December 2013 which are based on the results for the six months ended 30 September 2013.
- The *pro forma* financial effects of the Rights Offer in the statement of comprehensive income are based on the following assumptions and information:
  - the 3,125 billion new N Shares were issued at R1,60 per Share for proceeds of R5 billion on 1 April 2013; and
  - the proceeds of the Rights Offer are assumed to have been applied on 1 April 2013, firstly to settle interest-bearing debt of R4,5 billion, resulting in an interest saving at a rate of 72% of the South African prime lending rate with the excess cash raised assumed to be placed on call, earning interest at 5,5% before taxation. These impacts are expected to have a continuing effect.
- The Independent Reporting Accountant's limited assurance report on the *pro forma* financial information is included in Annexure V to this Circular.

**STATEMENT OF FINANCIAL POSITION**

	Sabido acquisition <sup>3</sup>		Adjustment for the disposal of the apparel manufacturing business <sup>4</sup>		Before the Rights Offer	<i>Pro forma</i> adjustment of the Rights Offer <sup>5</sup>	<i>Pro forma</i> after the Rights Offer
	Sear del interim results 2013 <sup>1</sup> (R'000s)	Sabido <sup>2</sup> (R'000s)	Adjustment for the Sabido acquisition (R'000s)	(R'000s)	(R'000s)	(R'000s)	(R'000s)
<b>Non-current assets</b>	1 435 388	1 155 963	3 423 582	26 000	6 040 933	–	6 040 933
Property, plant and equipment	759 446	552 370	79 671	(45 612)	1 345 875	–	1 345 875
Investment property	549 073	–	–	–	549 073	–	549 073
Intangible assets	16 184	300 186	–	(5 487)	310 883	–	310 883
Other investments	3 673	93 909	–	–	97 582	–	97 582
Long-term receivables	51 697	–	–	77 099	128 796	–	128 796
Financial assets	–	48 524	–	–	48 524	–	48 524
Goodwill	14 016	152 151	3 343 911	–	3 510 078	–	3 510 078
Deferred tax	41 299	8 823	–	–	50 122	–	50 122
<b>Current assets</b>	1 404 142	1 050 817	1	(131 623)	2 323 337	464 559	2 787 896
Non-current assets held for sale	1 785	–	–	–	1 785	–	1 785
Programming rights	–	390 599	–	–	390 599	–	390 599
Inventories	710 749	20 918	–	(131 000)	600 667	–	600 667
Trade and other receivables	681 503	514 323	–	–	1 195 826	–	1 195 826
Financial assets	–	35 213	–	–	35 213	–	35 213
Deferred lease asset	–	–	–	–	–	–	–
Current tax asset	7 378	12 213	–	–	19 591	–	19 591
Cash and cash equivalents	2 727	77 551	1	(623)	79 656	464 559	544 215
<b>Total assets</b>	2 839 530	2 206 780	3 423 583	(105 623)	8 364 270	464 559	8 828 829
<b>Equity</b>	1 488 813	1 408 409	(1 027 761)	(105 623)	1 763 838	4 964 559	6 728 397
Stated capital	302 572	743 484	644 016	–	1 690 072	4 964 559	6 654 631
Retained earnings and reserves	1 186 241	666 056	(2 204 019)	(105 623)	(457 345)	–	(457 345)
<b>Equity attributable to holders of the parent</b>	1 488 813	1 409 540	(1 560 003)	(105 623)	1 232 727	4 964 559	6 197 286
Non-controlling interest	–	(1 131)	532 242	–	531 111	–	531 111
<b>Non-current liabilities</b>	107 797	247 387	4 451 344	–	4 806 528	(4 500 000)	306 528
Deferred tax	8 016	1 941	14 857	–	24 814	–	24 814
Loan funding	–	–	4 436 487	–	4 436 487	(4 436 487)	–
Post-employment medical aid benefit	85 567	–	–	–	85 567	–	85 567
Interest-bearing liabilities	897	245 446	–	–	246 343	(63 513)	182 830
Deferred liability	13 089	–	–	–	13 089	–	13 089
Operating lease accruals	228	–	–	–	228	–	228
<b>Current liabilities</b>	1 242 920	550 982	–	–	1 793 904	–	1 793 904
Post-employment medical aid benefit	5 116	–	–	–	5 116	–	5 116
Interest-bearing liabilities	30 541	61 641	–	–	92 182	–	92 182
Provisions	–	29 994	–	–	29 994	–	29 994
Trade and other payables	545 177	446 110	–	–	991 287	–	991 287
Tax payable	–	8 780	–	–	8 780	–	8 780
Other current liabilities	–	4 457	–	–	4 459	–	4 459
Bank overdrafts	662 086	–	–	–	662 086	–	662 086
<b>Total liabilities</b>	1 350 717	798 370	4 451 344	–	6 600 432	(4 500 000)	2 100 432
<b>Total equity and liabilities</b>	2 839 530	2 206 780	3 423 583	(105 623)	8 364 270	464 559	8 828 829
Net number of shares in issue ('000)	685 925		464 559	8 828 829	1 185 925	3 125 000	4 310 925
Net asset value per share (cents)	217,1		(104,3)	(8,9)	103,9	39,9	143,8
Net tangible asset per share (cents)	212,6		(422,4)	(8,4)	(218,2)	273,3	55,1

## Notes and assumptions

- 1 The “Seardel interim results 2013” column reflects the consolidated interim results as at 30 September 2013.
- 2 The “Sabido” column reflects the interim financial information of Sabido at 30 September 2013, which has been reviewed by Sabido’s auditors.
- 3 The combined “Sabido” column and the “Adjustment for the Sabido acquisition” column reflects the financial effects of the corporate actions set out in the circulars dated 10 July 2013 and 5 November 2013 whereby Seardel acquired 100% of Sabido Holdco and is based on the assumptions which are summarised below:
  - i) the balances in the statement of financial position of Sabido are based on the interim results of Sabido as at 30 September 2013;
  - ii) the administrative expenses related to these corporate actions, which were once-off in nature, have not been included in the calculation as they are not considered to have a significant impact;
  - iii) goodwill on acquisition of the 70% share in Sabido of R3 343 911 is the excess of the purchase consideration of R1 050 000 (fair value of shares on issue dated 3 October 2013) less the fair value of separately identifiable net assets of Sabido Holdco; and
  - iv) funding to the value of R4,4 billion is raised on 30 September 2013 to finance the Sabido acquisition as set out in Annexure XI to this Circular.
- 4 The “Adjustment for the disposal of the apparel manufacturing business” column reflects the financial effects of the corporate action set out in the circular dated 18 December 2013 whereby Seardel disposed of its apparel manufacturing business to Sactwu for an assumed value of R77,1 million. The assumptions applied in the *pro forma* financial effects above are the same as those set out in the circular dated 18 December 2013, which are based on the results for the six months ended 30 September 2013.
- 5 The *pro forma* financial effects of the Rights Offer in the statement of financial position are based on the following assumptions:
  - i) the 3,125 billion new N Shares were issued at R1,60 per share for proceeds of R5 billion on 30 September 2013;
  - ii) the proceeds of the Rights Offer are assumed to have been applied on 30 September 2013, firstly to settle interest-bearing debt of R4,5 billion with the excess cash raised assumed to be placed on call; and
  - iii) transaction costs estimated at R35,4 million have been off-set against the R5 billion Rights Offer Share issue.
- 6 The Independent Reporting Accountant’s limited assurance report on the *pro forma* financial information is included in Annexure V to this Circular.

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## INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE PRO FORMA FINANCIAL EFFECTS

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

19 February 2014

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE 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 the *pro forma* financial information of Sardel by the Directors. The *pro forma* financial information, as set out in paragraph 9 and Annexure IV of the circular to Sardel shareholders to be issued on or about 24 February 2014 ("the circular"), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income 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 Rights Offer by Sardel, as described in the circular ("the Rights Offer"), on the Company's financial position as at 30 September 2013, and the Company's financial performance for the period then ended, as if the Rights Offer had taken place at 30 September 2013 for purposes of the *pro forma* statement of financial position and at 1 April 2013 for purposes of the *pro forma* statement of comprehensive income. 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 published interim financial information for the six months ended 30 September 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 9 and Annexure IV 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 9 and Annexure IV of the circular.

### **Consent**

This report on the *pro forma* financial information is included solely for the information of the 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 in the circular.

Yours faithfully

### **Grant Thornton (Jhb) Inc.**

Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

137 Daisy Street

Sandown

2196

## 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, 2012 and 2013 and the interim results for the six months ended 30 September 2013 and should be read in conjunction with the complete audited financial statements or interim results which are available on the Company's website ([www.seardel.co.za](http://www.seardel.co.za)). This information is the responsibility of the Directors.

### STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended September	Year ended March		
	2013 R000's	2013 R000's	2012 R000's	2011* R000's
<b>Revenue</b>	1 362 157	2 513 486	2 506 794	2 358 986
Cost of revenue	(1 048 949)	(1 967 075)	(2 022 948)	(1 822 625)
<b>Gross profit</b>	313 208	546 411	483 846	536 361
Other income		91 768	338 052	155 527
Selling and distribution costs		(321 712)	(323 936)	(287 296)
Administrative and other expenses		(256 249)	(293 206)	(274 763)
<b>Operating profit before impairments and restructuring and retrenchment costs</b>	65 944	60 218	204 756	129 829
Net (impairment)/impairment reversal of assets		21 885	(1 250)	(2 995)
Restructuring and retrenchment costs	(10 399)	(2 245)	(24 491)	(5 176)
<b>Operating profit before finance costs</b>	55 545	79 858	179 015	121 658
Finance income	862	2 971	4 594	7 925
Finance expenses	(28 848)	(43 095)	(38 467)	(35 651)
<b>Profit before taxation</b>	27 559	39 734	145 142	93 932
Income tax income	496	1 117	13 131	10 084
<b>Profit for the year from continuing operations</b>	28 055	40 851	158 273	104 016
Loss for the year from discontinued operations		–	(21 442)	(95 440)
<b>Income for the year</b>	28 055	40 851	136 831	8 576
<b>Other comprehensive income/(loss):</b>				
Fair value adjustment on available-for-sale financial assets		–	–	260
Revaluation of land and buildings		23 489	30 731	(51 479)
Post-employment medical benefit – actuarial (loss)/gain		(5 733)	(4 170)	411
<b>Other comprehensive income/(loss) for the year</b>		17 756	26 561	(50 808)
<b>Total comprehensive income/(loss) for the year</b>		58 607	163 392	(42 232)
<b>Profit/(loss) attributable to:</b>				
Equity holders of the parent		40 851	136 944	8 567
Non-controlling interests		–	(113)	9
		40 851	136 831	8 576
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the parent	28 055	58 607	163 505	(42 241)
Non-controlling interests	–	–	(113)	9
	28 055	58 607	163 392	(42 232)
Earnings per share – cents		6,0	19,5	1,2
Headline earnings per share – cents		2,9	20,9	(3,5)
Diluted earnings per share – cents		5,8	18,8	1,2
Diluted headline earnings per share – cents		2,8	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

	Six months ended	Year ended March		
	September	2013	2012	2011
	2013	2013	2012	2011
	R000's	R000's	R000's	R000's
<b>ASSETS</b>				
<b>Non-current assets</b>	1 435 388	1 385 957	1 142 413	967 147
Property, plant and equipment	759 446	754 481	695 048	665 727
Investment property	549 073	525 229	357 801	2 240 001
Intangible assets	16 184	13 030	10 563	8 812
Other investments	3 673	3 580	3 329	3 329
Long-term receivables	51 697	47 544	43 402	35 256
Goodwill	14 016	–	–	–
Deferred tax assets	41 299	42 093	32 270	30 022
<b>Current assets</b>	1 404 142	1 138 682	1 286 386	1 140 694
Non-current assets held for sale	1 785	2 295	12 906	16 338
Inventories	710 749	627 768	581 816	557 575
Trade and other receivables	681 503	504 788	688 644	554 995
Current tax asset	7 378	1 594	971	898
Cash and cash equivalents	2 727	2 237	2 049	10 888
<b>Total assets</b>	<b>2 839 530</b>	<b>2 524 639</b>	<b>2 428 799</b>	<b>2 107 841</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	1 488 813	1 460 586	1 411 645	1 254 592
Stated capital	320 366	312 156	304 620	303 969
Treasury shares	(17 794)	(17 794)	(14 610)	(14 610)
Reserves	1 186 241	1 166 224	1 121 635	964 623
Total equity attributable to equity holders	1 488 813	1 460 586	1 411 645	1 253 982
Non-controlling interest	–	–	–	610
<b>Non-current liabilities</b>	107 797	93 662	85 226	77 759
Deferred tax liability	8 016	8 400	8 725	799
Post-employment medical aid benefits	85 567	84 388	74 645	66 849
Interest-bearing liabilities	897	756	715	978
Deferred liability	13 089	–	–	–
Operating lease accruals	228	118	1 141	2 813
<b>Current liabilities</b>	1 242 920	970 391	931 928	775 490
Current tax liabilities	–	–	–	257
Post-employment medical aid benefits	5 116	5 045	4 662	4 384
Interest-bearing liabilities	30 541	298	25 427	131 470
Trade and other payables	545 177	460 008	437 830	418 912
Provisions	–	355	13 538	2 337
Bank overdrafts	662 086	504 685	450 471	218 130
<b>Total liabilities</b>	<b>1 350 717</b>	<b>1 064 053</b>	<b>1 017 154</b>	<b>853 249</b>
<b>Total equity and liabilities</b>	<b>2 839 530</b>	<b>2 524 639</b>	<b>2 428 799</b>	<b>2 107 841</b>
Net asset value	1 458 613	1 460 586	1 411 645	1 253 982
Net asset value per share after treasury shares (cents)	213	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**

	Attributable to owners of the parent				Total R000's	Non- controlling interest R000's	Total R000's
	Stated capital R000's	Treasury shares R000's	Other reserves R000's	Retained Income R000's			
<b>Balance 31 March 2010</b>	303 969	(14 610)	318 019	683 970	1 291 348	610	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	–	–
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	–	–	2 738	–	2 738	–	2 738
<b>Balance 31 March 2011</b>	303 969	(14 610)	264 064	700 559	1 253 982	610	1 254 592
<b>Total comprehensive income</b>							
Profit or loss	–	–	–	136 944	–	(113)	–
<b>Other comprehensive income</b>							
Revaluation of land and buildings	–	–	30 731	(4 170)	–	–	–
Post-employment medical benefit – actuarial loss	–	–	–	(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	651	–	–	–	651	–	651
<b>Balance 31 March 2012</b>	304 620	(14 610)	284 791	836 844	1 411 645	–	1 411 645
<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	7 555	–	–	–	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>	312 156	(17 794)	298 669	867 555	1 460 586	–	1 460 586
<b>Total comprehensive profit for the period</b>							
Shares issued	–	–	–	–	–	–	8 210
Share incentive scheme	–	–	–	(8 038)	(8 038)	–	(8 038)
<b>Balance at 30 September 2013</b>	312 156	(17 794)	298 669	887 572	1 480 603	–	1 488 813

## STATEMENTS OF CASH FLOWS

	Six months ended September	Year ended March		
	2013	2013	2012	2011
	R000's	R000's	R000's	R000's
<b>Net cash flow from operating activities</b>	(125 881)	202 584	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>	(61 273)	(210 751)	(170 076)	22 786
Additions of 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>	30 243	(45 859)	(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>	(156 911)	(54 026)	(236 066)	(91 045)
Cash and cash equivalents at the beginning of the year	(502 448)	(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>	(659 359)	(502 448)	(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)
		(502 448)	(448 422)	(207 242)

## CORPORATE GOVERNANCE

The corporate governance disclosures set out in this annexure are extracted from the corporate governance statement in the integrated annual report for the financial year ended 31 March 2013 updated for subsequent changes to the composition of the Board and members of the committees. The full report is available on the company's website ([www.seardel.co.za](http://www.seardel.co.za)).

### CORPORATE GOVERNANCE STATEMENT

The Seardel 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 Report on Corporate Governance for South Africa 2009. Sound corporate governance structures are viewed as pivotal to delivering on the Seardel Group's sustainability objectives.

### CORPORATE GOVERNANCE CHECKLIST

#### KEY

√	Compliant
#	Partially compliant
?	Under review
X	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
X	Refer note 1 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

<b>The governance of risk</b>	
√	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
<b>The governance of information technology</b>	
√	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
<b>Compliance with laws, codes, rules and standards</b>	
√	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
<b>Internal audit</b>	
√	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
<b>Governing stakeholder relationships</b>	
√	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
<b>Integrated reporting and disclosure</b>	
√	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 Sear del 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 M Ahmed 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.

**Principles 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.

**Principles 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 whom 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 and each individual Director have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its businesses which enables the Board to ensure that the Company complies with all applicable laws, codes and standards.

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.

Mr D Duncan was appointed as an executive Director to the Company with effect from 16 May 2013. On 18 August 2013 Mr N Lazarus resigned as a Director. Mr Lazarus was an independent non-executive Director.

The Company's controlling shareholder is HCI. Three 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.

A governance framework is in place for the Group, facilitated by executive committee meetings comprising executive Directors and key management of the Subsidiaries.

The executive committee is responsible for the day-to-day operational activities of the Group, development and implementation of strategy, and board directives.

## **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. Mr M Ahmed has been appointed as lead independent Director, following the resignation of Mr N Lazarus on 18 August 2013.

## **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	×	√	×	√
M H Ahmed	√	√	√	√
T G Govender	√	√	×	√
A M Ntuli	√	√	√	√
S A Queen	√	√	√	√
Y Shaik	√	√	√	√
R Watson	√	√	√	√
G Wege	√	√	√	√

## COMPANY SECRETARY

HCI Managerial Services Proprietary Limited is the appointed Company Secretary of Seardel and its Subsidiaries 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 Operating Officer), K Robson (Chief Executive Officer Properties, Corporate and Legal Services), I Stein (Chief Executive Officer Clothing) and I Morris (Chief Executive Officer Prima).

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 Sear del Group. The formal weekly and monthly meetings include the review of strategic, operational and financial results.

## **AUDIT COMMITTEE REPORT**

The Sear del 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 Sear del Group as required by the Companies Act.

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

The audit committee fulfils an independent oversight role regarding the Sear del Group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the Board and to Sear del 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 for the year ended 31 March 2013 are Messrs M Ahmed (Chairperson), N Lazarus and Y Shaik. Following the resignation of Mr N Lazarus, Mrs R Watson has been appointed to the audit committee. By invitation, executive Directors and KPMG Inc., external auditors of the Sear del Group, as well as the Sear del 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 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 Sear del 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 and noted the appointment of Mr Pierre Conradie as the designated auditor. The external auditor has unrestricted access to the Seardel 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.

### **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 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 finance 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 2013 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.

The Board ensures and monitors the Group's risk control programme covering, *inter alia*, occupational health and safety compliance, environmental risks and material legal disputes.

### **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 the 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 and is chaired by the Chairman of the audit committee. 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 Y Shaik, Mr N Lazarus, Mr S Queen, Mr G Wege and Mr D Levin (Group Risk Officer). On 18 August 2013 Mr N Lazarus resigned from the committee and was replaced by Mrs R Watson.

### **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 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

At 31 March 2013 the members of the remuneration committee were Mr N Lazarus and Mr J Copelyn (non-executive Director). Following the resignation of Mr Lazarus, Mr Y Shaik was appointed to the committee.

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.

### Shareholder engagement

Each year, at the annual general meeting, the remuneration committee tables its annual report for a non-binding advisory vote of Shareholders. The report provides insight into the Group's remuneration practices and encourages stakeholders to express their views on the remuneration practices adopted by the Group.

### 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; and
- 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% (2012: 6%) 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 managements' 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 units' profitability. The aggregate number of shares which any participant may acquire in terms of the scheme may not exceed 12 700 000 Seardel Shares. During the year ended 31 March 2013, 10 159 672 Ordinary Shares (2012: 8 893 266) were issued to participants in terms of the rules of the scheme. Subsequent to year-end a further 3 033 510 Ordinary Shares were issued.

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 2013 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	1 533	4 725	48	255	86	6 647
Exec 2	1 562	3 520	101	478	72	5 733
Exec 3	1 007	2 350	89	–	60	3 506

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.

## SUSTAINABILITY REPORT

The Group's sustainability report is published on the Company's website, [www.seardel.co.za](http://www.seardel.co.za). The Group's external auditors have assured the financial statements and accredited specialist agencies have verified the disclosure on broad-based black economic empowerment, property valuations and carbon emissions. The Group has implemented a combined assurance framework which considers the assurance provided by all independent assurance providers. The extent of the independent assurance received is deemed to be sufficient.

## 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	19 Oct 2012	28 March 2013
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;
- upholds 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.

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## EXTRACT FROM THE MOI

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Below are extracts from the MOI. The summary is not complete and Searde! Shareholders should read the MOI for a full appreciation thereof. The MOI contains, *inter alia*, provisions to the following effect:

### **“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; and
- 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/her last election or appointment, he/she 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 his/her last election.

A retiring Director shall act as a Director throughout the Meeting at which he/she 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/her 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 his/her willingness to be elected.

If at any Annual General Meeting, the place of any retiring Director is not filled, he/she 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 his/her 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 him/her during the Director's(s') absence or inability to act as Director(s). If a Person is an Alternate Director to more than 1 (one) Director or if an Alternate Director is also a Director, he/she shall have a separate vote, on behalf of each Director he/she is representing in addition to his/her 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 vitae 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 he/she 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 he/she 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 for 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 section 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 his/her appointment that he/she be paid a pension, gratuity or other benefit on his/her 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 him/her by the Board in terms hereof he/she 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 he/she 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 dispatch 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 one another 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 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.

### **DISTRIBUTIONS**

The Company may make Distributions from time to time, provided that:

- any such Distribution:
  - is payable to 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
  - is pursuant to an existing legal obligation of the Company, or a court order; or
  - has been authorised by the Board, by resolution, provided that where the Listings Requirements require the approval of Holders in addition to such authorisation by the Board, the Distribution shall only be made if such approval of Holders is obtained at a Shareholders Meeting;
- it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed Distribution;

- the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the proposed Distribution;
- no obligation is imposed, if it is a distribution of capital, that the Company is entitled to call such capital up in the future;
- it must, before incurring any debt or other obligation for the benefit of any Holders, comply with the requirements in clause 29.1; and
- it must complete any such Distribution fully within 120 (one hundred and twenty) Business Days after the acknowledgement referred to in clause 29.1.3, failing which it must again comply with the foregoing.

No notice of change of address or instructions as to payment given after the determination of a dividend or other Distribution by the Company in terms of clause 29.1.1, shall become effective until after the dividend or other Distribution has been made, unless the Board so determines at the time the dividend or other Distribution is approved.

All unclaimed monies due to the Holders shall be held in trust indefinitely until lawfully claimed, provided that any such monies remaining unclaimed for a period of not less than 3 (three) years from the date on which it became payable may be forfeited by resolution of the Directors for the benefit of the Company.

The Company shall be entitled at any time to delegate its obligations in respect of unclaimed dividends or other unclaimed Distributions, to any one of the Company's bankers from time to time.

Notwithstanding any other provision of the MOI, if:

- the Directors or the Company in general meeting, as the case may be, declare a dividend or resolve to make any other Distribution to Shareholders in their capacity as such (whether or not Shareholders are offered Shares in terms of a capitalisation issue in lieu of such dividend or Distribution); and
- any Shareholder ("Applicable Shareholder") would, but for this clause 29.5 be entitled to an aggregate dividend or aggregate Distribution ("Applicable Shareholder's dividend or distribution") of R30,00 or less in respect of all the Certificated Shares held by the Applicable Shareholder on the record date as stated in the dividend declaration,

the Directors shall have the power to direct that each Applicable Shareholder shall (unless he/she delivers a written request to the contrary to the transfer office prior to the payment date as stated in the dividend declaration) irrevocably and unconditionally forfeit the entitlement to the applicable Shareholder's dividend or Distribution on the basis that an amount equal to the aggregate of the Applicable Shareholder's dividend or Distribution of each Applicable Shareholder shall vest in a charity nominated from time to time by the Directors.

Subject to the provisions of this clause 29, all dividends or other entitlements payable to Shareholders who hold Shares in Certificated form or who have not complied with the requirements to effect payments electronically will not be paid by way of a cheque, unless otherwise requested in writing, and such dividends and/or entitlements will be suppressed and retained by the Company in the Company's unclaimed dividend or Distribution (entitlement) account, whereafter the dividends and/or entitlements may be claimed by the Shareholder by submitting a written claim to the Company in the form prescribed by the Directors from time to time.

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

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

<b>Name, age and nationality</b>	<b>Role</b>	<b>Qualification</b>	<b>Business address</b>	<b>Occupation and experience</b>
Mohamed Haroun 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 Darters 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.
David 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.
Theventheran Govindsamy Govender (42) (South African)	Non-executive Director	BCompt (Hons)	Block B, Longkloof Studios Darters 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.
Amon Malencane 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.

<b>Name, age and nationality</b>	<b>Role</b>	<b>Qualification</b>	<b>Business address</b>	<b>Occupation and experience</b>
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 Darters 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 Doreen 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 Gunner's Circle Epping Industria I 7460	Mr Morris joined Prima Toy and Leisure Trading Proprietary Limited in July 1988 and was appointed Financial Director in December 1988. He was appointed CEO in April 2009 and is a member of the executive committee.
Keith Graham Robson (67) (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.

## DIRECTORS' CURRENT AND PREVIOUS DIRECTORSHIPS

Director	Current Directorship	Previous Directorship
Ahmed, Mahomed 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 Proprietary 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	
	Ortaga Investments Proprietary Limited	
	Portello Investments No. 12 Proprietary Limited	

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
		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	Almania Investments Proprietary Limited
	Almania Investments Proprietary Limited	Amalgamated Union Transport and Automotive Proprietary Limited
	Avenpalm Investments Proprietary Limited	Ancestral Investments Proprietary Limited
	Blue Beacon Investments 240 Proprietary Limited	Aston Bay Holiday Resorts Proprietary Limited
	Blue Ridge Investments Proprietary Limited	Avenpalm Investments Proprietary Limited
	Braylon Investments Proprietary Limited	Beier Finance Proprietary Limited
	Catwalk Investments 167 Proprietary Limited	Black Ginger 75 Proprietary Limited
	Catwalk Leisure Investments Proprietary Limited	Blue Ridge Investments Proprietary Limited
	Chearsley Investments Proprietary Limited	C and A Associated Consultants Proprietary Limited
	Cherry Moss Trade and Invest 188 Proprietary Limited	Cape Town Film Studios Proprietary Limited
	Circumference Investments Proprietary Limited	Cherry Moss Trade and Invest 188 Proprietary Limited
	Curagen Investments Proprietary Limited	Descarte Investments No. 8 Proprietary Limited
	e.tv Proprietary Limited	Dreamworld Management Company Proprietary Limited
	Equity Plus Trading Proprietary Limited	Durban Add-ventures Limited
	Fabcos Investment Holding Company Proprietary Limited	Equity Plus Trading Proprietary Limited
	Fi Developments Proprietary Limited	Euphorbia Proprietary Limited
	Fi Equity Proprietary Limited	Fabulous Gaming and Leisure Diversified Investments Proprietary Limited
	First Ready Developments 213 Proprietary Limited	Fluxrab Investments No. 57 Proprietary Limited

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
	Flaghigh Investments Proprietary Limited	Formex Industries Proprietary Limited
	Foothills Trading and Investment 8 Proprietary Limited	G E Property and Marketing Proprietary Limited
	Free-flowing Property Holdings Proprietary Limited	Galaxy Bingo International South Africa Proprietary Limited
	Fulela Trade and Invest 81 Proprietary Limited	Gallagher Convention Centre Proprietary Limited
	Fulela Trade and Invest 96 Proprietary Limited	Gallagher Estate Holdings Limited
	HCI – Treasury Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	HCI Coal Proprietary Limited	HCI Invest10 Holdco Proprietary Limited
	HCI International Holdings Proprietary Limited	HCI Invest4 Holdco Proprietary Limited
	HCI Invest1 Holdco Proprietary Limited	HCI Invest8 Holdco Proprietary Limited
	HCI Invest10 Holdco Proprietary Limited	HCI Invest9 Holdco Proprietary Limited
	HCI Invest11 Holdco Proprietary Limited	HCI Khusela Coal Plus Proprietary Limited
	HCI Invest12 Holdco Proprietary Limited	HCI Properties Proprietary Limited
	HCI Invest13 Holdco Proprietary Limited	HCI Proprojects Proprietary Limited
	HCI Invest14 Holdco Proprietary Limited	Hi-reach Manlift Proprietary Limited
	HCI Invest15 Holdco Proprietary Limited	HJS Advisory Services Proprietary Limited
	HCI Invest3 Holdco Proprietary Limited	Johnnic Holdings Management Services Proprietary Limited
	HCI Invest4 Holdco Proprietary Limited	Johnnic Properties Limited
	HCI Invest5 Holdco Proprietary Limited	Johnnic Property Developments Proprietary Limited
	HCI Invest6 Holdco Proprietary Limited	Lone Hill Proprietary Limited
	HCI Invest7 Holdco Proprietary Limited	Marc Group Proprietary Limited
	HCI Lifting Services Proprietary Limited	Niveus Gaming and Entertainment Proprietary Limited
	HCI Managerial Services Proprietary Limited	Niveus-kWV Holdings Proprietary Limited
	HCI Properties Proprietary Limited	Rowan Tree 4 Proprietary Limited
	Hollyberry Props 12 Proprietary Limited	S A Amalgamated Union Investment Proprietary Limited
	Hosken Consolidated Investments Proprietary Limited	S A M Sisonke Proprietary Limited
	House 22 Ronald Avenue Proprietary Limited	Sabido Properties Proprietary Limited
	Igi Investment Company Proprietary Limited	Saram Investors Proprietary Limited
	Industrial Development Corporation of South Africa Limited	Self-nurturing Investments Proprietary Limited
	Johnnic Casino Holdings Proprietary Limited	Shibula Lodge and Spa Proprietary Limited
	Johnnic Holdings Limited	Silver Vanity Investments (RF) Proprietary Limited
	Johnnic Management Services Proprietary Limited	The Millennium Casino Limited
	Johnnic Property Developments Limited	Tsogo Sun Hotels Gaming and Entertainment Proprietary Limited
	Johnnic Property Holdings Limited	Tsogo Sun KwaZulu-Natal Proprietary Limited
	Johnnic Property Investments Limited	Tylon Proprietary Limited
	Johnnies Strategic Investment Holdings Proprietary Limited	Vectofon Proprietary Limited
	Kalahari Village Mall Proprietary Limited	VPOS Integrated Business Solutions Proprietary Limited
	Kariso Investments Proprietary Limited	Vukani Gaming Corporation Proprietary Limited
	Kwv Holdings Proprietary Limited	Vukani Gaming Eastern Cape Proprietary Limited
	Lennings Limited	Vukani Gaming Equipment Proprietary Limited
	Leopont 255 Properties Proprietary Limited	Vukani Gaming Free State Proprietary Limited
	Leopont 261 Properties Proprietary Limited	Vukani Gaming Gauteng Proprietary Limited
	Leopont 262 Properties Proprietary Limited	Vukani Gaming KwaZulu-Natal Proprietary Limited
	Limitless Angel Company Proprietary Limited	Vukani Gaming Limpopo Proprietary Limited
	Lone Hill Estates Proprietary Limited	Vukani Gaming Mpumalanga Proprietary Limited
	Main Place Holdings Limited	Vukani Gaming North West Proprietary Limited



<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
	Main Street 614 Proprietary Limited	Vukani Gaming Northern Cape Proprietary Limited
	Mercanto Investments Proprietary Limited	Vukani Gaming Western Cape Proprietary Limited
	Merilyn Investments Proprietary Limited	Warwick Africa Proprietary Limited
	Mirino Investments Proprietary Limited	Winslet Investments Proprietary Limited
	Mironetix Proprietary Limited	Yired Proprietary Limited
	Move-on-up 104 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	
	S A Amalgamated Union Fishing Proprietary Limited	
	Sabido Investments Proprietary Limited	
	Sactwu Mining Investments (SPV) Proprietary Limited	
	Sactwu Mining Investments 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	
	Tylon Proprietary Limited	
	Unit 1501 Twin Towers South Proprietary Limited	
	Vectofon Proprietary Limited	
	Vukani Gaming Corporation Proprietary Limited	
	Vukani Gaming KwaZulu-Natal Proprietary Limited	
	W H Press House Proprietary Limited	
	Y Mag Proprietary Limited	
	Zenzeleni Clothing Proprietary Limited	
Duncan, David	Brits Automotive Systems Proprietary Limited	Consolidated Textiles Proprietary Limited
	Custom Extrusion Proprietary Limited	Frame Textile Corporation Proprietary Limited
	First Factory Shops Proprietary Limited	KwaZulu-Natal Clothing and Textile Cluster Proprietary Limited
	Formex Industries Proprietary Limited	Natal Distributing Company Proprietary Limited
	Formex Tubing Proprietary Limited	Romatex Proprietary Limited
	Frame Industrials Proprietary Limited	
	Frame Knitting Manufacturers Proprietary Limited	
	Gold Reef Speciality Chemicals Proprietary Limited	
	Integrated Polypropylene Products Proprietary Limited	
	Romatex Home Textiles Proprietary Limited	
	Sardel Group Trading Proprietary Limited	
	Sardel Investment Corporation Limited	
	Winelands Textiles Proprietary Limited	

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
Govender, Theventheran Govindsamy	Andermain Investments Proprietary Limited	All in All Investments Proprietary Limited
	Anytime Power Proprietary Limited	Ancestral Investments Proprietary Limited
	Blue Beacon Investments 240 Proprietary Limited	Ardrosan Investments Proprietary Limited
	Braylon Investments Proprietary Limited	Aston Bay Holiday Resorts Proprietary Limited
	Bridoon Trade and Invest 196 Proprietary Limited	Braber Investments Proprietary Limited
	Business Venture Investments No. 15 Proprietary Limited	Business Ventures No 15 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
	Fi Developments Proprietary Limited	Durban Add-ventures Limited
	Foothills Trading and Investment 8 Proprietary Limited	Effit Investments Proprietary Limited
	Fulela Trade and Invest 81 Proprietary Limited	Egistic Investments Proprietary Limited
	Fulela Trade and Invest 96 Proprietary Limited	Enver Investments Proprietary Limited
	Gelprop Proprietary Limited	Euphorbia Lot 1 Share Block Proprietary Limited
	Golden Arrow Bus Services Proprietary Limited	Euphorbia Lot 2 Share Block Proprietary Limited
	Grey Jade Trade and Invest 145 Proprietary Limited	Euphorbia Lot 3 Share Block Proprietary Limited
	Grey Jade Trade and Invest 19 Proprietary Limited	Euphorbia Lot 4 Share Block Proprietary Limited
	HCI Central Investments Proprietary Limited	Euphorbia Lot 5 Share Block Proprietary Limited
	HCI International Holdings Proprietary Limited	Euphorbia Lot 6 Share Block Proprietary Limited
	HCI Invest10 Holdco Proprietary Limited	Euphorbia Proprietary Limited
	HCI Invest11 Holdco Proprietary Limited	Fi Funding and Investments Holdco Proprietary Limited
	HCI Invest12 Holdco Proprietary Limited	Foxway Investments Proprietary Limited
	HCI Invest13 Holdco Proprietary Limited	Francolin Investments Proprietary Limited
	HCI Invest14 Holdco Proprietary Limited	Frosthill Investments Proprietary Limited
	HCI Invest15 Holdco Proprietary Limited	G E Property and Marketing Proprietary Limited
	HCI Invest3 Holdco Proprietary Limited	Galaxy Bingo International South Africa Proprietary Limited
	HCI Invest4 Holdco Proprietary Limited	Gallagher Estate Holdings Limited
	HCI Invest5 Holdco Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	HCI Invest6 Holdco Proprietary Limited	H J S Advisory Services Proprietary Limited
	HCI Invest7 Holdco Proprietary Limited	HCI – Treasury Proprietary Limited
	HCI Invest8 Holdco Proprietary Limited	HCI Properties Proprietary Limited
	HCI Invest9 Holdco Proprietary Limited	Hi-reach Manlift Proprietary Limited
	HCI Managerial Services Proprietary Limited	HCI Proprojects Proprietary Limited
	HCIPropco1 Proprietary Limited	Hubert Street Proprietary Limited
	HCIPropco2 Proprietary Limited	I C Harrison Proprietary Limited
	HCIPropco3 Proprietary Limited	Isilumko Staffing Proprietary Limited
	HCIPropco4 Proprietary Limited	Jena Investments Proprietary Limited
	HCIPropco5 Proprietary Limited	Johnnic Casino Holdings Proprietary Limited
	HCIPropco6 Proprietary Limited	Johnnic Management Services Proprietary Limited
	HCIPropco07 Proprietary Limited	Johnnic Properties Limited
HCIPropco08 Proprietary Limited	Johnnic Property Developments Limited	
Hendico Investments Proprietary Limited	Johnnic Property Holdings Limited	
Highland Night Investments 93 Proprietary Limited	Johnnic Property Investments Limited	
Hollyberry Props 12 Proprietary Limited	Johnnies Strategic Investment Holdings Proprietary Limited	

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
	Hollyhill Investments Proprietary Limited	Justus House Proprietary Limited
	Hosken Consolidated Investments Limited	Kayling Properties Share Block Proprietary Limited
	Hubert Street Properties Proprietary Limited	Kevro Consulting Proprietary Limited
	Igi Investment Company Proprietary Limited	La Cosca Investments Proprietary Limited
	Johnnic Holdings Limited	Lennings Limited
	Johnnic Holdings Management Services Proprietary Limited	Lone Hill Estates Proprietary Limited
	K2014015627 (SOUTH AFRICA) Proprietary Limited	Lynpro Investments Proprietary Limited
	Keynote Trading and Investment 53 Proprietary Limited	Main Place Holdings Limited
	Leyvan Proprietary Limited	Mainway Investments Proprietary Limited
	Maclyn House Proprietary Limited	Megapro Holdings Proprietary Limited
	Majorshelf 183 Proprietary Limited	Mercanto Investments Proprietary Limited
	Mentor Trading and Investment 70 Proprietary Limited	Merilyn Investments Proprietary Limited
	Mironetix Proprietary Limited	Mindwell Collective Proprietary Limited
	Mironetix2 Proprietary Limited	Montello Investments Proprietary Limited
	Permasolve Investments Proprietary Limited	Ortaga Investments Proprietary Limited
	Platco Digital Proprietary Limited	Portello Investments No. 12 Proprietary Limited
	Proudafrique Trading 244 Proprietary Limited	Publik Collective Proprietary Limited
	Sabido Investments Proprietary Limited	Red Pepper Pictures Proprietary Limited
	Sactwu Seventh Investments Company Proprietary Limited	Romancista Property Proprietary Limited
	Seardel Investment Corporation Limited	S A M Sisonke Proprietary Limited
	Squirewood Investments 64 Proprietary Limited	Sactwu Sixth Investments Company Proprietary Limited
	Sweet Sensation 103 Proprietary Limited	Sage Wise 118 Proprietary Limited
	Three Blind Mice Communications Proprietary Limited	Schedar Investments Proprietary Limited
	Tih Prefco Proprietary Limited	Shell Case 59 Proprietary Limited
	Tihc Investments Proprietary Limited	Simbolia Investments Proprietary Limited
	Tylon Holdings Proprietary Limited	Soundprops 1065 Investments Proprietary Limited
	Unit 1b Corporate Park Proprietary Limited	Tangney Investments Proprietary Limited
	Unit 4b Corporate Park Proprietary Limited	Temco Investments Proprietary Limited
	W H Press House Proprietary Limited	The Millennium Casino Limited
	Yired Proprietary Limited	Tradequick 84 Proprietary Limited
	Zenzeleni Clothing Proprietary Limited	Tsogo Sun KwaZulu-Natal Proprietary Limited
		Varied Investments Proprietary Limited
		Vectofon 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
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
	Seardel Investment Corporation Limited	Hosken Consolidated Investments Proprietary Limited
	Zenzeleni Clothing Proprietary Limited	Imfeira 1122 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

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
		Sactwu Second Investment Company 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
	BrandID Ignite Proprietary Limited	Blue Beacon Investments 240 Proprietary Limited
	Clever Little Monkey Proprietary Limited	Business Systems Group (Africa) Proprietary Limited
	Custom Extrusion Proprietary Limited	Durban Add-ventures Limited
	Deneb Investments Proprietary Limited	Euphorbia Proprietary Limited
	Easywear Proprietary Limited	Formex Industries Proprietary Limited
	First Factory Stores Proprietary Limited	G E Property and Marketing Proprietary Limited
	Formex Industries Proprietary Limited	Gallagher Convention Centre Proprietary Limited
	Frame Knitting Manufacturers Proprietary Limited	Gallagher Estate Holdings Limited
	HCI Invest3 Holdco Proprietary Limited	Glenny Buchner Investment Proprietary Limited
	Integrated Polypropylene Products Proprietary Limited	Hi-reach Manlift Proprietary Limited
	Oconnorqueen Proprietary Limited	Independent Parts and Service (South Africa) Proprietary Limited
	Prima Toy and Leisure Group Proprietary Limited	Isilumko Staffing Proprietary Limited
	Prima Toy and Leisure Trading Proprietary Limited	Johnnic Casino Holdings Proprietary Limited
	Purple Moss 1174 Proprietary Limited	Johnnic Holdings Limited
	Romatex Home Textiles Proprietary Limited	Johnnic Holdings Management Services Proprietary Limited
	Seardel Brand ID Proprietary Limited	Johnnic Management Services Proprietary Limited
	Seardel Group Trading Proprietary Limited	Johnnic Properties Proprietary Limited
	Seardel Investment Corporation Limited	Johnnic Property Developments Proprietary Limited
	Seardel Number 16 Proprietary Limited	Johnnic Property Holdings Proprietary Limited
	Seardel Number 17 Proprietary Limited	Johnnic Property Investments Limited
	Seartec Industries Proprietary Limited	Johnnies Strategic Investment Holdings Proprietary Limited
	Seartec Proprietary Limited	Johnson Access Proprietary Limited
	Seartec Trading Proprietary Limited	Lennings Limited
	Winelands Textiles Proprietary 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 Property Limited
		Rowan Tree 4 Proprietary Limited
		Serendipity Financial Advisors Proprietary Limited
		Sukyae-land Proprietary Limited
		Syntell Proprietary Limited
		The Millennium Casino Limited
		Three Blind Mice Communications Proprietary Limited
		Tsogo Sun KwaZulu-Natal Proprietary Limited
		Tylon Holdings Proprietary Limited
		Tylon Proprietary Limited
		Western Crown Properties 6 Proprietary Limited

<b>Director</b>	<b>Current Directorship</b>	<b>Previous Directorship</b>
Shaik, Yunis	Adventure World Management Proprietary Limited	Cellsaf Proprietary Limited
	Cellsaf Proprietary Limited	Enable Communications Proprietary Limited
	Durban Add-ventures Limited	Enable Investment Holding Proprietary Limited
	Green Strata Investments Proprietary Limited	Enable Leisure Proprietary Limited
	HCI International Holdings Proprietary Limited	Enable Logistics Proprietary Limited
	Hosken Consolidated Investments Proprietary Limited	In Line Trading 18 Proprietary Limited
	Ipostel Proprietary 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	Silver Halo Investments Proprietary Limited
	Tsogo Sun Holdings Proprietary Limited	Sol Danka Proprietary Limited
	Urban Pink Investments Proprietary Limited	Tsimpilo Trading 2 Proprietary Limited
	Vatacom (South Africa) Proprietary Limited	Webram Eight Proprietary Limited
	Voxvita 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	BrandID Ignite Proprietary Limited	Dynamic Dwellings Proprietary Limited
	Brits Automotive Systems Proprietary Limited	E3 Technology Holdings Proprietary Limited
	Clever Little Monkey Proprietary Limited	Phase 4 Solutions Proprietary Limited
	Consolidated Textiles Proprietary Limited	South Seas Cottage Furniture Proprietary Limited
	Deneb Investments Proprietary Limited	
	Easywear Proprietary Limited	
	Frame Industrials Proprietary Limited	
	Gold Reef Speciality Chemicals Proprietary Limited	
	HCI Invest3 Holdco Proprietary Limited	
	Integrated Polypropylene Products 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	
	Wege Investments Proprietary Limited	
	Winelands Textiles Proprietary Limited	

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## MATERIAL LIABILITIES AND COMMITMENTS

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### MATERIAL BORROWINGS

A working capital facility of R450 million and a property development facility of R250 million has been extended to Seardel Group Trading Proprietary Limited on a 50/50 basis by Nedbank Limited and The 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 The 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 the Seardel Group companies.

Nedbank Limited and The Standard Bank of South Africa Limited are entitled to review the facilities at any time and the facilities attract interest at The South African prime lending rate.

Sabido has borrowings from The 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 the South African prime lending rate less 1,5%. This facility is used to fund working capital requirements.

Sabido Holdco has issued preference shares to HCI and has a loan outstanding to Sactwu of approximately R3,1 billion and R1,3 billion respectively. The preference shares entitle HCI to receive a dividend of 72% of the South African prime lending rate calculated on the issue price of the preference shares, to be paid from time to time out of the free cash of Sabido Holdco, as and when determined by Sabido Holdco's directors. The loan owing to Sactwu accrues interest at 72% of the South African prime lending rate, and arose on the acquisition of Sabido.

### MATERIAL INTERCOMPANY LOANS

#### Seartec Trading Proprietary Limited

- Seartec Trading Proprietary Limited is indebted to Seardel Group Trading Proprietary Limited for R109,8 million
- The loan is unsecured and bears interest at Jibar plus 300 basis points
- No repayment terms have been set
- Facilities are used to fund working capital requirements

#### Seardel Group Trading Proprietary Limited

- Seardel Group Trading Proprietary Limited is indebted to Seardel for R680,7 million
- The loan is unsecured and interest free
- No repayment terms have been set
- Facilities are used to fund working capital requirements

### DETAILS OF MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

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 the South African prime lending rate 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.

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## PRINCIPAL IMMOVABLE PROPERTIES OWNED AND LEASED

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### SEARDEL GROUP TRADING PROPRIETARY LIMITED

#### 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 distributing 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, distributing 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 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, 62852, Landsdowne***

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 four external leases is 20 months.

***Erf 32504, Epping***

Warehouse and administrative offices, occupied by Prima Trading, distributing 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.



## INVESTMENTS IN SUBSIDIARIES

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

No.	Company	Issued share capital	Interest	Reg. No.	Place of incorporation	Date of incorporation	Date became a subsidiary	Nature of business
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	Nyenyene Clothing Manufactures (Pvt) Ltd	1 000	100%	2003/356	Lesotho	2003	2003	Clothing
6	Prima Toy and Leisure Group (Pty) Ltd	823 290	100%	1997/015103/07	South Africa	1997	1997	Intermediate holding company for Prima Toy and Leisure Trading (Pty) Ltd (Branded Product distribution)
7	Seardel Group Trading (Pty) Ltd	2 500 000	100%	1968/009480/07	South Africa	1968	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.



# 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

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## NOTICE OF GENERAL MEETING OF SEARDEL SHAREHOLDERS

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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 Tuesday, 25 March 2014 at 10:00, to consider and, if deemed fit, pass, with or without modification, the special and ordinary 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, 14 February 2014.

The record date for determining which SearDel Shareholders are entitled to participate in and vote at the General Meeting is Friday, 14 March 2014. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be on Friday, 7 March 2014.

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.

### **SPECIAL RESOLUTION – APPROVAL TO ISSUE N SHARES IN TERMS OF SECTION 41(3) OF THE ACT**

**“Resolved as a special resolution that** the Company be and is hereby authorised in terms of section 41(3) of the Act, to issue 3,125 billion N Shares of no par value, at a subscription price of R1,60 per N Share by way of the Rights Offer, and that the Directors of the Company be authorised to issue the aforementioned N Shares subject to the MOI and the provisions of the Listings Requirements.”

#### **Note:**

Section 41(3) of the 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, as the N Shares to be issued by way of the Rights Offer will be in excess of the aforementioned 30% threshold, the approval of SearDel Shareholders is required.

The quorum requirement for this Special Resolution to be adopted is sufficient shareholders being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on such special resolution.

The percentage of voting rights required for this Special Resolution to be adopted is at least 75% of the voting rights exercised on such special resolution.

#### **Reason for and effect of the Special Resolution:**

The reason for and effect of the Special Resolution is to obtain approval from SearDel Shareholders to issue 3,125 billion N Shares at a price of R1,60 per N Share by way of the Rights Offer, as required in terms of section 41(3) of the Act.

### **ORDINARY RESOLUTION – DIRECTORS’ AUTHORITY TO TAKE ALL SUCH ACTIONS NECESSARY TO IMPLEMENT THE ISSUE OF N SHARES IN TERMS OF THE SPECIAL RESOLUTION**

**“Resolved as an ordinary resolution that** any Director or the Company Secretary of the Company be and is hereby authorised to do all such things and sign all such documents as are necessary to give effect to the special resolution proposed at the General Meeting at which this ordinary resolution is proposed.”

In order to be adopted the ordinary resolution must be supported by more than 50% of the voting rights exercised on such 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 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 resolutions, vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the Circular to be received by no later than 10:00 on Thursday, 20 March 2014 for administrative purposes or thereafter delivered by hand to the Company by no later than 10:00 on Tuesday, 25 March 2014.

Dematerialised Seardel Shareholders other than Own Name Dematerialised Seardel 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 in person. If Seardel Shareholders are unable to attend the General Meeting in person 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 in person.

The completion of a form of proxy will not preclude a Seardel Shareholder from attending the General Meeting.

#### **PARTICIPATION IN THE GENERAL MEETING BY ELECTRONIC COMMUNICATION**

Seardel Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on Thursday, 20 March 2014 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 General Meeting ("**Electronic Notice**").

In order for the Electronic 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 via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the Seardel Shareholder wishes to vote via electronic communication. By no later than 24 hours before the General 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 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 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

#### **Registered office**

1 Moorsom Avenue  
Cnr Bofors Circle and Moorsom Avenue  
Epping Industria II  
7460

24 February 2014





# 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 10:00 on Tuesday, 25 March 2014 in the boardroom at the offices of SearDel, 1 Moorsom Avenue, Epping Industria II, Cape Town, 7460, and any adjournment of such meeting.**

**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/or \_\_\_\_\_ 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 10:00 on Tuesday, 25 March 2014 or any adjournment thereof as follows:

Resolution		For	Against	Abstain
Special resolution	Approval for the issue of N Shares in terms of section 41(3) of the Act			
Ordinary resolution	Directors' authority to take all such actions necessary to implement the Special Resolution			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

Signature \_\_\_\_\_

**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 chairman 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 chairman, if the chairman 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 61763, Marshalltown, 2107), to be received by no later than 10:00 on Thursday, 20 March 2014 for administrative purposes or thereafter delivered by hand to the Company by 10:00 on Tuesday, 25 March 2014.
- 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 chairman 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 chairman 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 chairman 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.
- 11 The form of proxy shall apply to the General Meeting and any adjournment thereof, unless revoked by the relevant Seardel Shareholder.

## SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE ACT:

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the 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 Act or expires earlier as contemplated in section 58(8)(d) of the 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 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 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, provides 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 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 of 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 Act.

