



REX TRUEFORM GROUP
LIMITED

INTEGRATED
ANNUAL REPORT
2018

*Rex
Trueform*

SCOPE, BOUNDARY AND APPROVAL OF THE INTEGRATED ANNUAL REPORT

The company is pleased to present its integrated annual report to stakeholders in line with the principles of the King IV Report on Corporate Governance for South Africa, 2016 ("King IV").

Report content

This integrated annual report covers the annual financial reporting period 1 July 2017 to 30 June 2018, and the company and all subsidiaries within the group (collectively, the "group") including both the retail and property segments as defined within the group (refer to the notes to the annual financial statements). The group operates mainly in South Africa and Namibia, with a retail franchisee operating in Kenya.

We have included only a general narrative on strategy, risks, opportunities and sustainability issues identified within the group. All financial information provided, which is supported by the annual financial statements, has been prepared in terms of International Financial Reporting Standards, while financial key performance indicators and ratios calculated using non-financial information have been provided based on internal management information, and are defined within the integrated annual report.

This integrated annual report includes summarised extracts from the group's annual financial statements. The full set of annual financial statements can be found on the company's website at www.rextrueform.com.

External assurance

Assurance on the financial statements contained in this integrated annual report has been provided by the external auditors, KPMG Inc. These financial statements form the basis of the financial disclosure in the integrated annual report.

Approval of integrated annual report

The board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has accordingly applied its mind to the integrated annual report and in its opinion the integrated annual report addresses all material issues and presents fairly the integrated performance of the organisation. The board authorised the integrated annual report for release on 26 October 2018.



MA Golding
Chairman
Authorised director



CEA Radowsky
Chief executive officer
Authorised director



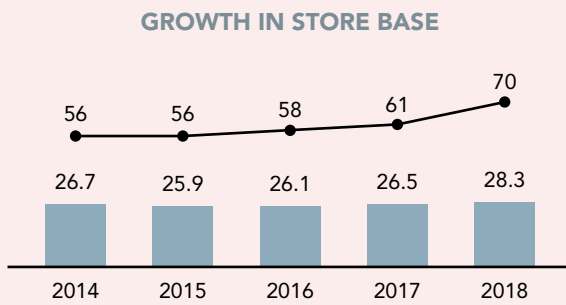
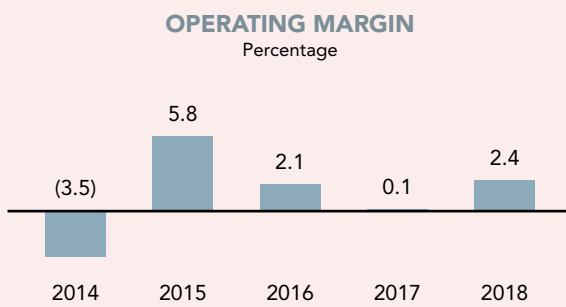
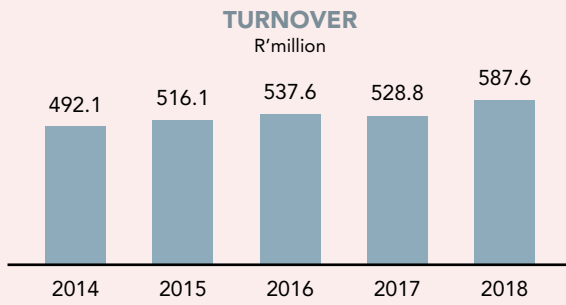
www.facebook.com/queenspark



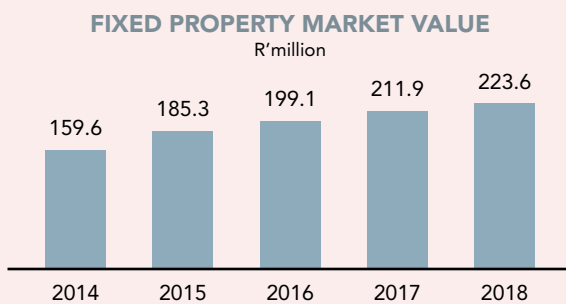
@QueensparkSA

Cape Town, 26 October 2018

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● Number of stores
 ■ Total weighted store area, excluding franchisees ('000 m²)



FINANCIAL PERFORMANCE

TURNOVER INCREASED BY
11.1%

OPERATING PROFIT
R14.1m
(2017: R0.8m)

EARNINGS PER SHARE
62.1 cents
(2017: 15.3 cents)





During the period under review the company changed its name to Rex Trueform Group Limited to better reflect the diverse nature of its business.



GROUP PROFILE

Rex Trueform Group Limited (formerly Rex Trueform Clothing Company Limited) ("Rex Trueform" or "the company") was established in Cape Town in 1937 and has been listed on the JSE Limited ("JSE") since 1945. The company has interests in the retailing of clothing and in property. During the period under review the company changed its name to Rex Trueform Group Limited to better reflect the diverse nature of its business.

RETAIL SEGMENT

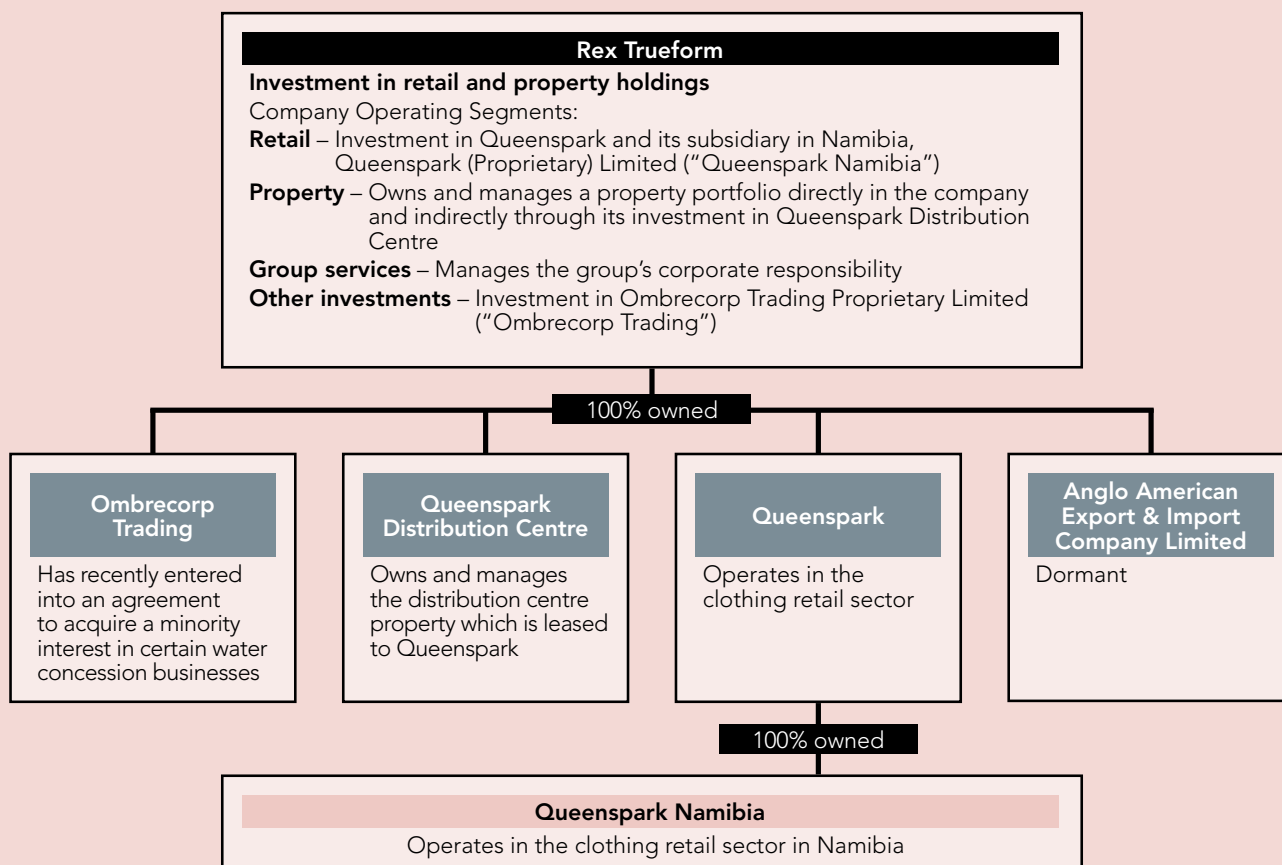
Rex Trueform has a significant interest in the retailing of fine-quality women's and men's clothing and related accessories through its ownership of Queenspark Proprietary Limited ("Queenspark"), which operates a nationwide chain of Queenspark stores in South Africa, and has a retail franchisee operating in Kenya. Queenspark also operates retail stores in Namibia via its wholly-owned subsidiary.

PROPERTY SEGMENT

Rex Trueform and its subsidiary, Queenspark Distribution Centre Proprietary Limited ("Queenspark Distribution Centre"), have a direct investment in a portfolio of properties located in and around Cape Town. These properties are held either for the purpose of operations or for investment purposes. Group properties utilised (or part-utilised) by the retail segment include the group's head office premises and the distribution centre premises.

OTHER INVESTMENTS

Rex Trueform has recently entered into an agreement to acquire, via a wholly-owned subsidiary, a minority interest in certain water concession businesses. Further details in this regard are contained in the directors' report and will be provided in the company's next integrated annual report.



VALUES
As a passionate team we understand and commit to the following values to determine the way in which we conduct our business and interact with stakeholders:

Integrity

Passion

Professionalism

Unrelenting focus on the customer

BUSINESS MODEL

RETAIL SEGMENT

Strategy/business model

- Niche retailer focused on fashion clothing and accessories
- International fashion trends continually monitored
- Mix of group-owned and third party brands
- Focused mainly on the higher living standards measure ("LSM") customers
- Product sold through retail stores located in shopping malls
- Product is sold online through third party website
- A mix of emporium style and standalone stores mainly located in major centres in South Africa
- Franchise stores model in operation in Africa
- Private label card credit provided to customers by a third party service provider
- Build long-term relationship with key suppliers

PROPERTY SEGMENT

Strategy/business model

- Group owns a small property portfolio in and around Cape Town
- Where feasible, properties are to be developed in the medium to long-term
- Developed properties (where practical) are leased to third parties or, where feasible, the operations of the group will occupy (or part-occupy) group-owned property(ies)



RETAIL SEGMENT VISION

*To be the destination fashion store
for discerning customers who want
to look and feel fantastic*



OWNED
RETAIL
TRADING
BRANDS
IN SOUTH
AFRICA



QUEENSPARK LADIESWEAR

70

Overview and customer offering | The ladieswear division forms the core of the retail business. It is the fashion destination for discerning customers who want to look and feel fantastic and feminine, with fashion confidence across casual, formal and glamour. This range delivers on our promise of affordable luxury.

Product focus | Fashion apparel including casual, formal and glamour, jewellery, fashion accessories and footwear

Current customer focus | LSM 8 – 10+ (35 years and up)

J CREW

68

Overview and customer offering | J CREW is the fashion destination for discerning male customers who want to look well groomed, classic and comfortable. Its hallmarks are good fabrics and colour in sophisticated styles yet always commercial.

Product focus | Fashion apparel including casual and formal, footwear and fashion accessories

Current customer focus | LSM 8 – 10+ (35 years and up)

QUEENSPARK PLUS

66

Overview and customer offering | The Queenspark Plus collection offers feminine and flattering clothing suitable for the fuller figure, inspired by the signature looks and pieces of the mainstream Queenspark range.

Product focus | Fashion apparel including casual, formal and glamour

Current customer focus | LSM 8 – 10+ (35 years and up)

MISS CASSIDY

41

Overview and customer offering | Miss Cassidy offers classic, contemporary fashion for the customer who loves the finer things in life.

Product focus | Fashion apparel across formal and casual lifestyles

Current customer focus | LSM 8 – 10+ (35 years and up)

CATH.NIC

66

Overview and customer offering | Cath.nic is the destination for aspirational, fashion-conscious women who seek the latest fashion across smart-casual and glamour.

Product focus | Fashion apparel across casual and glamour lifestyles

Current customer focus | LSM 8 – 10+ (30 years and up)

● The total number of South African stores that sell the particular brand (excluding online)

RETAIL TURNOVER AND STORES BY GEOGRAPHIC REGION

	2018			2017		
	Number of stores at 30 June 2018	Turnover Rm	% Contribution	Number of stores at 30 June 2017	Turnover Rm	% Contribution
Eastern Cape	5	24 789	4.3	4	22 917	4.4
Free State	3	24 884	4.4	3	24 169	4.7
Gauteng	25	279 726	48.8	25	259 081	50.3
KwaZulu-Natal	9	61 788	10.8	8	53 040	10.3
Limpopo	4	30 020	5.2	3	24 530	4.8
Mpumalanga	6	27 761	4.9	4	27 563	5.4
North West	4	10 149	1.8	4	20 809	4.0
Northern Cape	2	25 601	4.5	2	9 450	1.8
Western Cape	9	72 904	12.7	6	63 866	12.4
Namibia	3	15 109	2.6	2	9 716	1.9
Total**	70	572 731	100.0	61	515 141	100

** Excluding online, other turnover and sales to franchisees.

	2018			2017		
	Number of stores at 30 June 2018	Store m ² *	% Change	Number of stores at 30 June 2017	Store m ² *	% Change
Summary of store gross area*						
Opening store base	61	27 272		58	26 566	
Stores opened	10	1 612	5.9	6	2 068	7.8
Stores closed	(1)	(624)	(2.3)	(3)	(1 154)	(4.3)
Space decreased		(230)	(0.8)		(208)	(0.8)
Closing store base**	70	28 030	2.8	61	27 272	2.7
Weighted average store area* (m ²)		28 266			26 508	

* Store area includes the trading area plus store rooms and back-office space.

PROPERTY SUMMARY

Property name	Address/location	Use	Erf m ²	GLA m ²	Market value 30 June 2018 Rm
Rex Trueform Office Park ("RTOP")*	263 Victoria Road Salt River, Cape Town	Low-rise offices, part owner occupied	7 931	11 762**	138.4
Rex Trueform Factory Complex*	344 Victoria Road Salt River, Cape Town	Vacant	5 937	–	30.5
Land	14 Brickfield Road, Salt River, Cape Town	Parking space	2 918	–	29.6
Retail Distribution Centre	16 Perth Road, Wynberg, Cape Town	Retail warehousing, owner occupied	7 382	7 236	25.1

* Property with heritage significance.

** RTOP currently has a GLA vacancy of 1% and has 283 parking bays (combination of single, tandem, covered and uncovered).

STAKEHOLDER ENGAGEMENT

STAKEHOLDER	WHY WE ENGAGE	MEANS OF ENGAGING
Retail customers	<ul style="list-style-type: none"> - To obtain customer loyalty and achieve customer satisfaction 	<ul style="list-style-type: none"> - Customer feedback at stores - Customer feedback via helpdesk - Advertising and marketing through various media channels - Interaction with account holders of private label card via various communication channels - Use of social media and web-based channels
Tenants	<ul style="list-style-type: none"> - To maintain a good relationship with our tenants 	<ul style="list-style-type: none"> - Regular meetings with tenants where they are encouraged to comment and contribute to any aspect of the management of the Rex Trueform Office Park - Respond to any tenant's requirements or concerns on a day-to-day basis through the office of the building manager - Assisting tenants, whenever reasonably possible, with their arrangements for special events in the Rex Trueform Office Park, including open days and on-site clinics - Seeking consensus with tenants regarding the timing of any materially noisy and/or disruptive work required in the office park from time to time
Shareholders	<ul style="list-style-type: none"> - To provide our shareholders with relevant, timeous and balanced information 	<ul style="list-style-type: none"> - Integrated annual report - Annual financial statements - Interim reporting announcements - Annual general meeting - SENS announcements and circulars, when applicable - Website - Direct contact with the company via the company secretary
Employees	<ul style="list-style-type: none"> - To ensure that we attract and retain the relevant talent - To ensure that we have motivated employees - To increase our employees' productivity - To ensure employee loyalty 	<ul style="list-style-type: none"> - Performance management - Training programmes - Liaison committees - Policy development and distribution
Suppliers	<ul style="list-style-type: none"> - To maintain a good relationship with our suppliers with the view to ensuring a long-term benefit for both parties that will assist in maximising our buying efficiencies (in relation to the purchasing of goods), and ensuring that our suppliers maintain a high ethical standard - To ensure that we receive a timeous supply of high-quality merchandise at the right price that will optimise sales 	<ul style="list-style-type: none"> - Regular supplier interaction including various forms of correspondence and (in relation to the suppliers of goods) site visits to ensure responsible management of our supplier base - A formal procurement process is in place to appoint suppliers which includes a formal evaluation process (to the extent required) and responsible take-on procedures in the form of formal supplier agreements - By applying our supplier code of ethics and third party audits (in relation to the suppliers of goods) we endeavour to ensure that we source ethically



RISK MANAGEMENT

The directors and management recognise that certain risks are inherent in the achievement of the group's strategic objectives. A formal process is followed to identify, evaluate and develop appropriate strategies to mitigate and manage these risks. The key risks identified by the group are outlined in the risk committee report included in this integrated annual report.

STRATEGY

The group has two key operating segments, these being retail and property.

RETAIL SEGMENT

The group wishes to grow the Queenspark retail division by continuously considering new brands and products to complement its existing ranges and expand the range of products and brands offered in its retail outlets, by increasing the trading space within South Africa and Namibia and by selling products online. The retail segment manages its own "house of brands" and also sells certain third party brands.

PROPERTY SEGMENT

The group owns and leases commercial properties. The group intends to develop/redevelop certain properties in the medium to long-term and is continuing to consider development options in this regard.

A conservative approach to the development of properties is applied, including given that one of the undeveloped properties is classified as a heritage site, which limits the development opportunities. Group-owned properties are, where feasible, occupied (or part-occupied) by the group's operations.

OTHER INVESTMENTS

As previously noted, the group has recently entered into an agreement to acquire a minority interest in certain water concession businesses. Further details regarding the group's strategy and strategic objectives in this regard will be provided in the next integrated annual report.



STRATEGIC OBJECTIVES – 2018

Report on the implementation of objectives during the year

RETAIL SEGMENT

OBJECTIVES	PROGRESS
Fashion/growth	
Introduce new brands and product categories in order to appeal to a wider target market	An assortment of external and internal sub-brands were launched over the 2018 period to a select store grid, of which most have proven successful in that they have improved the trading densities and overall customer offering.
Analyse and utilise the customer insights to improve the product offering	The business has been analysing the information with a view to adapting the product ranges for the online customers. Learnings are expected to continue.
Customers	
Continue to manage the customer database to ensure it remains relevant, up to date and continues to grow	Data has been accumulated and the business will continue to accumulate data for future analysis. Customer behaviour and preferences have been analysed, and customer-related insights are beginning to become available.
Online	
Continue to grow the online turnover by refining/improving the product offering	Online sales continued to perform well in the 2018 financial year.
Credit	
Develop strategies to grow the credit turnover	The cash customer base has continued to grow, whilst the credit base has shown signs of recovery post the implementation of the regulatory changes to the credit legislation.
Stores	
Open further stores in South Africa	Queenspark opened ten stores during the year, increasing its footprint to seventy stores during the year under review, and has closed one underperforming store.
Open further stores in Namibia	An additional store was opened in the Dunes Mall, Walvis Bay, Namibia.
Marketing	
Analyse and utilise the customer insights to focus on more segmented and targeted customer groups	Various tangible insights have come to light, based on the segmentation of Queenspark's customer base.
Continue to improve the use of social media to promote the brand	Key digital metrics – being reach, engagement and lead generation – are showing progress.

STRATEGIC OBJECTIVES – 2018 continued

PROPERTY SEGMENT

OBJECTIVES	PROGRESS
Development	
Prepare development feasibilities in respect of the two underdeveloped investment properties taking into account the water crisis in the Cape Town area and the heritage-related issues	Further progress has been made in respect of feasibilities.
Financial	
Continue to focus on return on investments	This is taken into account when preparing feasibilities.
Sustainability	
Integrate sustainable development and environmental practices into development plans, where practical	Sustainable practices are to be integrated, where practical, into development plans going forward.

OBJECTIVES – 2019

RETAIL SEGMENT OBJECTIVES

Fashion/growth

- Improve operating margin, through turnover growth and an ongoing focus around cost-efficiency and associated initiatives
- Heightened focus on efficiencies, specifically around stock and size availability in stores to better serve customers
- A continued focus on the distinction between the brands, to avoid cannibalisation and ensure optimisation
- Continue to look for new opportunities, whilst protecting Queenspark's brand integrity

Customers

- Monitoring of segmentation and customer shifts to further enhance the understanding of loyal customers and assist with tailoring of merchandise offerings

- As we face tough economic times where credit is not always an option, lay-by is an attractive offer for aspirant customers providing access to the Queenspark brand
- Focus on customer acquisition through the launch of a tailored VIP loyalty offering, as well as improved data management to achieve a single view of the customer

Online

- Investigation of the implementation of Queenspark's own online channel to offer greater accessibility to its customers, in line with an omni-channel strategy

Credit

- Continue to work closely with the credit provider to grow the credit base and, specifically, the utilisation of credit by customers

Stores

- Continue to investigate all store opportunities that fit within Queenspark's parameters
- Focus on the right-sizing of existing and new stores to optimise space and customise offerings to satisfy each store's customer profile

Marketing

- Explore and develop brand consistency across an omni-channel strategy
- Utilise customer insights gained to enable Queenspark to take the next step towards targeted marketing campaigns
- Continue to build on an enticing digital strategy through key partnerships with clear key performance indicators in order to maximise brand exposure

PROPERTY SEGMENT OBJECTIVES

Development

- Prepare development feasibilities in respect of the two undeveloped investment properties

Sustainability

- Integrate sustainable development and environmental practices into development plans, where practical

Financial

- Continue to focus on return on investments

OTHER INVESTMENTS OBJECTIVES

Financial

- Continue to seek investment opportunities with the focus on maximising return on capital and the diversification of the group

GROUP DEFINITIONS

Return on equity:	(Loss)/profit attributable to ordinary and "N" ordinary shareholders divided by average ordinary shareholder's interest
Return on capital:	Total group (loss)/profit before interest paid and tax divided by average total net assets
Return on assets:	Total group (loss)/profit before interest paid and tax divided by average total assets
Total asset turn:	Total group turnover divided by average total assets
Gross margin:	Gross profit divided by turnover
Operating margin:	Operating (loss)/profit divided by turnover
EBITDA margin:	Earnings before interest expense, tax, depreciation and amortisation divided by turnover
Inventory turn:	Total group cost of sales for the year divided by average inventory
Effective tax rate:	Income tax expense divided by profit before tax
Total liabilities to equity:	Total closing liabilities divided by total closing equity
Current ratio:	Total closing current assets divided by total closing current liabilities
Acid test ratio:	Total closing current assets less closing inventories divided by total closing current liabilities
Dividend cover:	Headline (loss)/earnings per share divided by total ordinary dividends proposed for the year
Weighted average number of shares in issue:	The number of shares in issue at the beginning of the year increased by shares issued during the year, and decreased by shares repurchased during the year, weighted on a time basis for the period during the year in which they were in issue
Weighted average shareholder return:	Weighted average share price at the end of the year minus the weighted average share price at the beginning of the year plus dividends declared, divided by the weighted average share price at the beginning of the year
Net asset value per share:	Net assets divided by the number of shares in issue (net of treasury shares) at the end of the reporting period
Market capitalisation:	The closing share price at year-end as per the JSE multiplied by the total number of shares in issue at the end of the year

RETAIL SEGMENT DEFINITIONS

Return on average operating assets:	Operating (loss)/profit from the retail segment divided by average total assets of retail segment
Sales trading density:	Sale of merchandise at retail stores divided by the weighted average store area (square metres)
Total asset turn:	Retail segment turnover divided by average total retail segment assets
Inventory turn:	Cost of sales for the year from retail segment divided by average inventory from retail segment
Operating margin:	Retail segment operating (loss)/profit divided by retail segment turnover
Gross margin:	Retail segment gross profit divided by retail segment turnover
Sale of merchandise per store:	Sale of merchandise at retail stores divided by number of retail stores (excluding franchise and online stores) at year-end

FIVE-YEAR REVIEW

GROUP RESULTS

	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
STATEMENT OF COMPREHENSIVE INCOME					
Turnover	587 632	528 759	537 588	516 086	492 079
Cost of sales	(267 730)	(237 200)	(248 937)	(225 698)	(249 774)
Gross profit	319 902	291 559	288 651	290 388	242 305
Rental income	15 700	15 030	14 185	11 417	3 905
Profit on sale of property	–	–	–	3 864	–
Royalty fee income	–	213	991	1 228	1 213
Management fee income	541	583	550	520	467
Operating costs	(322 061)	(306 630)	(292 854)	(277 483)	(265 192)
Employment costs	(109 989)	(103 840)	(99 988)	(93 784)	(91 131)
Occupancy costs	(119 019)	(107 360)	(104 181)	(99 488)	(92 375)
Depreciation and amortisation	(26 837)	(25 462)	(23 584)	(22 224)	(22 902)
Other operating costs	(66 216)	(69 968)	(65 101)	(61 987)	(58 784)
Operating profit/(loss)	14 082	755	11 523	29 934	(17 302)
Dividend income	45	21	20	18	16
Finance income	4 622	4 440	5 292	3 493	3 527
Finance costs	(53)	(133)	(172)	(163)	(201)
Profit/(loss) before tax	18 696	5 083	16 663	33 282	(13 960)
Income tax expense	(5 876)	(1 908)	(4 903)	(9 470)	3 929
Profit/(loss) for the year	12 820	3 175	11 760	23 812	(10 031)
Profit/(loss) attributable to ordinary and "N" ordinary shareholders	12 803	3 158	11 743	23 795	(10 048)

FIVE-YEAR REVIEW continued

GROUP RESULTS

	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
STATEMENT OF CASH FLOWS					
Operating profit before working capital changes	40 712	27 197	38 257	51 620	3 091
Working capital changes	(8 195)	(17 014)	3 947	4 855	9 137
Cash generated by operating activities	32 517	10 183	42 204	56 475	12 228
Interest received	4 622	4 440	5 292	3 493	3 527
Interest paid	(53)	(133)	(172)	(163)	(201)
Dividends paid	(17)	(5 575)	(12 571)	(17)	(12 567)
Dividends received	45	21	20	18	16
Taxation paid	184	(832)	(5 630)	(782)	736
Net cash inflows from operating activities	37 298	8 104	29 143	59 024	3 739
Net cash outflows from investing activities	(26 353)	(31 705)	(27 748)	(34 627)	(46 814)
Net cash inflows from financing activities	–	234	–	–	57
Net increase/(decrease) in cash and cash equivalents	10 945	(23 367)	1 395	24 397	(43 018)
Cash and cash equivalents at the beginning of the year	58 089	81 456	80 061	55 664	98 682
Cash and cash equivalents at the end of the year	69 034	58 089	81 456	80 061	55 664
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	156 090	159 628	155 705	151 146	142 159
Current assets	192 409	169 120	182 984	174 235	151 717
Total assets	348 499	328 748	338 689	325 381	293 876
Equity and liabilities					
Ordinary shareholders' interest	272 227	259 184	260 438	260 798	237 033
Preference share capital	280	280	280	280	280
Total equity	272 507	259 464	260 718	261 078	237 313
Non-current liabilities	19 589	19 731	21 897	20 916	15 110
Current liabilities	56 403	49 553	56 074	43 387	41 453
Total equity and liabilities	348 499	328 748	338 689	325 381	293 876

FIVE-YEAR REVIEW continued

GROUP RATIOS

		2018	2017	2016	2015	2014
Returns						
Return on equity	(%)	4.8	1.2	4.5	9.6	(4.0)
Return on capital	(%)	7.0	2.0	6.5	13.4	(5.5)
Return on assets	(%)	5.5	1.5	5.0	10.7	(4.6)
Productivity						
Total asset turn	(times)	1.7	1.6	1.6	1.7	1.6
Gross margin from operations	(%)	54.4	55.1	53.7	56.3	49.2
Operating margin from operations	(%)	2.4	0.1	2.1	5.8	(3.5)
EBITDA margin from operations	(%)	7.8	5.8	7.5	10.8	1.9
Profit/(loss) margin before tax	(%)	3.2	1.0	3.1	6.4	(2.8)
Inventory turn	(times)	3.2	3.4	3.8	3.0	2.9
Effective tax rate on operations	(%)	31.4	37.5	29.4	28.5	28.1
Solvency and liquidity						
Total liabilities to total equity	(%)	27.9	26.7	29.9	24.6	23.8
Current ratio	:1	3.4	3.4	3.3	4.0	3.7
Acid test ratio	:1	1.8	1.8	2.2	2.4	1.7
Dividend cover	(times)	–	–	2.0	1.7	–
Annual growth on operations						
Turnover	(%)	11.1	(1.6)	4.2	4.9	3.7
Operating profit/(loss)	(%)	1 765.2	(93.4)	(61.5)	273.0	9.6
Profit/(loss) for the year	(%)	303.8	(73.0)	(50.6)	337.4	(5.6)

RETAIL SEGMENT RESULTS

five-year analysis

		2018	2017	2016	2015	2014
Retail turnover	(R'000)	587 632	528 759	537 588	516 086	492 079
Sale of merchandise at retail stores	(R'000)	572 731	515 141	525 504	504 883	479 423
Sales to franchisees	(R'000)	830	2 779	8 580	11 012	12 220
Online and other turnover	(R'000)	14 071	10 839	3 504	191	436
Returns						
Operating profit/(loss)	(R'000)	8 171	(1 923)	9 372	26 807	(14 046)
Operating assets at year-end	(R'000)	213 844	216 059	223 584	216 705	203 295
Return on average operating assets	(%)	3.8	(0.9)	4.3	12.8	(6.7)
Annual (negative) growth						
Retail segment turnover	(%)	11.1	(1.6)	4.2	4.9	3.7
Sale of merchandise at retail stores	(%)	11.2	(2.0)	4.1	5.3	4.0
Operating profit/(loss)	(%)	524.9	(120.5)	(65.0)	290.9	(4.8)
Productivity						
Sale of merchandise per full-time equivalent ("FTE")*	(R'000)	1 039	937	947	883	820
Sale of merchandise per store*	(R'000)	8 182	8 445	9 060	9 016	8 561
Sales trading density*	(R)	20 262	19 433	20 135	19 460	17 988
Total asset turn	(times)	2.7	2.4	2.4	2.4	2.3
Gross margin	(%)	54.4	55.1	53.7	56.3	49.2
Operating margin	(%)	1.4	(0.4)	1.7	5.2	(2.9)
Inventory turn	(times)	3.2	3.4	3.8	3.0	2.9
Operating statistics						
Total number of FTE employees (closing)		551	550	555	572	585
Total number of Queenspark stores in South Africa		67	59	58	56	56
Number of stores in Namibia		3	2	–	–	–
Total number of online platforms		2	2	1	–	–
Total number of franchise stores		1	1	2	3	4
Total weighted average store area, excluding franchisees	(m ²)	28 266	26 508	26 098	25 944	26 653
Trading expenses as a % of retail turnover	(%)	53.0	55.5	52.0	51.2	52.3
Depreciation costs as a % of retail turnover	(%)	3.9	4.1	3.7	3.9	4.5
Employment costs as a % of retail turnover	(%)	18.5	18.5	17.1	16.7	17.4
Occupancy costs as a % of retail turnover	(%)	21.2	21.3	19.5	20.2	19.6
Other operating costs as a % of retail turnover	(%)	9.4	11.6	11.7	10.4	10.8

* Excludes online and franchise stores.

SHARE PERFORMANCE

		2018	2017	2016	2015	2014
Earnings/(loss) per share	(cents)	62.1	15.3	57.1	115.6	(48.8)
Headline earnings/(loss) per share	(cents)	62.2	17.4	54.1	102.0	(41.0)
Proposed dividend per ordinary share	(cents)	–	–	27.0	61.0	–
Dividend declared per ordinary share	(cents)	–	27.0	61.0	–	61.0
Dividend cover – based on headline earnings	(cents)	–	–	2.0	1.7	–
Total number of shares in issue	(000's)	20 642	20 642	20 642	20 642	20 642
Total number of shares in issue (net of treasury shares)	(000's)	20 621	20 621	20 582	20 582	20 582
Weighted average number of shares in issue (net of treasury shares)	(000's)	20 621	20 584	20 582	20 582	20 574
Weighted average shareholder return	(%)	70.3	(2.4)	17.4	(5.9)	(17.2)
Net asset value per share	(cents)	1 320	1 257	1 265	1 267	1 152
Ratio closing price/net asset value						
– Ordinary shares		1.7	1.2	1.3	1.0	1.0
– “N” ordinary shares		1.5	0.9	0.9	0.9	1.0
Ordinary shares						
Market price per share						
– at year-end	(cents)	2 300	1 500	1 600	1 255	1 150
– high	(cents)	2 500	1 505	1 600	1 255	1 600
– low	(cents)	1 056	1 425	900	1 200	1 150
Shares traded						
– value	(R'000)	232	806	490	21	42
– volume	(000's)	12	55	35	2	4
Shares in issue	(000's)	2 906	2 906	2 906	2 906	2 906
Percentage traded	(%)	0.4	1.9	1.2	0.1	0.1
Closing price/headline earnings/(loss)	(ratio)	37.0	86.3	29.6	12.3	(28.1)
Closing dividend yield – proposed dividend	(%)	–	–	1.7	4.9	–
“N” ordinary shares						
Market price per share						
– at year-end	(cents)	2 000	1 150	1 200	1 100	1 200
– high	(cents)	2 000	1 255	1 250	1 250	1 200
– low	(cents)	1 110	1 150	1 095	540	850
Shares traded						
– value	(R'000)	510	1 319	1 884	344	1 241
– volume	(000's)	31	108	159	35	126
Shares in issue	(000's)	17 736	17 736	17 736	17 736	17 736
Percentage traded	(%)	0.2	0.6	0.9	0.2	0.7
Closing price/headline earnings/(loss)	(ratio)	32.2	66.1	22.2	10.8	(29.3)
Closing dividend yield – proposed dividend	(%)	–	–	2.3	5.5	–
Market capitalisation						
– Ordinary shares	(R million)	66.8	43.6	46.5	36.5	33.4
– “N” ordinary shares	(R million)	354.7	204.0	212.8	195.1	212.8
– Total	(R million)	421.6	247.6	259.3	231.6	246.2

VALUE ADDED STATEMENT

	Notes	GROUP	
		2018 R'000	2017 R'000
Turnover		587 632	528 759
Rental income		15 700	15 030
Royalties		–	213
Finance income		4 622	4 440
Dividend income		45	21
Management fee income		541	583
Paid to suppliers for goods and services		(452 965)	(414 528)
Value added		155 575	134 518
Applied as follows:			
Employees			
Remuneration to employees		109 989	103 840
Taxation and duties			
Income tax	2	946	629
Providers of capital			
Finance cost on post-retirement liability		53	133
To shareholders as dividends and share premium reduction		17	5 575
Reinvested			
Reinvested in group to finance future expansion and growth	1	44 570	24 341
Total		155 575	134 518
Notes to the value added statement			
1. Reinvested in group to finance future expansion and growth			
Depreciation and amortisation		26 837	25 462
Deferred tax		4 930	1 279
Retained income		12 803	(2 400)
		44 570	24 341
2. Taxation channelled through the group			
Taxation as above		946	629
Net value added tax (VAT)		17 357	12 412
Employees' taxation		16 176	16 162
		34 479	29 203





DIRECTORATE



Marcel Anthony Golding (58)

BA (Hons)

NON-EXECUTIVE CHAIRMAN

Chief executive officer of African and Overseas Enterprises Limited (“African and Overseas Enterprises”) and non-executive chairman of Queenspark and Queenspark Distribution Centre

2 years of service on the board

Other significant directorships include: Tsogo Sun Holdings Limited, Vunani Limited and Geomer Investments Proprietary Limited (“Geomer Investments”)



Catherine Elizabeth Anne Radowsky (51)

BA

CHIEF EXECUTIVE OFFICER

Chief executive officer of Queenspark, Queenspark Distribution Centre and Queenspark Namibia

19 years of service on the board

No other significant directorships



Damien Franklin (34)

BCom, PGDip (Accounting), CA (SA)

EXECUTIVE FINANCIAL DIRECTOR

Financial director of Queenspark, Queenspark Distribution Centre and Queenspark Namibia

Less than 1 year of service on the board

No other significant directorships



Patrick Martin Naylor (72)

BSc (Eng)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of African and Overseas Enterprises, Queenspark and Queenspark Distribution Centre

15 years of service on the board

Other directorships include: Fruitways Group Proprietary Limited

Note: ML Krawitz retired as chairman and as a non-executive director of the company, and RV Orlin and HJ Borkum retired as independent non-executive directors of the company, with effect from 30 September 2017. MA Golding was elected as the chairman of the board of directors of the company with effect from 30 September 2017. HB Roberts, LK Sebatane and MR Molosiwa were elected by shareholders as directors of the company at the annual general meeting of the company held on 17 November 2017. DS Johnson resigned as the financial director of the company with effect from 31 March 2018, at which point a vacancy arose on the board. On 25 May 2018 D Franklin was appointed as financial director of the company by the board in order to fill such vacancy.



Luntu Keabetswe Sebatane (38)

BCom (Law), LLB

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of African and Overseas Enterprises, Queenspark and Queenspark Distribution Centre

Less than 1 year of service on the board

No other significant directorships



Hugh Bevis Roberts (57)

BCom, BSc, FIA, ASA, FASSA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Director of African and Overseas Enterprises

Less than 1 year of service on the board

No other significant directorships



Masedi Ramsey Molosiwa (46)

BArch

INDEPENDENT NON-EXECUTIVE DIRECTOR

Non-executive chairman of African and Overseas Enterprises

Less than 1 year of service on the board

No other significant directorships

EXECUTIVE

Catherine Radowsky (51)

BA
Chief executive officer
Joined the group 1991

Damien Franklin (34)

BCom, PGDip (Accounting), CA (SA)
Finance director
Joined the group 2018

Gordon Bradley (62)

Distribution and property executive
Joined the group 1976

Andrew Gast (52)

BA
Merchandise executive
Joined the group 2012

Anton Prinsloo (58)

Operations executive
Joined the group 2006

Lindsey Johnson (50)

BSocSci, BCompt
Sourcing executive
Joined the group 1992

Adam Snitcher (38)

LLB
Company secretary and group legal adviser
Joined the group 2013

Gayle Momsen (47)

Retail property and franchise executive
Joined the group 2014

Sandrien Melck (46)

BA Industrial Psychology
Human resources manager
Joined the group 2018

Michele Worthington (45)

BBus Sci
Planning executive
Joined the group 2017

Gerrit van Deventer (46)

BAcc, BCompt (Hons), CA (SA)
Group financial manager
Joined the group 2016



A new phase in the development of the Rex Trueform group has started with the first full year of Geomer Investments' control of the company.





CHAIRMAN'S REPORT

OVERVIEW

A new phase in the development of the Rex Trueform group has started with the first full year of Geomer Investments' control of the company. Taking over as the shareholder of reference comes at a very challenging time in the economic and retail environment. Some of these are the global winds that affect emerging markets whilst others emanate from the political malaise in the country and consumer uncertainty on spending.

The group has performed much better this year as is explained by the CEO, Catherine Radowsky, with group revenue and profit up significantly from last year. The executives led by Catherine have done well to implement the strategy that was agreed earlier in the year.

The emphasis on cost containment on all fronts (stores, staff and logistics), enhancing our own brands and a renewal of the Queenspark franchise as a quality and value purchase, played a big role in starting the renewal of the group. It is our plan to build on this in the coming years.

GOVERNANCE

A new board has been operating for the past year and a new

financial director, Damien Franklin, was appointed in the last quarter of the financial year. We remain committed to promoting sound governance of the company and its subsidiaries on the lines of King IV.

To this end, we have enhanced the board of Queenspark with the addition of Michael Coles as a non-executive director who brings over 25 years of retail clothing experience and knowledge. We will constantly work on enhancing the intellectual capital for retail so we get the best out of the Queenspark group of brands.

REPORTING

Our integrated annual report to shareholders will, as always, cover all the issues that will give all stakeholders a complete understanding what the Rex Trueform group has done over the year – on corporate, sustainability, and enterprise development matters, as well as the philanthropy support in education. We plan in the coming years to be more active.

PROSPECTS FOR THE FUTURE

It is the intention of the Rex Trueform group to become a more diverse investment holding company after it has consolidated the plans for the

retail and property segments. Careful considerations are currently being taken into account for the expansion and development of our existing properties in light of the heritage concerns. We hope to address this in the coming months. This will allow us to fully realise the potential of the properties the group owns.

Expanding the asset base of the Rex Trueform group will allow shareholders more stability and a more diverse income stream.

It is also our plan to expand the management team to bring these projects to fruition in the coming year. It will require shareholders to be patient as we persist to seek value-enhancing opportunities for the group.

We remain optimistic about the future of South Africa despite the drums of pessimism that keep beating.

Marcel Golding
Chairman

26 October 2018



The 2018 financial year was an important year in the evolution of the group in that we made confident strides in key areas of the business.





CHIEF EXECUTIVE OFFICER'S REVIEW

The 2018 financial year was an important year in the evolution of the group in that we made confident strides in key areas of the business. We can report a positive growth to shareholders despite a challenging economic and political environment.

Discounting activity in retail was widespread over the past year and participation was necessary to remain relevant and to protect Queenspark's customer base. The importance of Black Friday has also increased in the South African market. This placed pressure on the bottom line, with a lower gross profit margin than last year and a customer that seeks and expects discounts.

We protected our unique Queenspark handwriting in a very competitive ladieswear market, whilst augmenting our range through the sourcing of new, key essential lines, thus offering our customer more price-competitive alternatives and improved price architecture.

An assortment of external products and brands were launched over the 2018 period, of which most have proven successful through the improvement of trading densities (specifically in super-regionals), thus enhancing our overall range

and contributing towards a positive top-line growth. These additional products expanded our offering to our customers, allowing us to meet more of their product needs.

Our 2018 financial performance reflects this renewed energy:

- group revenue, which includes turnover, increased to R608.5 million (2017: R549.0 million);
- retail segment turnover growth of 11.1%;
- 70 stores as at June 2018 (2017: 61);
- comparable store turnover growth of 6.7% (2017: -3.8%);
- gross profit generated from the retail segment increased to R319.9 million (2017: R291.6 million), at a gross profit margin of 54.4% (2017: 55.1%); and
- price inflation was limited to 2.8% due to improved sourcing and negotiation with suppliers and a stronger Rand over this period.

Initial insights gained from our customer relationship project, and associated direct marketing initiatives, have proven invaluable

in improving our understanding of our customers. Next steps include a single view of our customer, which will position us optimally for the launch of a tailored VIP loyalty offer; this will be designed specifically for Queenspark customers, with a strong focus on customer acquisition and the enrichment of the relationship with our existing customers.

The right-sizing of our stores and customising of our offer – across lifestyles and sub-brands – to better satisfy each store's customer profile is yielding positive results. There are more benefits still to be realised, as we apply these learnings throughout the full merchandise cycle.

We are in the process of better defining our private label brands, their market position and opportunity. We know our customers trust the Queenspark brand and believe we can offer them more variety through our private label brands, as well as attracting new customers.

We are vigorously assessing the financial viability of e-commerce, as we are cognisant of the fact that the future of retail requires a seamless and convenient supply of goods to our loyal customer base.

CHIEF EXECUTIVE OFFICER'S REVIEW continued

Our own e-commerce platform could not only provide an additional revenue stream, but broaden our reach and encourage new customers across the threshold.

In addition, we plan to build brand exposure through a continued bold and measurable digital strategy maintained through key partnerships.

Credit sales continue to be a slower growth area for the business, contributing 25% to turnover. The relaxation of the credit application process improved new account numbers for the second half of the financial year and we hope to capitalise on this going forward. However, as we face tougher economic times, where credit is not an option for many, a more streamlined approach to lay-by will be in place, driven out of its significant contribution to the retail business. For the 2018 financial year it contributed in the region of 2.9% to our turnover and we believe this payment method has strong growth potential for our brand.

Other retail endeavours are under way with their full effect planned for 2019 – an upgraded allocation system, the continued refinement of existing brands, the launch of new labels, and a refresh of current credit marketing.

The property segment continues to be a key focus area with its main income-generating property being the Rex Trueform Office Park situated in Salt River. Revenue increased by 4.5% to R15.7 million (2017: R15.0 million) whilst operating profit increased to R10.0 million (2017: R8.0 million). The increase in operating profit is mainly due to the reduction and containment of operating costs, as well as non-recurring maintenance costs incurred in the prior year.

The group continues to consider various options in respect of its undeveloped investment properties, the development of which is expected over the medium to long-term.

In closing, I wish to thank our board, shareholders, employees, suppliers, customers and all other stakeholders for their ongoing support and efforts placed towards an ever-evolving group. We look forward to diversifying the group through new opportunities.



Catherine Radowsky
Chief executive officer

26 October 2018







FINANCIAL DIRECTOR'S REPORT

INTRODUCTION

Group

Notwithstanding the challenging economic environment during the current year the group saw a marked improvement in its results from the prior year. Group revenue increased by 10.8% to R608.5 million (2017: R549.0 million) mainly due to an improved product offering and additional stores in the retail segment. The group's profits increased by 303.8% to R12.8 million (2017: R3.2 million), leading to an increase in earnings per share of 305.9% to 62.1 cents (2017: 15.3 cents per share).

Retail segment

The retail market has been negatively impacted by continued restrained consumer spending driven by inflationary pressures and negative consumer sentiment. Contrary to current economic conditions and due to the aforementioned factors, retail revenue for the year exceeded expectations and increased by 11.1% to R588.2 million (2017: R529.6 million). The gross profit margin decreased slightly to 54.4% (2017: 55.1%) and trading expenses increased by 6.2%.

This resulted in an operating profit of R8.2 million (2017: R1.9 million loss).

Further details of the Queenspark retail segment trading results, brands, trading footprint and strategy can be found within this integrated annual report.

Property segment

The main income-generating property within the property segment is the Rex Trueform Office Park situated in Salt River which is currently 99% occupied. Revenue increased by 4.5% to R15.7 million (2017: R15 million), resulting in an operating profit of R10 million (2017: R8 million). The increase in operating profit is mainly due to the reduction and containment of operating costs as well as non-recurring maintenance costs incurred in the prior year.

FINANCIAL PERFORMANCE

This review of the group's consolidated financial performance for the year ended 30 June 2018 should be read in conjunction with the annual financial statements, the five-year review as well as the retail segment results.

GROUP STATEMENT OF COMPREHENSIVE INCOME

Turnover

The group's turnover, derived from the retail segment, increased by 11.1% to R587.6 million (2017: R528.8 million). This was mainly due to the implementation of the group's retail strategy of introducing new brands and product categories as well as growing turnover by increasing the number of stores. A net amount of nine stores (2017: one) were added during the year.

Other income

Other income, which includes rental income, management fees and royalty fee income, increased marginally by 2.6% and was negatively impacted by the reduction of third party royalty income which ceased from October 2016 due to the acquisition of the Namibian franchise business.

Gross profit

Gross profit, derived from the retail segment, increased by 9.7% to R319.9 million (2017: R291.6 million). The gross margin decreased, partly due to more aggressive markdowns, to 54.4% (2017: 55.1%).

Trading expenditure

The group continued to focus on containing trading costs which increased by 6.2% to R311.7 million (2017: R293.5 million). This was largely due to increased employee costs, occupancy costs and depreciation as a result of the introduction of new stores.



Group operating profit increased by 1 765.2% to R14.1 million (2017: R0.8 million).

Operating profit

Group operating profit increased by 1 765.2% to R14.1 million (2017: R0.8 million). Group operating profit includes retail segment profit of R8.2 million (2017: R1.9 million loss), property segment profit of R10.0 million (2017: R8.0 million) and a group services operating loss of R4.1 million (2017: R5.3 million).

Finance income

Interest received during the year increased to R4.6 million (2017: R4.4 million) due to improved cash balances.

STATEMENT OF FINANCIAL POSITION

Equity and reserves

The group's capital and reserves increased by R13.0 million to R272.5 million (2017: R259.5 million).

Inventory

Inventory increased to R92.1 million during the year (2017: R77.8 million). This increase was driven by new stores as well as the introduction of new categories and brands during the year.

Cash on hand/cash utilisation

The group generated positive cash flows from operations amounting to R37.3 million compared to R8.1 million in 2017. The increase was mainly due to improved turnover and containment of costs. Cash balances at year-end increased to R69.0 million (2017: R58.1 million).

Investment in capital expenditure of R26.4 million was incurred of which R22.7 million related to the retail segment. The retail segment capital expenditure related to the refurbishment of stores, new stores, new IT hardware and software.

SHAREHOLDER DISTRIBUTION

The directors have not proposed a dividend in respect of the 2018 financial year.

FINANCIAL RISK MANAGEMENT

The group is exposed to a range of financial risks through its business activities, including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The group's exposure to these risks and the policies managing the risks are detailed in the annual financial statements.

LOOKING AHEAD – 2019

Retail segment

The retail strategy includes that of right-sizing stores, and expanding and customising product offerings across the business. The implementation of the retail strategy appears to be bearing fruit. Turnover in the first quarter has exceeded management's expectations and is expected to continue in this manner for the remainder of the financial year. Lay-by as a method of payment has been successfully introduced during the 2018 financial year, contributing approximately 2.9% to total turnover, and is expected to make an even larger contribution to turnover in 2019. As the retail market evolves, increased focus and attention is being paid to e-commerce and digital platforms which management hopes to enter into in the short-to-medium term. For further insights into the strategic initiatives, please refer to the strategic objectives set out in this integrated annual report.

Property segment

The group holds three investment properties located in Salt River and one owner-occupied property in Wynberg acting as the distribution centre for the group's retail operations. All properties are located in Cape Town. One of the undeveloped properties (the old Rex Trueform Factory Complex situated at 344 Victoria Road, Salt River) has heritage significance which will limit any future

development opportunities. Management is nevertheless continually but cautiously assessing development opportunities for all undeveloped properties with the aim of maximising returns and expanding the property segment organically or by acquisition in the medium to long-term.

Other investments

In line with the group's strategy of diversification, the group has recently entered into an agreement to acquire, through a wholly-owned subsidiary, a stake in a water concession business. Details hereof were published by the company on SENS on 28 September 2018. The company will continue to seek opportunities which could contribute to the further diversification of its investments.

APPRECIATION

I would like to thank our shareholders for their continued investment. We are committed to increasing shareholder value and diversifying the group. I would like to thank all employees who are driving value creation and implementing our vision into the future, and the board for their continued support, guidance and faith in the management team. Lastly, thank you to all customers, tenants, suppliers, service providers and other stakeholders for their continued support.



Damien Franklin
Financial director

26 October 2018

HUMAN CAPITAL AND REMUNERATION REPORT

BACKGROUND STATEMENT

The group recognises that employees play an essential role in its operations.

Accordingly the training, development and motivation of staff at all levels, together with management's responsibility for their health and safety in the workplace, continue to receive a high level of attention. Group employees are, in the main, employed in the subsidiary companies and therefore this report includes matters relating to the group employees.

In the financial year under review ordinary and "N" ordinary shareholders, exercising 100% of the voting rights exercised, approved the company's remuneration policy – with no issues being raised by any such shareholders in this regard.

All employees in the group are employed by Queenspark, save for the financial director of Rex Trueform, who is employed directly by the company. Accordingly, the board of directors of Queenspark deals directly with most of the matters relating to the remuneration of employees. The remuneration committee of the company ensures that the company's executive financial director and non-executive directors are fairly rewarded for their individual contributions to the company's overall performance. The remuneration committee of the company met three times during the year under review and approved the remuneration payable to the executive financial director of the company and the proposed fees payable to non-executive directors of the company.

No remuneration consultants were utilised by the group during the year under review.

The remuneration committee is of the view that the remuneration policy has achieved its stated objectives. Future areas of focus of the remuneration committee and the board of directors of Queenspark will include the remuneration payable to both directors and senior management.

REMUNERATION POLICY

The group's policy is to remunerate executives and employees fairly in relation to the market and the nature of the services they provide.

The group's intention is to ensure the promotion of a performance-based culture across the business to ensure that the group meets its operational, financial and strategic objectives within the group's risk appetite, the promotion of positive outcomes and to furthermore promote an ethical culture and responsible corporate citizenship.

The group looks to attract, motivate, reward and retain talented employees and remuneration therefore needs to be competitive owing to the portability of skills. Market information is sourced from industry-specific and generic remuneration surveys obtained on a regular basis. Remuneration packages are determined by considering market benchmarks, the company's financial performance, the importance of a particular position relative to the group's business, the required skill set, job-specific experience and the performance and contribution of individual incumbents.

EMPLOYEE REMUNERATION

Group remuneration packages for the majority of permanent employees comprise a mix of the following: a base salary, job-specific allowances, performance-linked incentives, bonuses and retirement funding. Another benefit is a discount on certain in-store purchases.

Group remuneration levels are reviewed annually.

Annual increases are (to the extent applicable) implemented in July each year per the annual salary review process.

Retail store operational employees participate in the Queenspark store incentive scheme, which rewards those employees on a quarterly basis for meeting predetermined financial performance criteria, including sales and profitability targets.

Group employees are required to join the Alexander Forbes Retirement Umbrella Fund ("the retirement fund") in which the group participates in accordance with the rules of the retirement fund. The retirement fund includes both a pension and a provident scheme. Risk benefits such as death, disability and funeral cover are provided through membership of the retirement fund. The chairman of the board has been appointed as the chairman of the retirement fund.

EXECUTIVE REMUNERATION

The remuneration of the group's executive directors is set out below and in the notes to the annual financial statements. Group executive remuneration

packages include a mix of the following: a base salary, incentive and retirement funding. The CEO's service contract is for an aggregate period of three years and is subject to a three-month notice period (from the CEO) and the CEO is entitled, under certain circumstances, to the payment of the balance of the remuneration package, together with any and all leave pay due to her. These circumstances do not include the lawful termination of her service contract.

Executive directors do not receive remuneration in the form of directors' fees in respect of meetings attended. Certain key members of executive management may participate in the group share option scheme which is detailed in the notes to the annual financial statements. Further to the directors' shareholding detailed in the directors' report, DS Johnson, who resigned with effect from 31 March 2018, held 52 216 Rex Trueform "N" ordinary shares during the year under review. An updated share incentive scheme has been proposed to shareholders for approval at the upcoming annual general meeting, further details of which are contained in the notice of the annual general meeting which is attached to this integrated annual report.

KEY MANAGEMENT PERSONNEL

Key management personnel are those that have authority and responsibility for planning, directing

and controlling the activities of the group. The company has determined that it has no prescribed officers, or key management personnel, other than its directors. The remuneration in respect of the current year accordingly only reflects remuneration paid to directors.

EMPLOYEE EQUITY

The group remains fully committed to fostering an organisational environment which supports the principles of employment equity, and shaping the advancement of each employee regardless of race, gender, disability, religion, sexual orientation or political persuasion. Employment equity is accordingly a business priority to ensure an integrated and diverse workplace that is truly representative of the demographics of South Africa. In this regard the group provides equal opportunities, has a strong culture of internal promotion and upliftment of its employees and continues in its endeavours to attract, appoint and nurture the growth of all employees at all levels, in an endeavour to ensure a sustainable, competitive advantage both currently and in the future.

SKILLS DEVELOPMENT

Close attention is paid by management and employee representatives to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's National Skills Development

Strategy. In terms of the Skills Development Act, incentives are offered to group employers who systematically train and develop their personnel.

Employees play a key role in the success of the operations of the group. Accordingly the training, development and motivation of personnel at all levels continues to receive high priority. Training programmes are continually provided at various levels within the group.

OCCUPATIONAL HEALTH AND SAFETY

The group is committed to ensuring a safe and healthy working environment for all its employees.

VOTING ON THE REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

The remuneration policy and the remuneration implementation report will be tabled for separate non-binding advisory votes by shareholders at the company's annual general meeting. In the event that either the remuneration policy or the remuneration implementation report, or both, has/have been voted against by 25% or more of the voting rights exercised then the company, in good faith and with best reasonable effort, will engage with dissenting shareholders to ascertain the reasons for the dissenting votes in an endeavour to appropriately address legitimate and reasonable objections and concerns raised.

HUMAN CAPITAL AND REMUNERATION REPORT continued

REMUNERATION IMPLEMENTATION REPORT

The total group remuneration of executive and non-executive directors is as follows:

	Directors' fees R'000	Fees for other services R'000 ⁺⁺	Basic salary R'000	Per- formance- related payments R'000	Value of other benefits R'000 ⁺⁺⁺	Retire- ment fund contri- butions R'000	Total 2018 R'000	Total 2017 R'000
Executive directors								
DS Johnson*	–	–	1 337	2	258	78	1 675	2 003
CEA Radowsky	–	–	2 812	2	76	165	3 055	3 162
D Franklin**	–	–	163	85	2	5	255	–
	–	–	4 312	89	336	248	4 985	5 165
Non-executive directors								
MA Golding	347	36	–	–	–	–	383	337
PM Naylor	214	114	–	–	–	–	328	627
HB Roberts***	70	37	–	–	–	–	107	–
LK Sebatane***	70	16	–	–	–	–	86	–
MR Molosiwa***	70	–	–	–	–	–	70	–
ML Krawitz ⁺	255	46	–	–	–	–	301	1 201
RV Orlin ⁺	84	16	–	–	–	–	100	502
HJ Borkum ⁺	84	37	–	–	–	–	121	587
	1 194	302	–	–	–	–	1 496	3 254
Total	1 194	302	4 312	89	336	248	6 481	8 419

* Resigned with effect from 31 March 2018.

** Appointed with effect from 25 May 2018.

*** Elected by shareholders on 17 November 2017.

⁺ Retired with effect from 30 September 2017.

⁺⁺ These fees are fees rendered in respect of the audit, risk and social and ethics committees and the chairmanship of the retirement fund.

⁺⁺⁺ Other benefits include insurance policies paid on behalf of the directors.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors are paid a base fee for their services as directors. Fees are based on an assessment of, amongst other things, the non-executive directors' time commitment and increased regulatory and governance obligations. Fees paid to the non-executive directors for the 2018 reporting period are noted above and are also outlined in the notes to the annual financial statements.

The remuneration of non-executive directors is reviewed annually by the remuneration committee and recommended to shareholders for approval at the relevant annual general meeting.

The following fees for the period 1 October 2017 to 30 June 2018 (being a pro-rata portion of the proposed annual fee) and a fee for the period 1 July 2018 to 30 June 2019 were approved by way of a special resolution at the previous annual general meeting. The fees for the period 1 July 2018 to 30 June 2020 (or until renewal, whichever is earliest) as set out below have been proposed and will be submitted to shareholders for approval as per the notice of annual general meeting. In this regard it is noted that no increase to the fees payable to non-executive directors has been proposed.

Value added tax inclusive fees for services rendered to Rex Trueform as non-executive directors	Financial years		
	Proposed 2020 R	Approved 2019 R	Approved 2018 R
Chairman of the board	350 000	350 000	350 000
Lead independent director	160 000	160 000	160 000
Director	140 000	140 000	140 000
Chairman of the audit committee	42 000	42 000	42 000
Member of the audit committee	32 000	32 000	32 000
Member of the risk committee	42 000	42 000	42 000
Chairman of the social and ethics committee	32 000	32 000	32 000
Member of the social and ethics committee	26 000	26 000	26 000
Chairman of the retirement fund	48 000	48 000	48 000



Geomer Investments (a level 1 B-BBEE-rated company) has assumed control of the group (via its holding company, African and Overseas Enterprises). This, combined with the significant transformation of the diversity of the board of directors of Rex Trueform, is indicative of the inroads being made by and within the group in the area of economic transformation.



CORPORATE CITIZENSHIP REPORT

CORPORATE RESPONSIBILITY

The group acknowledges its obligation to be, and to be seen to be, a responsible corporate citizen, including by way of complying with the Constitution of the Republic of South Africa (including the Bill of Rights), all applicable laws, leading standards (where application thereof is reasonably and commercially practicable), and adherence to its own codes of conduct and policies.

The terms of reference of the group's social and ethics committee were amended during the 2018 financial year to include assisting the group in the implementation of the applicable recommended practices in terms of King IV relating to, amongst other things, responsible corporate citizenship (subject at all times to the proportionality considerations particular to the group). As such, this report should be read in conjunction with the social and ethics committee report.

Having regard to, amongst other things, the group's small size and limited resources, measures and targets against which performance in the abovementioned areas could be monitored have not been agreed to with management. This will be reconsidered on an ongoing basis.

ECONOMY

As noted by the chairman in his report, Geomer Investments (a level 1 B-BBEE-rated company) has assumed control of the group (via its holding company, African and Overseas Enterprises). This, combined with the significant transformation of the diversity of the board of directors of Rex Trueform, is indicative of the inroads being made by and within the group in the area of economic transformation. Furthermore, the company has made contributions to a deserving previously disadvantaged supplier and a local previously disadvantaged clothing design and manufacturing concern (the operations of which include the empowerment of home-based CMT operations in the Cape Flats), and has contributed meaningfully to the tertiary education costs of a deserving previously disadvantaged university student who was unable to fund these himself.

In line with good practice, there is an ongoing focus on ethics within the workplace and employees are encouraged to act in terms of the group's vision and values. The group is furthermore committed to detecting and responding to (and indeed preventing) fraud and corruption, including by way of the use of its group code of ethics, ethics hotline and a supplier code of ethics, and has commenced with the rolling out of refresher training programmes in relation to the group code of ethics.

ENVIRONMENT

The group acknowledges that its operations have an impact on the natural environment, both directly through electricity, fuel and materials consumed in its operations and indirectly through impacts associated with the production, use and end-of-life disposal of the products it sells.

The impacts of initiatives have not been measured and we therefore provide only a general narrative on some of the key areas in respect of which positive steps have been taken by the group.

Suppliers

Suppliers are required, in terms of the group's supplier code of ethics, to implement and maintain environmental practices and policies that ensure that their operations are conducted in an environmentally friendly, sustainable and responsible manner. In so doing, suppliers are obligated to comply with applicable environmental standards, laws and regulations.

Electricity and water

The group is a user of electricity and water throughout its operations. The group has taken the following steps in an attempt to better manage its electricity and water consumption:

Rex Trueform Office Park

Various water and energy-saving measures have been instituted, including:

- movement sensors (where practical) which modify lighting requirements in an endeavour

to ensure that electricity is not utilised unnecessarily;

- energy-saving light fittings and bulbs have been installed, where practical;
- bathroom washbasin sensors have been installed to regulate the water consumption in an endeavour to ensure that water is not utilised unnecessarily;
- tenants are encouraged to use the company's central recycling facility with the provision of bins at a centralised point to sort paper, plastic bottles, heavy paper and cardboard, which are uplifted for recycling purposes; and
- investigation of the use of alternative water sources.

"Green" store design initiatives

When designing and building new stores, the group continues to implement a number of "green" environmentally friendly initiatives relating to lighting, paint, shop-fitting, flooring and signage. In this respect we take guidance from consultants who consider local and international practices.

Fuel

The main area of fuel consumption relates to freight services provided by third parties. Fuel management in respect thereof is the responsibility of the service provider.

Recycling and disposal of waste

The major forms of waste in the business are paper, cardboard and plastic packing materials. Procedures

relating to recycling or disposal have been instituted as follows:

- clothing hangers are sorted and cleaned by an outside agency before being returned to the merchandise distribution centre for reuse;
- cardboard cartons are reused until they are deemed unusable;
- cardboard and paper waste is mostly sold to recycling agencies;
- wastage at retail stores has, where practical, been contained to a minimum and is managed by shopping centre disposal processes;
- plastic bags issued at retail stores are durable and reusable; and
- a waste recycle programme has been implemented in respect of the Rex Trueform Office Park.

Printing of documents

Where practical, the group continues to endeavour to file documents electronically as opposed to retaining printed copies. The group will continue to investigate measures that may result in the reduction of printed documents.

SOCIAL

Please refer to the social and ethics committee report for further details regarding social responsibility.

WORKPLACE

Please refer to the human capital and remuneration report for further details regarding the group's corporate responsibility in the workplace area.



CORPORATE GOVERNANCE REPORT

STATEMENT OF COMMITMENT

The board subscribes to the principles of corporate governance as set out in King IV, as read with the Companies Act and the Listings Requirements of the JSE Limited (“Listings Requirements”), recognising that the principles, which are basic and fundamental to good governance, are aspirations and ideals that the company should strive for in its journey towards good governance and realising the governance outcomes. The directors accordingly recognise the need to conduct the business of the company with integrity and responsibility, and are committed to the application of high ethical standards in the conduct of the business.

IMPLEMENTATION OF KING IV

During the year under review the company commenced with the implementation of King IV through the application of the King IV disclosure and application regime. The company is, however, continually engaged in reassessing its compliance with the principles of corporate governance as set out in King IV, including the recommended practices through which this could be achieved. The company is working towards improving compliance where it is deemed appropriate, recognising at all times that the practices as recommended in King IV are positioned at the level of leading practices, and may therefore not all be suitable and appropriate for the company to achieve the principles and realise the intended governance outcomes and, further, that such practices are meant to be scaled proportionally in accordance with the small turnover and relatively small size of the group’s workforce, its limited resources, and the nature and extent of the activities undertaken by the company.

The board is of the opinion that, during the year under review, the company was substantially compliant with those recommended practices of King IV that are material to the effective corporate governance of the company, having regards at all times to the proportionality considerations detailed above.

This report is intended to assist stakeholders in assessing and understanding the company’s approach to corporate governance and compliance with King IV. The company’s full King IV application register is available on the company’s website at www.rextrueform.com.

LEADERSHIP

The board recognises its obligation to lead ethically and effectively. The board acts at all times in accordance with the standards of conduct required of it in terms of the Companies Act, has a fiduciary duty to, amongst other things, act in good faith and in a manner that the directors reasonably believe to be in the best interests of the company and does so in accordance therewith. The board exercises objective judgement on the affairs of the company independently from management.



The board recognises its obligation to lead ethically and effectively.

The board has furthermore assumed responsibility for setting the direction of the company through the establishment of strategic objectives and policies, has taken overall accountability for the company, and retains full and effective control of the company. In this regard the board considers and approves the company's strategy after taking into account financial and non-financial matters – including risks and opportunities. Risks are continuously assessed by the board (through its risk committee) and the board apprised thereof. Please note the further provisions of this corporate governance report and the risk committee report in this regard.

Board members have a working knowledge of the organisation; are kept apprised of the industry(ies) within which the group operates and consider the economic, social and environmental environment within which the company operates. The board has appointed a social and ethics committee to consider, amongst other things, matters such as these. Feedback in respect thereof is noted in the corporate citizenship report, as read with the social and ethics committee report.

The company has formal disclosure processes in relation to the disclosure of the interests of directors and conflicts of interest. All board members are required to report any conflicts of interest that may arise in the course of their duties. At the beginning of each meeting of the board and its committees, all members are required to declare whether any of them have any conflict of interest in respect of a matter on the agenda. Conflicts (if any) would be proactively managed, as determined by the board and subject to legal provisions.

The board furthermore understands that it has a duty to take the necessary steps to ensure the identification of key laws, rules, codes and standards

applicable to the group. A standing agenda item in respect of all board meetings deals with material changes in laws and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.

The board meets at least four times a year, with various committees of the board meeting at additional times during the year. The chairpersons of the various committees report back to the board on the matters dealt with at the committee meetings as a standing board meeting agenda item. Please note the table below for details regarding the attendance of board and committee members at meetings held during the year under review.

Directors are held to account for ethical and effective leadership by way of being subject to the board charter and a code of ethics, and performance evaluations of the board and its members are conducted in the manner required in terms of King IV. Furthermore, the performance of each board member would be taken into account by the nomination committee when nominating such member for re-election by shareholders at the relevant annual general meeting.

ORGANISATIONAL ETHICS

The board recognises its obligation to govern the ethics of the company in a way that supports the establishment of an ethical culture, including by way of setting the values to which the company adheres and taking active steps to ensure that the applicable ethical standards are integrated into the business operations.

This has been achieved, amongst other things, through the appointment of a social and ethics committee to, amongst other things, monitor the ethical nature of the board and the company's actions, the general conduct of the business of the company (and indeed the group) in a responsible and ethical manner, the issuing of various codes of

conduct – such as the dissemination of the group code of ethics to employees and board members and a supplier code of ethics to suppliers, with all relevant codes of conduct and policies being incorporated by reference into group employment contracts and into certain (newer) supplier contracts. Employees are furnished with all applicable codes of conduct (including the code of ethics) on their induction into the group and, as noted in the corporate citizenship report, a refresher training programme has been embarked upon for all group employees in relation to the group code of ethics, including the usage of the ethics (whistle-blowing) hotline in terms whereof direct contact can be made by any employee with the chairman of the audit committee to report violations of the code of ethics anonymously. Any incidents reported to the hotline are investigated. The code of ethics and all applicable policies are available on the group's intranet, which is accessible to all employees. Various members of the executive management of the group are responsible for the implementation and execution of the group's codes of conduct and ethics policies in relation to the employees who report to them. Sanctions and remedies are in place for breaches of the group's ethical standards by employees and by various suppliers, including the institution of disciplinary proceedings in the case of employees and termination of the relationship in the case of suppliers.

During the reporting period, key areas of focus included the commencement of the implementation of the relevant recommended practices of King IV in relation to the abovementioned principle, having regard at all times to the proportionality considerations detailed above, and the continued dissemination of the group's ethical values to both employees and suppliers. Planned areas of focus include the continued implementation

CORPORATE GOVERNANCE REPORT continued

of the aforementioned refresher training programme to employees within the group, the continued roll-out of the supplier code of ethics to suppliers and reliance on the increased monitoring functions of the social and ethics committee in this regard.

RESPONSIBLE CORPORATE CITIZENSHIP

The board recognises its responsibility to ensure that the company is and is seen to be a responsible corporate citizen. Please note the corporate citizenship report for further details in this regard.

Planned areas of focus include the expansion of the company's enterprise, supplier development and socio-economic development contributions – specifically philanthropic support in education – and monitoring as to how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the areas of the workplace, the economy, society and the environment.

STRATEGY AND PERFORMANCE

The board appreciates that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

The board of each company within the group is responsible for setting the direction of such company through the establishment of strategic objectives and policies, and takes overall accountability for each such company by taking responsibility for its management.

As noted above, the board considers and approves the company's strategy after taking into account financial and non-financial matters

– including risks and opportunities. Further, the strategies of the various companies in the group are formulated and developed by management and are thereafter interrogated and challenged by the applicable board prior to their approval thereof, including as to the timelines and parameters referred to therein. The board of each group company continues to oversee the implementation of the agreed strategy, including by way of board meetings and the receipt of information from management (including daily and monthly financial reporting).

Authority and responsibility has been delegated by each respective board to the CEO and management for the implementation of the agreed strategies and the ongoing management of the group's business.

REPORTING

The board recognises its responsibility to ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects.

The board (duly assisted by the relevant committees) assumes responsibility for the company's reporting and furthermore acknowledges its ultimate responsibility for the integrity of the integrated annual report as a whole. The board approves all external reports of the company, including in an endeavour to ensure that these meet the legitimate and reasonable needs of material stakeholders, and has reviewed the integrated annual report and annual financial statements prior to the publication thereof and approved these for release. While the annual financial statements are assured by the external auditor, the integrated

annual report (other than the financial statements contained herein) is not externally assured.

The integrated annual report focuses on issues which the board and management believe are material to stakeholders and could significantly affect the group's ability to create value. The board is satisfied that the integrated annual report for the 2018 financial year will enable stakeholders to obtain insight into the operations of the group's business, business strategy, and the financial and sustainability performance of the group.

PRIMARY ROLES AND RESPONSIBILITIES OF THE BOARD

The board recognises its obligation to serve as the focal point and custodian of corporate governance in the company, and exercises its leadership role by, amongst other things, steering the organisation and setting its strategic direction, approving policy and planning that give effect to the direction provided, overseeing and monitoring of implementation and execution by management, and ensuring accountability for organisational performance by means of, amongst other things, reporting and disclosure.

The board's role, responsibilities, membership requirements and procedural conduct are documented in a board charter, which it regularly reviews to guide its effective functioning. The board is satisfied that it has fulfilled its responsibilities in accordance with the board charter for the period under review.

Board members are entitled to and have access to all relevant company information and management to assist them in the discharge of their duties and responsibilities, and in order for them to take informed decisions.

Board meetings

The board meets at least quarterly to consider performance, to monitor issues of strategic direction and to consider any other issues having a material effect on the company. Certain executives may attend board meetings by invitation, specifically where their contribution is required in order to assist the board in its deliberations.

A formal agenda is prepared for each board meeting and comprehensive board packs containing the information required in order to enable directors to make informed decisions are forwarded to directors and invitees prior to board meetings.

The number of board meetings and meetings of the risk, audit, social and ethics, remuneration and nomination committees held during the financial year ended 30 June 2018, and attendance by board members and the company secretary at those meetings, was as follows:

	Board	Risk committee	Audit committee	Social and ethics committee	Remuneration committee	Nomination committee
Number of meetings	5	2	3	2	3	3
Non-executive directors						
MA Golding	4	–	3 ⁺	1	1 ⁺ ; 2	1 ⁺ ; 2
PM Naylor	5	1	3	2	2 ⁺ ; 1	3
LK Sebatane*	2	–	1	–	1	1
HB Roberts*	2	1	2	–	2 ⁺	2 ⁺
MR Molosiwa*	2	–	2 ⁺	–	2	2
ML Krawitz**	2	1	1 ⁺	–	1	1
RV Orlin**	1	–	–	–	–	–
HJ Borkum**	2	1	1	–	–	–
Executive directors						
CEA Radowsky	5	2	3 ⁺	1	2 ⁺	2 ⁺
D Franklin***	1	–	–	–	–	–
DS Johnson ⁺⁺	4	2	2 ⁺	1	–	–
Company secretary	5 ⁺	2 ⁺	3 ⁺	2 ⁺	3 ⁺	3 ⁺

Various group executives attend meetings by invitation. Please note the further provisions of this corporate governance report for details of the resignations from, and appointments to, the above committees.

* Elected by shareholders as a director of the company at the annual general meeting of the company held on 17 November 2017.

** Retired as a director of the company with effect from 30 September 2017.

*** Appointed by the board as financial director of the company on 25 May 2018.

+ By invitation.

⁺⁺ Resigned as the financial director of the company with effect from 31 March 2018.

CORPORATE GOVERNANCE REPORT continued

COMPOSITION OF THE BOARD

Composition

The company has a unitary board structure which consisted during the year under review (subject to what is stated below) of five non-executive directors, four of whom are independent, and two executive directors.

Executive directors are involved in the day-to-day management of the company as opposed to the non-executive directors who are chosen for their knowledge, skills and experience and bring an independent view to bear on key issues.

As noted further in this integrated annual report, there were various changes to the board during the reporting period, which changes, amongst other things, aided the board in attaining the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

The company's non-executive directors are subject to retirement by rotation and re-election in terms of the company's Memorandum of Incorporation.

A policy on the promotion of gender diversity at board level was approved by the board during the 2017 financial year. This policy was updated during the period under review to incorporate a policy on the promotion of racial diversity at board level. When recommending persons for appointment to the board, the nomination committee has considered and applied this policy. The board has determined that, at this stage and given the current level of diversity enjoyed by the board, no voluntary targets in relation to the gender or racial diversity of the board will be set. The board will

consider this on an annual basis when reviewing the policy.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Chairman

The chairman, MA Golding, is responsible for, amongst other things, leading the board in the objective and effective discharge of its governance role and responsibilities and for representing the board to shareholders.

The chairman is a non-executive director and is elected by the board. As the non-executive chairman is not independent, PM Naylor, an independent non-executive director, has been appointed as lead independent director.

Nomination, election and appointment of members to the board

Prior to nominating a candidate for election, the nomination committee considers, amongst other things, the collective knowledge, skills and experience required by the board, the diversity of the board and whether the candidate meets the appropriate fit and proper criteria.

Independence and conflicts

The board annually assesses the independence of the independent non-executive directors and has ascertained that PM Naylor, LK Sebatane, HB Roberts and MR Molosiwa all satisfy the criteria for independence. PM Naylor has served on the board as an independent non-executive director for longer than nine years. Upon assessment, the board has concluded that PM Naylor exercises objective judgement and there is

no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in PM Naylor's decision-making.

COMMITTEES OF THE BOARD

The board has ensured that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties, by way of the appointment of audit, risk, social and ethics, remuneration and nomination committees.

Audit committee

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	11/02/2006
LK Sebatane	BCom (Law), LLB	17/11/2017
HB Roberts	BCom, BSc, FIA, ASA, FASSA	17/11/2017

The audit committee is chaired by PM Naylor, the lead independent non-executive director of the company. During the year under review the audit committee also consisted of HJ Borkum and RV Orlin (who were both independent non-executive directors); provided that during the course of such year HJ Borkum and RV Orlin retired from the board and the audit committee and were replaced on the audit committee by LK Sebatane and HB Roberts, who are independent non-executive directors.

The audit committee meets at least twice a year, specifically prior to the publication of the company's and group's interim and final results. These meetings are attended by the external auditors, the internal auditor, the chairman of the board and, where appropriate, executive directors and the financial manager of the group by invitation. The audit

committee is governed by formal terms of reference which set out, amongst other things, the role and responsibilities of the audit committee and its processes and procedures. During the year under review the audit committee confirmed that it was of the view that the previous financial director, DS Johnson, possessed the appropriate expertise and experience to fulfil his responsibilities in that position. Please note the audit committee report further in this regard.

The board is of the view that the current audit committee members possess the skills, knowledge, capacity and experience necessary for them to carry out their duties and responsibilities.

Further details regarding the functioning of the audit committee, including its role and responsibilities, and key areas of focus during the period under review, are set out in this corporate governance report, as read with the audit committee report which is included in this integrated annual report.

Remuneration committee

Name	Qualification	Date of first appointment
MR Molosiwa	BArch	29/01/2018
LK Sebatane	BCom (Law), LLB	29/01/2018
MA Golding	BA (Hons)	29/01/2018

During the year under review the remuneration committee consisted of ML Krawitz, PM Naylor (who chaired the remuneration committee) and RV Orlin; provided that during the course of such year ML Krawitz and RV Orlin retired from the board and the remuneration committee and PM Naylor resigned from the remuneration committee, and were replaced by LK Sebatane and MR Molosiwa,

who are independent non-executive directors, and MA Golding, who is a non-executive director. MR Molosiwa was furthermore appointed as the chairman of the remuneration committee.

The role of the remuneration committee is to:

- ensure that the company's directors and senior executives (if any) are, to the extent applicable, fairly, responsibly and transparently rewarded for their individual contributions to the company's overall performance;
- demonstrate to all stakeholders that the remuneration of senior executives (if any) is set by a committee of board members who have no personal interest in the outcome of their decisions and give due regard to the interest of the shareholders of the company, and to the financial and commercial health of the company, in setting such remuneration;
- approve the company's remuneration policy and report (including the remuneration implementation report) from time to time; and
- play an active role in succession planning activities, particularly in regard to the CEO and senior executives (if any).

Directors' remuneration and their interest in shares and share options (to the extent applicable) have been audited by KPMG Inc., and can be found in the notes to the annual financial statements. Further information regarding the directors' remuneration is provided in the human capital and remuneration report.

During the reporting period the committee's key areas of focus included the approval of the

remuneration to be payable to the executive financial director and the proposal of the remuneration to be paid by the company to its non-executive directors. Further details regarding the functioning of the remuneration committee are set out in this corporate governance report.

The remuneration committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Nomination committee

Name	Qualification	Date of first appointment
MA Golding	BA (Hons)	29/01/2018
PM Naylor	BSc (Eng)	01/07/2006
MR Molosiwa	BArch	29/01/2018
LK Sebatane	BCom (Law), LLB	29/01/2018

During the year under review the nomination committee consisted of ML Krawitz (who chaired the committee), PM Naylor and RV Orlin; provided that during the course of such year ML Krawitz and RV Orlin retired from the board and the nomination committee, and were replaced by LK Sebatane and MR Molosiwa, who are independent non-executive directors, and MA Golding, who is a non-executive director and was appointed as the chairman of the nomination committee.

The role of the nomination committee is to assist the board to ensure that:

- the board has an appropriate composition for it to execute its duties effectively;
- directors are nominated, elected and/or appointed through a formal process;
- induction and ongoing training and development of directors take place;

CORPORATE GOVERNANCE REPORT continued

- formal succession plans for the board, the CEO and senior management appointments (if any) are in place; and
- the performance of the board, its chairperson and the CEO is evaluated in the manner contemplated in the company's board charter.

During the reporting period the nomination committee's key areas of focus included the nomination and recommendation of new directors for appointment or election (as the case may be) to the board (including the executive financial director). Further details regarding the functioning of the nomination committee are set out in this corporate governance report.

The nomination committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Risk committee

Name	Qualification	Date of first appointment
HB Roberts	BCom, BSc, FIA, ASA, FASSA	30/01/2018
PM Naylor	BSc (Eng)	30/01/2018
CEA Radowsky	BA	15/01/2015

The board is responsible for the governance of risk and is assisted by both the audit committee and a risk committee, who has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The risk committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management.

During the year under review the risk committee consisted of DS Johnson

(who chaired the risk committee), CEA Radowsky and HJ Borkum; provided that during the course of such year DS Johnson resigned as a director of the company and from the risk committee, and HJ Borkum retired from the board and the risk committee, and were replaced by HB Roberts and PM Naylor, who are both independent non-executive directors, with HB Roberts being appointed as the chairman of the risk committee.

The role of the risk committee is to assist the board to ensure that:

- the company has implemented an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives; and
- the disclosure regarding risk is comprehensive, timely and relevant.

Further details regarding the functioning of the risk committee, including its key areas of focus during the period under review, are set out in this corporate governance report, as read with the risk committee report.

Social and ethics committee

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	14/11/2013
MA Golding	BA (Hons)	07/06/2018
CEA Radowsky	BA	14/11/2013

During the year under review the social and ethics committee consisted of an independent non-executive director (PM Naylor) who is the chairman of the committee and two executive directors (DS Johnson and CEA Radowsky); provided that during the course of such year DS Johnson resigned as a director of the company and from the

committee and was replaced on the committee by MA Golding, who is a non-executive director.

Certain meetings of the social and ethics committee were attended by the human resources executive, sourcing executive, distribution and property executive, internal auditor, senior production manager (marketing department) and/or operations manager by invitation.

Further details regarding the functioning of the social and ethics committee, including its role and responsibilities, and key areas of focus during the period under review, are set out in this corporate governance report, as read with the social and ethics committee report.

EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY

The board recognises its responsibility to ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

During the period under review the board evaluated its own performance and that of its committees, its chair and its individual members on an informal basis (including given that the majority of the members of the board and its committees had been recently elected or appointed, as the case may be, and accordingly had performed their duties for only a portion of the period under review) and concluded that it was satisfied with such performance – including that the evaluation process is improving the board's performance and effectiveness. It is anticipated that the process of evaluation of board members and committees will continue to be improved upon over time. The performance evaluations were not externally facilitated.

APPOINTMENT AND DELEGATION TO MANAGEMENT

CEO appointment and role

The CEO, CEA Radowsky, is responsible for leading the implementation and execution of approved strategy, policy and operational planning, and serves as the chief link between management and the board. The CEO is furthermore responsible for ensuring that the day-to-day business affairs of the company are properly managed.

The roles of chairman, CEO, financial director and the remaining non-executive directors are separated, there being a clear division of responsibilities at board level, as informed by the Memorandum of Incorporation of the company, together with the company's board charter, in order to ensure that no one director has unfettered powers of decision-making.

A formal succession plan for the CEO, and for group executive management and other key positions, is in place to provide continuity of executive leadership. Group succession plans are reviewed on an annual basis, and provide for both succession in emergency situations and succession over the longer term. The CEO does not hold any outside directorships. Further required disclosure in relation to the CEO is set out in the human capital and remuneration report.

Delegation

The board has delegated certain of its powers to its committees and other powers have been delegated (including via the CEO) to the group's executive and other management. The board charter distinguishes between those matters that are reserved for decision by the board and those that may be delegated to management, and the various committees' terms of reference set out the delegation by the board of its powers to such

committees. Delegation by the board of its powers does not mitigate or dissipate the responsibility of the board to discharge its duties and responsibilities. The board is satisfied that the delegation of authority framework within the company contributes to role clarity and the effective exercise of authority and responsibilities.

Professional corporate governance services to the board

The board has ensured that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to co-ordinate the functioning of the board and its committees, by way of the appointment of a company secretary, whose responsibilities include:

- providing the directors of the company with guidance as to their duties, responsibilities and powers; and
- providing a central source of guidance and advice to the board, and within the company, on matters of good governance and changes in legislation.

The company secretary is not a director of the company and has no relationship with the board that interferes with his maintenance of an arm's length relationship with the board. The company secretary attends all board and committee meetings by invitation, including in order to maintain a record of such meetings.

The board considers and satisfies itself on an annual basis as to the performance, competence, qualifications and experience of the company secretary and is satisfied that during the year under review the company secretary, given his performance, competence, qualifications and experience, discharged his duties effectively

and appropriately, and maintained an arm's length relationship with the board.

All directors have unlimited and unfettered access to the advice and services of the company secretary. The board believes that the arrangements in place for accessing professional corporate governance services are effective.

RISK GOVERNANCE

The board recognises its responsibility to govern risk in a way that supports the company in setting and achieving its strategic objectives, and is committed to a process of risk management that is aligned to the principles of good corporate governance as encompassed in King IV.

Risk management assists the group in achieving its objectives by establishing a formal, structured approach of identifying, prioritising and managing risks within each group entity, with the aim of ensuring both the short-term and long-term sustainability of the group. The risk management vision of the group is the effective and efficient management of risk, enabling each entity to fulfil its mandate, the service delivery expectations of the stakeholders and the performance expectations within the entity itself.

Risk management is recognised as an integral part of responsible management and the group therefore adopts a comprehensive approach to the management of risk. Management ensures that each entity has an effective ongoing risk assessment process, consisting of risk identification, prioritisation and evaluation. Risks are prioritised in terms of their impact and likelihood. At least once a year a facilitated and formal process is undertaken to update a documented risk register across each entity. The CEO, with the assistance of the

CORPORATE GOVERNANCE REPORT continued

financial director, is responsible for managing and facilitating the risk management process.

Further salient details regarding the arrangements for governing and managing risk, key areas of focus during the reporting period, including the key risks that the organisation faces, actions taken to monitor the effectiveness of risk management and how the outcomes were addressed, and planned areas of future focus are set out in the risk committee report.

TECHNOLOGY AND INFORMATION GOVERNANCE

The board recognises its responsibility to govern technology and information in a way that supports the group in setting and achieving its strategic objectives.

In order to manage the group's resources more effectively the company receives certain IT-related services from its subsidiary, Queenspark. The company therefore does not have its own IT infrastructure but rather utilises the services of its subsidiary in this regard. Queenspark owns and manages various IT facilities and resources utilised to provide the services to the company, and is responsible for the implementation and maintenance of IT governance. The company (and the board) has access to relevant information regarding matters of IT governance within Queenspark, including its policies and procedures relating thereto.

The role that electronic communication and information technology play in the group is of central importance. In recognition thereof the group has previously adopted, and continues to entrench, applicable strategies, policies and processes. All directors are regularly informed of key information technology matters and the executive directors oversee the IT department. Responsibility for the implementation

of IT governance within the group is assigned to the information technology management employed in the group. The Queenspark risk committee within the group assists the group in the management of IT risks. Furthermore, the assistance of external experts is obtained to assist the group in the governance of IT.

During the reporting period, the group focused on business resilience from an IT perspective and the improvement of the group's business intelligence software (including from financial reporting, management, planning and customer relationship perspectives). Planned future areas of focus will include investigations into launching an e-commerce platform and upgrading technology and systems across the group. There were no significant changes in policy, IT-related acquisitions or IT-related incidents.

Compliance governance

The board recognises its responsibility to govern compliance with applicable laws and, (to the extent adopted) non-binding rules, codes and standards, in a way that supports the company being ethical and a good corporate citizen. In this regard, it requires all business units, departments and subsidiaries within the group to have an understanding of and comply with those laws, regulations and standards applicable to the environment within which they operate. A standing agenda item in respect of all board meetings deals with material changes in laws and the board is also kept informed of relevant laws, rules, codes and standards, including changes thereto, on an informal basis.

To the best of the company's knowledge and belief, it has complied with all applicable Listings Requirements and every disclosure requirement for continued listing on the JSE imposed by the JSE for the financial year under review.

The risk committee assists the company in complying with the regulatory requirements and promoting processes and procedures that are risk appropriate, so that the company achieves its goals without fear of penalties or reputational harm.

The group utilises the resources of experts, when necessary, to assist in the management of compliance. The group has appropriately qualified employees in executive positions (including an in-house legal adviser) to assist with matters of compliance and has appointed a company secretary (who also performs the role of the group's in-house legal adviser) to provide a central source of guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation. Key focus areas during the period under review included the implementation of King IV (including applicable amendments to the JSE Listings Requirements), the Broad-Based Black Economic Empowerment Act, the Consumer Protection Act and continual monitoring of the regulatory environment and appropriate responses to changes and developments, including to all laws and regulations applicable to the company and the group. Planned areas of future focus included the impact of the Protection of Personal Information Act on the group's operations.

No material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations were imposed on the group or on members of the board during the period under review. Furthermore, no monitoring and compliance inspections were undertaken by environmental regulators, and there were no findings of non-compliance with environmental laws, or criminal sanctions and prosecutions.

REMUNERATION GOVERNANCE

The board recognises its responsibility to ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The remuneration policy and remuneration report (including the background statement, overview of the remuneration policy, implementation report and voting on the remuneration policy by the company's ordinary and "N" ordinary shareholders) is contained in the human capital and remuneration report.

ASSURANCE

The board recognises its responsibility to ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports.

The board has assumed responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.

The board has delegated to the audit committee the responsibility for providing independent oversight of, amongst other things, the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, including external audit, internal audit, the finance function and the integrity of the annual financial statements.

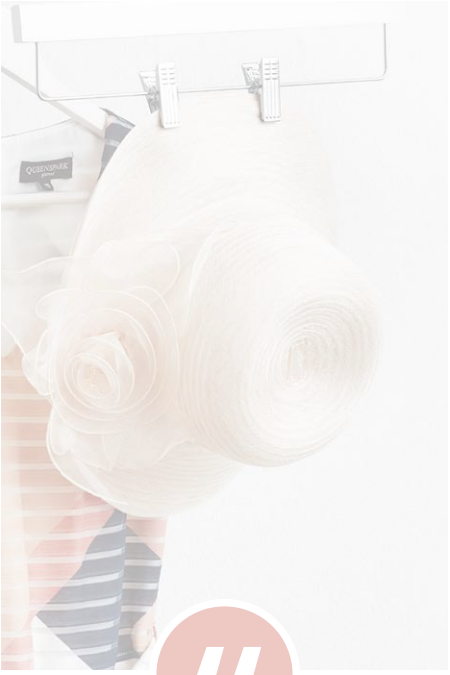
The board is responsible for the company's internal control systems and for reviewing their effectiveness. Appropriate systems of internal control are maintained. The group's internal audit function is considered essential to maintaining the integrity, adequacy, efficiency and effectiveness of the company's financial and non-financial controls. The year under review has seen the continued entrenchment of the risk assessment process. The risk assessment process, which is reviewed by internal audit, forms part of the combined assurance framework.

The internal audit function examines and evaluates the company's activities and resultant business risks,

and develops an annual internal audit plan that is approved by the audit committee. The audit committee (with the assistance of the external auditors, where required) reviews and approves the internal audit charter and internal audit plans, and evaluates the independence, effectiveness and performance of the internal audit function.

No material loss or misstatement arising from a material breakdown in the functioning of the system of internal controls has been identified by the internal auditor in respect of this financial year. The internal audit department continues to progress towards providing written assessments relating to the effectiveness of the internal control and risk management processes.

Further details and disclosures regarding the organisation's application of combined assurance, internal audit arrangements and the internal control environment are contained in the audit committee report which is included in this integrated annual report and the annual financial statements.



The risk management process continues to be embedded within the group.



RISK COMMITTEE REPORT

The risk committee is pleased to present its report to the shareholders of Rex Trueform, which report is for the financial year ended 30 June 2018.

INTRODUCTION

The risk management process is designed to identify, assess, record and mitigate significant risks to ensure both the short-term and long-term sustainability of the group. The risk management process continues to be embedded within the group. This risk report is to be read in conjunction with the corporate governance report, specifically the portions thereof relating to risk governance.

COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the risk committee is detailed in the corporate governance report.

Meetings of the risk committee are also attended by the company secretary. Please note the corporate governance report in this regard.

Details of fees paid to the risk committee members who are non-executive directors are disclosed in the human capital and remuneration report. Executive directors do not receive a fee in respect of risk committee membership.

RISK COMMITTEE

The risk committee assists the board in fulfilling its responsibilities by performing the following functions:

- overseeing the development and annual review of a policy and plan in respect of risk management for approval by the board;
- monitoring implementation of the policy and plan;
- making recommendations to the board concerning the levels of tolerance for risk and monitoring same;
- overseeing that the risk management policy is widely disseminated throughout the group and integrated into the day-to-day activities of the group companies;
- ensuring that risk management assessments are performed on a continuous basis;
- ensuring that frameworks and methodologies are implemented to improve the prediction of risk;
- verifying that continuous risk monitoring by management takes place;
- verifying that management considers and implements appropriate risk responses;
- liaising with the audit committee to exchange information relevant to risk; and
- reporting to the board on the effectiveness of the system and process of risk management.

The key focus areas of the risk committee (and of the various other committees within the group) are detailed in the table below.

RETAIL SEGMENT – KEY RISKS REGISTER

RISK	RISK MITIGATION
Fashion trends	
Our ability to anticipate the customer's fashion requirements and provide high-quality merchandise to our customers at an appropriate margin, failure of which may lead to lower sales, excess inventories and more frequent markdowns as well as having a negative impact on our image, resulting in reduced brand loyalty.	<p>Comprehensive analysis of local and overseas fashion trends with the objective of providing merchandise which is on-trend and satisfies our niche customer demand in a timely manner.</p> <p>Key performance indicators monitored and used to enhance decision-making.</p>
Business continuity	
In the event of a disaster and the resulting loss of the head office IT infrastructure, the organisation's ability to trade may be negatively impacted.	<p>Business continuity plans have been established in respect of information systems.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
In the event of a disaster at the head office the organisation's ability to operate effectively may be negatively impacted.	<p>A business continuity plan has been developed.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
As the business operates one distribution centre a disaster at the distribution centre may severely impact the storage and distribution of product.	<p>Other group premises together with third party service provider's premises would be utilised to re-establish the storage requirements and distribution of products.</p> <p>The maintenance of physical protection measures.</p> <p>Insurance cover is maintained.</p>
Distribution facility	
With projected growth the distribution centre is likely to reach its maximum capacity in the next few years.	Further operational efficiencies will be investigated.
Human resources	
Our success and ability to manage our growth depends significantly on our ability to attract, develop and retain a sufficient number of skilled, motivated and experienced staff.	<p>The business offers competitive remuneration.</p> <p>Ongoing staff development is being managed by way of a formalised development process.</p>
Information systems	
In order to effectively manage our operations we rely on various IT systems. We regularly maintain and/or upgrade and enhance our information system to support our business objectives and provide business continuity. Replacing legacy systems or acquiring systems with new functionality has inherent risks including disruptions and delays that may impair the effectiveness of our information systems. The inability to access critical data or trade would be detrimental to the business.	<p>Due to rapid technological changes IT system improvements are investigated on an ongoing basis in order to enable the business to remain competitive in the market. All systems are tested before being deployed in the production environment.</p> <p>An ERP system has been implemented. An IT disaster recovery data centre has been established and a disaster recovery plan has been formulated.</p> <p>Continuous review and improvement of control environment and policies.</p> <p>Power generators have been installed at the group's head office and distribution centre to ensure continuity of power supply.</p>

RISK COMMITTEE REPORT continued

RISK	RISK MITIGATION
Legal compliance	
<p>Need to comply with comprehensive legislation and regulations which are continuously changing. Failure to comply with the various laws could have an adverse impact on our reputation and the results of operations.</p>	<p>Our policies, procedures and internal controls are designed to help us comply with applicable regulations.</p> <p>We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business.</p> <p>Training of staff takes place where applicable.</p> <p>Appointment of an in-house legal executive assists with the management of legal compliance.</p>
Intellectual property	
<p>The intentional or unintentional infringement of our intellectual property rights by one of our suppliers or any other person or entity could diminish the uniqueness of our products, tarnish our trademarks or damage our reputation.</p>	<p>We have taken and continue to take steps to protect our intellectual property rights locally and, where practical, overseas but cannot guarantee that such rights are not infringed.</p>
Customer retention/spending	
<p>Retention of existing customers and attraction of new customers is key to the success of the business.</p> <p>Numerous economic conditions, all of which are outside of our control, could negatively affect the level of consumer spending on the merchandise that we offer. If negative economic conditions persist for a sustained period our financial position and results of operations could be materially adversely impacted. These economic conditions include, but are not limited to, the following: power outages, higher unemployment levels, low levels of consumer credit, inflation, interest rates, recessionary pressures, increasing fuel and other energy costs, taxation, volatility in the financial markets, and low consumer confidence in future economic conditions. All of these conditions may lead to declines in consumer spending on our merchandise.</p>	<p>We plan to expand our store base and aim to provide high-quality fashion, excellent customer service and an exciting retail environment.</p> <p>In order to increase demand for our products and mitigate the impact of external factors, efforts are continually made to promote the reputation of the Queenspark brands within the marketplace.</p> <p>We have established an online presence in order to retain existing customers and attract new customers.</p> <p>Improvements to the customer relationship management process are regularly considered and implemented.</p>
<p>A third party company provides credit to a substantial number of customers through a private label card. The group has no control over the management of this credit provider. Turnover may be negatively impacted should the provider cease to provide effective credit services to our customers.</p>	<p>Continuous monitoring of the credit provider's financial reporting.</p> <p>Regular operational meetings held with the service provider in order to ensure that an effective working relationship is maintained.</p> <p>Comprehensive detailed analyses of the private label card risk and performance indicators.</p> <p>Comprehensive terms and conditions agreed with the credit provider.</p>

RISK	RISK MITIGATION
<p>Supply chain</p> <p>The ability to source appropriately priced merchandise timeously, failure of which negatively impacts on turnover growth and profitability.</p> <p>As the organisation relies significantly on foreign sources of production our business is at risk of various issues relevant to doing business in foreign markets and importing merchandise from abroad.</p> <p>Fluctuations in the price, availability and quality of fabrics and other raw materials used to manufacture our products, as well as the price for labour and transportation have contributed to and may continue to contribute to ongoing pricing pressures throughout our supply chain.</p>	<p>Maintain professional relationships with existing suppliers.</p> <p>Continuously search for potential suppliers locally and abroad.</p> <p>Continuously analyse the supply chain process (including key financial measures) with a view to identifying inefficiencies and thereby implementing improvements.</p>
<p>Our ability to effectively locate new stores</p> <p>We cannot control the availability or cost of appropriate locations within existing or new shopping centres or the success of individual shopping centres. Furthermore, factors beyond our control impact shopping centres, such as general economic conditions, weather conditions, consumer acceptance of new or existing shopping centres, regional demographic shifts, power outages and consumer spending levels. Our store sales are dependent on a certain level of shopping centre traffic and any large-scale decline in shopping centre traffic, whether because of a slowdown in the economy or a fall-off in the popularity of shopping centres among our target customers, could have a material adverse effect on our business.</p>	<p>Regular comprehensive analyses performed on new and existing shopping centres. Expert advice obtained when required.</p> <p>Comprehensive analyses of store-related key performance measures.</p>
<p>Competition</p> <p>We compete with local, national and international stores that market and sell similar lines of merchandise. Many competitors are significantly larger and have greater financial, marketing and other resources and enjoy greater name recognition.</p> <p>In addition to competing for sales, we compete for favourable store locations, lease terms and qualified staff. Increased competition could result in price reductions, increased marketing expenditure and loss of market share. Over the last several years, additional competitors have entered the market. Competitors continue to engage in promotional activity and enhanced their online presence, which has resulted in heightened competition.</p>	<p>We continuously strive to differentiate our brands by way of offering our unique fashionable and high-quality merchandise to our customers in order to entrench our product position in the minds of our customers.</p> <p>We continuously monitor competitors' marketing, online and other strategies, with a view to better understanding the market and its needs.</p>

RISK COMMITTEE REPORT continued

PROPERTY SEGMENT – KEY RISKS REGISTER

RISK	RISK MITIGATION
Property	
Property may be materially damaged.	Insurance policies are regularly reviewed and updated. Comprehensive lease agreements implemented. Property house rules implemented.
Company personnel and third parties may be injured due to structural defects during and after property development.	Appointment of professional consultants and building contractors. Insurance policies are regularly reviewed and updated. Comprehensive lease agreements implemented.
Redeveloped property may not be leased timeously, thereby negatively impacting the return on investment.	Experienced property agents appointed. Market-related rentals being charged. Feasibilities prepared prior to approval of development.
Legal compliance	
Need to comply with comprehensive legislation and regulations which are continuously changing.	We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business. Appointment of an in-house legal adviser assists with the management of legal compliance.

The risk committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The risk committee (together with the various other risk committees within the group) will continue to focus on the key risks noted above in the 2019 financial year and, to the extent that any risks with a (residual) risk rating which is considered unacceptably high are identified, liaise with the applicable risk owner via executive management in an endeavour to ensure that such risks are, to the extent reasonably possible, mitigated to an acceptable level.



REX TRUEFORM

OFFICE PARK

 Capsicum
CULINARY STUDIO

 merchants
A DIMENSION DATA COMPANY

 inet
connect better


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residential and commercial premises.
All other vehicles are prohibited.
Noisy or excessive use of horns
prohibited.

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee is pleased to present its report to the shareholders of Rex Trueform, which report is for the financial year ended 30 June 2018.

INTRODUCTION

This report is made to shareholders in compliance with the requirements of the Companies Act and King IV.

SOCIAL AND ETHICS COMMITTEE MANDATE

The social and ethics committee is governed by formal terms of reference which incorporate the requirements of the Companies Act. The social and ethics committee furthermore performs the functions of a social and ethics committee for its South African subsidiaries, in accordance with the provisions of the Companies Act. The terms of reference of the social and ethics committee were amended during the 2018 financial year such that the functions and role of the social and ethics committee have been broadened to include assisting the group in the implementation of the applicable recommended practices in terms of King IV in relation to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships (subject at all times to the proportionality considerations particular to the group). It is envisaged that this would be achieved by way of the social and ethics committee, amongst other things, overseeing and monitoring, on an ongoing basis, how the consequences of the

group's activities and outputs affect its status as a responsible corporate citizen in the areas of workplace, economy, society and environment. Accordingly, this report should be read in conjunction with the corporate citizenship report.

ROLE OF THE SOCIAL AND ETHICS COMMITTEE

The social and ethics committee is broadly responsible for monitoring the company's activities, having regard to relevant legislation, other legal requirements or prevailing codes of best practice (where practical) in terms of matters relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships; and
- labour and employment.

The social and ethics committee is further responsible for:

- assisting in the implementation of an ethics management programme within the company;
- overseeing that the ethics of the company are correctly captured and conveyed;
- assessing ethics-related risks and opportunities;

- undertaking such other social and ethics-related duties delegated to it by the board;
- assisting in the implementation of the applicable recommended practices in terms of King IV relating to organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships, subject at all times to the proportionality considerations particular to the company and its subsidiaries in relation thereto;
- drawing matters within its mandate to the board as occasions require; and
- reporting to the board and the shareholders.

The social and ethics committee plays an assessing, initiating, monitoring and reporting role, as opposed to an implementation role, within the company and its subsidiaries.

COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the social and ethics committee is detailed in the corporate governance report.

Meetings of the social and ethics committee are also attended by the company secretary and by certain other executives and managers by invitation. Please note the corporate governance report in this regard.

Details of fees paid to the social and ethics committee members who are non-executive directors are disclosed in the human capital and remuneration report. Executive directors do not receive a fee in respect of social and ethics committee membership.

SOCIAL AND ETHICS COMMITTEE FUNCTIONING

Feedback in respect of key areas of focus in respect of the 2018 financial year:

KEY AREAS OF FOCUS	PROGRESS DURING THE YEAR
Economy	The group appreciates that the consequences of the organisation's activities and outputs in the area of the economy affect its status as a responsible corporate citizen. Further detail in this regard is provided in the corporate citizenship report contained in this integrated annual report.
Environment	The group continues to consider and, where practical, implement various initiatives that will assist in limiting damage to the environment. Further detail in this regard is provided in the corporate citizenship report contained in this integrated annual report.
Social	Various social initiatives have been implemented within the group which included providing clothing and/or personal care support packages to both the Rape Crisis Cape Town Trust (an organisation that supports the recovery of rape survivors and seeks to bring about change in communities, based in Observatory, Cape Town) and the St Anne's Home for Women (a shelter for destitute, abused and disadvantaged women and their children, based in Woodstock, Cape Town), the participation by various group employees in the annual Community Chest Twilight Run, and the collection of donations from group employees at monthly staff breakfast events – the aggregate amounts of which would be matched by Queenspark and donated to various charitable organisations.
Workplace	The group continues to apply fair labour practices as employees are integral to the success of the business. Please refer to the human capital and remuneration report for further details regarding the group's corporate responsibility in the workplace area.

The social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

PLANNED AREAS OF FOCUS OF THE NEXT FINANCIAL YEAR (2019) AND BEYOND

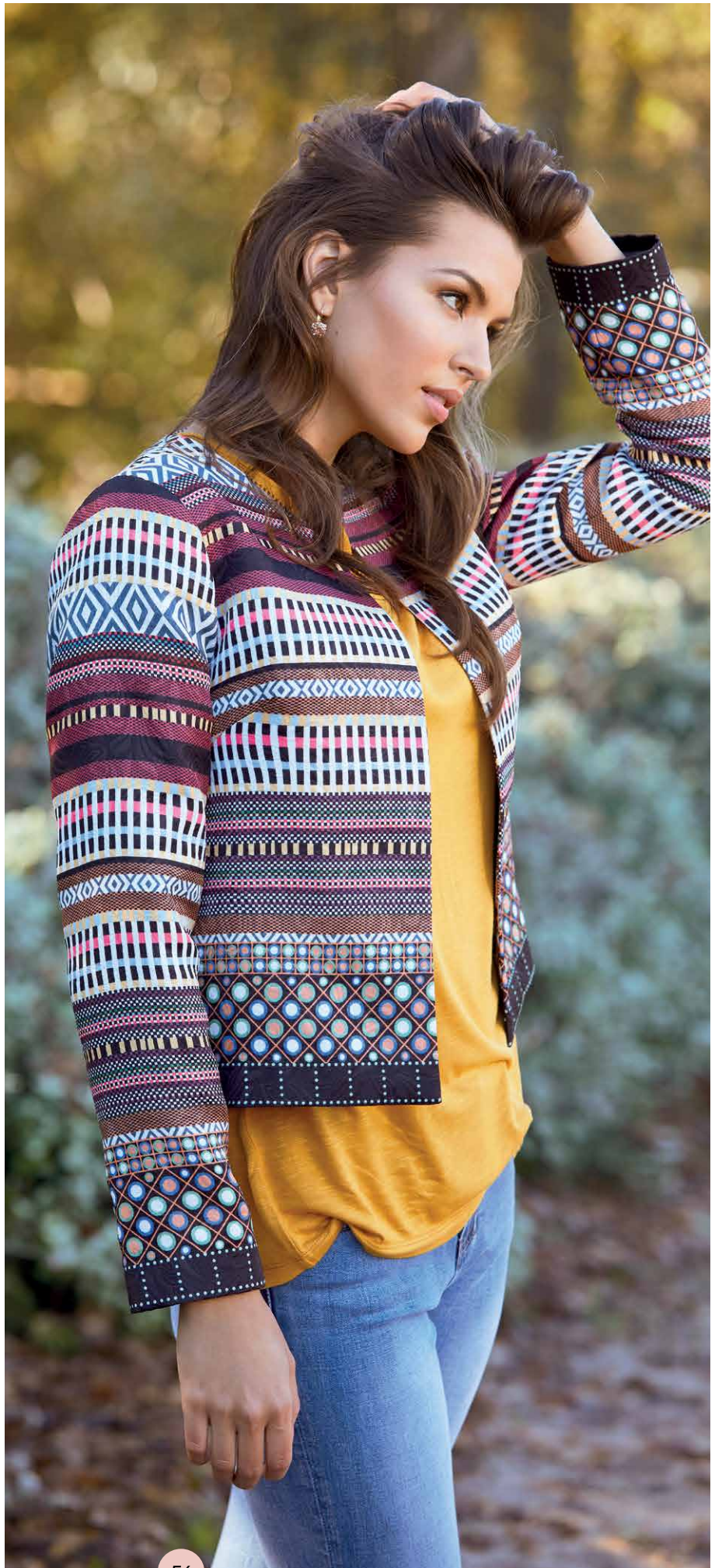
The social and ethics committee is to consider and, where practical, implement improved social and ethical business practices within the group. Planned areas of focus include the expansion of the group's enterprise, supplier development and socio-economic development contributions – specifically philanthropic support in education – and monitoring as to how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the abovementioned areas.



Planned areas of focus include the expansion of the group's enterprise, supplier development and socio-economic development contributions – specifically philanthropic support in education – and monitoring as to how the consequences of the group's activities and outputs affect its status as a responsible corporate citizen in the abovementioned areas.



The summarised consolidated financial statements have been prepared under the supervision of group financial director, D Franklin CA (SA). Included hereafter are the summarised consolidated financial statements which summarise the audited financial statements as at 30 June 2018.



DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Rex Trueform Group Limited, which comprises the statements of financial position at 30 June 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the directors are furthermore responsible for the preparation of the directors' report, which forms part of the annual financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as preparation of the supplementary schedules included in the annual financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group and company annual financial statements of Rex Trueform Group Limited, as identified in the first paragraph, were approved by the board of directors on 4 October 2018 and signed by:



MA Golding
Chairman
Authorised director



CEA Radowsky
Chief executive officer
Authorised director

4 October 2018

COMPANY SECRETARY'S CERTIFICATE

I hereby certify that Rex Trueform Group Limited has filed all returns and notices as required by a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up to date.



AT Snitcher
Company secretary

4 October 2018

REPORT OF THE INDEPENDENT AUDITOR

The report of the independent auditor can be found in the annual financial statements which are located on the company's website, www.rextrueform.com.

DIRECTORS' REPORT

Corporate governance

During the financial year under review, the directors subscribed to the principles of corporate governance as set out in King IV. Specific applicable disclosure requirements are dealt with in the integrated annual report. Please note the corporate governance report in the integrated annual report in particular in this regard.

Nature of business

The company is a holding company listed on the JSE Limited under the Sector: Consumer Services – Retail – General Retailers – Apparel Retailers.

The company, through its subsidiaries (collectively, "the group") continued its retail activities with regard to the sale of ladies' and men's clothing, shoes, costume jewellery, related fashion accessories and cosmetics through branded Queenspark outlets located in South Africa and Namibia, as well as through the Queenspark-branded franchised outlet in Kenya.

The group will continue to develop its property portfolio. The group's approach to development of its properties is a conservative one, having regard to prevailing financial and market conditions.

Financial results

The financial results of the company and the group for the year are set out in the financial statements.

Share capital

The share capital of the company, both authorised and issued, is set out in the notes to the financial statements.

Dividends

Details of dividends paid during the year are as follows:

	COMPANY	
	2018 R'000	2017 R'000
Dividends on ordinary and "N" ordinary shares:		
Dividend paid in respect of the ordinary shares	–	785
Dividend paid in respect of the "N" ordinary shares	–	4 789
Dividends on 6% cumulative preference shares:		
Half-year to 31 December 2017	8	8
Half-year to 30 June 2018	9	9
Total	17	5 591

The directors have not proposed a distribution per share (2017: nil) in respect of the ordinary and "N" ordinary shares.

Holding company

The company's holding company is African and Overseas Enterprises Limited ("AOE").

Subsidiaries

The required information relating to subsidiary companies is set out in the notes to the financial statements.

Investments

Full details of the company's investments are set out in the notes to the financial statements.

Directorate

The names of the directors of the company are reflected in the annual financial statements and the integrated annual report.

The following changes in the composition of the board of directors occurred during the year:

Director	Event	Date
ML Krawitz	Resigned	30 September 2017
HJ Borkum	Resigned	30 September 2017
RV Orlin	Resigned	30 September 2017
DS Johnson	Resigned	31 March 2018
PM Naylor	Retired by rotation	17 November 2017
	Re-elected	17 November 2017
HB Roberts	Elected	17 November 2017
LK Sebatane	Elected	17 November 2017
MR Molosiwa	Elected	17 November 2017
D Franklin	Appointed	25 May 2018

MA Golding, CEA Radowsky and LK Sebatane will retire at the annual general meeting in accordance with the Memorandum of Incorporation but, being eligible, will offer themselves for re-election. Shareholders will furthermore be asked to confirm and ratify the appointment of D Franklin on 25 May 2018 as an executive director of the company at the annual general meeting.

The emoluments of the executive and non-executive directors are set out in the annual financial statements and the human capital and remuneration report in the integrated annual report.

Directors' interest in shares

The interest of directors in the ordinary and "N" ordinary shares of the company at 30 June was:

Director	Direct holding	Indirect holding by associates	Effective interest held indirectly by directors and/or associates via AOE	Total
2018				
MA Golding	–	2 214 747	4 294 488	6 509 235
CEA Radowsky	–	77 933	99 432	177 365
HB Roberts	–	4 233 863	5 861 372	10 095 235
Total	–	6 526 543	10 255 292	16 781 835
2017				
MA Golding	–	2 209 501	2 978 093	5 187 594
CEA Radowsky	263	77 933	1 386 440	1 464 636
DS Johnson	52 216	–	–	52 216
PE Shub	1 105	–	36 075	37 180
Total	53 584	2 287 434	4 400 608	6 741 626

Note: DS Johnson resigned as a director of the company with effect from 31 March 2018, and HB Roberts was elected as a director of the company on 17 November 2017. PE Shub retired as a non-executive director of the company on 15 August 2016.

Change in shareholding

On or about 14 August 2017, a consortium consisting of Geomer Investments Proprietary Limited (an associate of MA Golding) and Gingko Investments No. 2 Proprietary Limited (acting in concert with the Ceejay Trust and Gingko Trading Proprietary Limited) (associates of HB Roberts) purchased, in aggregate, 726 600 AOE ordinary shares, 604 045 AOE "N" ordinary shares, 1 241 Rex Trueform ordinary shares and 4 058 Rex Trueform "N" ordinary shares from the Stewart and Pat Shub Family Trust (an associate of CEA Radowsky), CEA Radowsky, A Shub and PE Shub.

There have been no changes in the directors' interests in shares between 30 June 2018 and the date of approval of the annual financial statements of the company.

Employee share incentive scheme

The Rex Trueform Share Trust ("the Share Trust") was created in 1997 and was issued with 500 000 Rex Trueform "N" ordinary shares in the company to facilitate an employee share incentive scheme. Subsequent capitalisation share awards totalling 56 798 Rex Trueform "N" ordinary shares were received and placed in reserve in the Share Trust.

The purpose of this scheme is to afford eligible full-time employees, including directors holding full-time

salaried employment or office in the company or any of its subsidiaries or its holding company, the opportunity to acquire an interest in the share capital of the company.

Since inception of the Share Trust payment and delivery has been effected in respect of 536 519 Rex Trueform "N" ordinary shares which were acquired by the Share Trust.

As at the beginning of the financial period under review no options in respect of the Rex Trueform "N" ordinary shares held by the Share Trust had been granted to employees and the Share Trust held 20 279 Rex Trueform "N" ordinary shares in reserve for future utilisation. No options were granted to employees in respect of Rex Trueform "N" ordinary shares by directors of the company during the period under review.

Full details of options granted and exercised are reflected in the notes to the financial statements.

Secretary

The company secretary's business and postal address is that of the company's registered office.

Events subsequent to the reporting date

A non-adjusting event material to the understanding of the financial statements has occurred subsequent to the reporting date. Full details thereof were published by

DIRECTORS' REPORT

(continued)

Rex Trueform on the Stock Exchange News Service ("SENS") on 28 September 2018 ("the SENS Announcement") and a short-form announcement was published by Rex Trueform in the Business Day newspaper on 1 October 2018. Details of the event are as follows:

Rex Trueform has, through its wholly-owned subsidiary, Ombrecorp Trading Proprietary Limited ("Ombrecorp") (acquired on 19 September 2018), concluded a subscription agreement (the "agreement") with Prescient Life Limited (duly represented by Mergence Investment Managers Proprietary Limited) ("MIM") and SA Water Works Holding Company Proprietary Limited ("SAWW") to subscribe for 33.78% of the issued share capital of SAWW. In terms of the agreement MIM and Ombrecorp shall provide initial funding to SAWW in the amount of R80 653 469 and R41 326 975 respectively (the "initial funding"). SAWW will utilise the initial funding to acquire, via a wholly-owned subsidiary, SA Water Works Proprietary Limited ("SAWW subsidiary"), 73.425% of the ordinary issued shares in the share capital of Sembcorp Siza Water (RF) Proprietary Limited ("Sembcorp Siza") from Sembcorp Utilities (Netherlands) BV ("Sembcorp Utilities Netherlands"). Sembcorp Siza conducts a water concession business operating predominantly in the municipal boundaries of the Ilembe District Municipality and surrounding areas in KwaZulu-Natal, South Africa.

Subsequent to the acquisition of the Sembcorp Siza shares, and in order to raise additional funding, it is envisaged that Ombrecorp will issue new shares to certain unrelated third parties, such that Rex Trueform will retain a majority stake in Ombrecorp. Ombrecorp will then have the option, subject to raising the necessary funding, to subscribe for additional shares in SAWW and to advance additional funding in the amount of approximately R65 000 000 to SAWW (the "further funding"). The further funding will be utilised by SAWW, via the SAWW subsidiary, to purchase (i) 100% of the ordinary issued shares in the share capital of Sembcorp Utilities Proprietary Limited ("Sembcorp Utilities South Africa") – which holds 52% of the ordinary issued shares in Sembcorp Silulumanzi (RF) Proprietary Limited ("Sembcorp Silulumanzi") – and (ii) 48% of the ordinary issued shares in the share capital of Sembcorp Silulumanzi, from Sembcorp Utilities Netherlands. Sembcorp Utilities South Africa provides operational and maintenance services to Sembcorp Silulumanzi. Sembcorp Silulumanzi, which company also conducts a water concession business, operates in the municipal boundaries of the City of Mbombela Local Municipality and the greater parts of Nelspruit. The agreement is subject to various conditions precedent which have yet to become of full force and effect.

AUDIT COMMITTEE REPORT

The audit committee ("the committee") is pleased to present its report to the shareholders of Rex Trueform Group Limited for the financial year ended 30 June 2018.

Introduction

This report is issued in compliance with the requirements of the Companies Act and King IV.

Audit committee mandate

The audit committee of Rex Trueform also performs the audit committee functions for its subsidiary companies, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited (the company and its subsidiaries, collectively hereinafter referred to as "the group").

The committee is governed by formal terms of reference, delegated to it by the board of directors, which regulate the committee's functioning, processes and procedures.

Members of the audit committee and attendance at meetings

All members of the committee are independent non-executive directors, with the committee being chaired by PM Naylor, the lead independent non-executive director of the company. The members of the committee have the necessary academic qualifications, or experience, financial literacy and skills to execute their duties effectively.

The committee met three times during the period under review, specifically prior to the publication of (and to review) the company's and group's interim and final results (in addition to reviewing the reports of the internal and external auditors and the group's risk committees), and in order to consider and confirm the appropriateness of the expertise and experience of the new financial director, D Franklin, insofar as same would relate to the performance of his duties as executive financial director (it being noted that D Franklin was subsequently appointed by the board as the company's executive financial director on 25 May 2018).

The committee meetings (other than the abovementioned meeting to consider and confirm the appropriateness of the expertise and experience of the new financial director) were attended by the external auditors, the internal auditor, the chairman of the board, the executive directors and the financial manager of the group by invitation. A formal agenda is prepared for each meeting and comprehensive committee packs are provided containing information required in order to assist the committee in fulfilling its duties.

Role and responsibilities of the committee

The committee's role and responsibilities include the following:

- ensuring that appropriate financial procedures have been established and are operating;
- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing the effectiveness of the company's finance function and considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director;
- overseeing the internal audit process;
- acting as an integral part of the risk management process;
- nominating the external auditor and overseeing the external audit process; and
- complying with any further responsibilities included in the committee's terms of reference and/or the Companies Act and the Regulations thereto, to the extent not specifically addressed above.

External auditor's appointment, independence and oversight of the external audit process

The committee nominated KPMG Inc. as the group's external auditor for the past year and approved the terms of engagement and fees to be paid. KPMG Inc. was duly appointed as group external auditor in respect of the year under review and the designated registered auditor was I Jeewa. KPMG Inc. has served as the group's external auditor for the last 22 years, with the designated registered auditor being rotated in the manner prescribed by the Companies Act. In this regard I Jeewa took over from H du Plessis as the designated registered auditor of the company with effect from 17 November 2017.

The committee has nominated KPMG Inc. for appointment by shareholders as the company's external auditor at the annual general meeting, the designated registered auditor being I Jeewa for the 2019 financial year.

Prior to the nomination of the KPMG Inc. as aforesaid, the committee met with management without the external

AUDIT COMMITTEE REPORT

(continued)

auditors being present, reviewed the external auditor's independence and objectivity, assessed the effectiveness of the external audit process and the quality of the external audit (including after being comprehensively reported to in relation thereto by management and the external auditors) and furthermore considered the reports from the external auditor in relation to the information detailed in paragraph 22.15(h) of the Listings Requirements. In this regard, and after due consideration, the committee confirmed that it was satisfied with the independence and objectivity of the external auditor, with the external audit process (including the quality of the external audit) and with the reports furnished to it by the external auditor. Furthermore (and as noted above) a new financial director of the company was appointed on 25 May 2018, which had the effect of, amongst other things, mitigating the attendant risk (if any) of familiarity between the external auditor and management.

The external auditor is afforded unrestricted access to the group's records and to management. Any significant issues arising from the annual audit (if any) are brought to the committee's attention. In this regard it is noted that no significant audit misstatements were identified by the external auditors and an unmodified external auditors report was issued.

The nature and extent of the non-audit services which the external auditor provides to the company and group have been agreed by the committee, being taxation, IT consulting, turnover certificate and advisory-related non-audit services, and the external auditor (via separate departments and utilising personnel who are not involved in the external audit process in respect of the group) is only permitted to provide such pre-agreed non-audit services to the group. Any proposed agreement with the external auditor for the provision of non-audit services is preapproved by the committee.

Internal audit

A formal internal audit charter governs the internal auditing of the group. The committee has unlimited access to the internal auditor employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter. The committee reviews and approves the internal audit charter and internal audit plans. During the year under review the committee considered and evaluated the independence, effectiveness and performance of the internal auditor and the arrangements for internal audit (including after meeting with management without the internal auditor being present) and confirmed that it was satisfied with same.

Expertise and experience of financial director, and evaluation of the finance function

As required by the Listings Requirements, as read with King IV, the committee has considered the appropriateness of the expertise and experience of the financial director, and the effectiveness of the finance function (including after meeting with the external auditors without the financial director and any representatives of the finance function being present).

In this regard the committee is of the view that D Franklin, the financial director, possesses the appropriate expertise and experience to fulfil his responsibilities in that position. The committee, after having furthermore considered the expertise, resources and experience of the finance function, has confirmed that such function is effective, including having regard to the nature, complexity and size of the group's operations.

Combined assurance

The group subscribes to a combined assurance model that attempts to limit or control risk in its businesses by making use of both internal and third party assurance providers (including the group's own internal line functions, risk committees, internal auditor and external auditors). During the year under review the committee evaluated the arrangements in place for combined assurance, and confirmed that it was satisfied with same.

INTERNAL FINANCIAL CONTROLS

The committee noted that there were no significant weaknesses in the design, implementation or execution of internal financial controls that resulted in material financial loss, fraud, corruption or error, and is of the opinion that:

- the internal financial controls are effective (including in their implementation) and accounting practices are appropriate, which both form the basis for the preparation of reliable financial statements in respect of the year under review; and
- the company has established appropriate financial reporting procedures and that those procedures are operating.

Financial statements and accounting practices

During the year under review the JSE Limited issued a report on the findings of their process of monitoring financial statements for compliance with International Financial Reporting Standards. The report was tabled at a meeting of the audit committee and considered by it.

The JSE Limited furthermore proactively monitored the company's annual financial statements for the year ended

30 June 2017, with the queries posed by the JSE Limited relating mainly to the preparedness of the company for the application of IFRS 9 and IFRS 15 and possibly excessive disclosures made by the company therein. All concerns and queries were addressed to the satisfaction of the JSE Limited, and where improvements to disclosures were suggested, management has (to the extent necessary) incorporated these into the annual financial statements for the year ended 30 June 2018.

Following the review by the committee of the annual financial statements for the year ended 30 June 2018, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and with International Financial Reporting Standards and fairly present the group and company financial position at that date and the results of operations and cash flows for the year then ended.

Integrated annual report

The committee will satisfy or has satisfied, as the case may be (and depending on whether this report is contained in the annual financial statements or the integrated annual report), itself with the integrity of the remainder of the integrated annual report.

Conclusions

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Having achieved its objectives, the committee has recommended the annual financial statements and will recommend or has recommended (as the case may be) the integrated annual report for the year ended 30 June 2018 for approval by the board.

The board has subsequently approved the annual financial statements, and has approved (or will approve, as the case may be) the integrated annual report, which will be open for discussion at the forthcoming annual general meeting.

On behalf of the committee



PM Naylor
Audit committee chairman

4 October 2018

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	GROUP	
	2018 R'000	2017 R'000
ASSETS		
Non-current assets	156 090	159 628
Property, plant and equipment	60 721	57 150
Investment property	68 741	71 032
Intangible assets	22 980	24 773
Other investments	829	524
Deferred tax asset	2 819	6 149
Current assets	192 409	169 120
Inventories	92 132	77 842
Trade and other receivables	27 475	28 292
Forward exchange contracts	746	38
Income tax receivable	163	1 301
Accrued operating lease asset	2 859	3 558
Cash and cash equivalents	69 034	58 089
Total assets	348 499	328 748
Equity and liabilities		
Capital and reserves	272 507	259 464
Ordinary share capital	1 497	1 497
Preference share capital	280	280
Treasury shares	(117)	(117)
Share premium	25 836	25 836
Share-based payment reserve	(214)	(214)
Other reserves	2 086	1 846
Retained earnings	243 139	230 336
Non-current liabilities	19 589	19 731
Post-retirement liability	574	650
Accrued operating lease liability	14 235	15 967
Deferred tax liability	4 780	3 114
Current liabilities	56 403	49 553
Trade and other payables	51 538	46 959
Accrued operating lease liability	4 849	2 570
Income tax payable	16	24
Total equity and liabilities	348 499	328 748

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	GROUP	
	2018 R'000	2017 R'000
Revenue	608 540	549 046
Turnover	587 632	528 759
Cost of sales	(267 730)	(237 200)
Gross profit	319 902	291 559
Other income	16 241	15 826
Other operating costs	(322 061)	(306 630)
Operating profit	14 082	755
Dividend income	45	21
Finance income	4 622	4 440
Finance costs	(53)	(133)
Profit before tax	18 696	5 083
Income tax expense	(5 876)	(1 908)
Profit for the year	12 820	3 175
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial gain on post-retirement defined benefit plan	-	964
Items that are or may be subsequently reclassified to profit or loss		
Fair value adjustment on available-for-sale financial assets	240	(52)
Other comprehensive income for the year, net of taxation	240	912
Total comprehensive income for the year	13 060	4 087
Profit attributable to:		
Ordinary and "N" ordinary shareholders	12 803	3 158
Preference shareholders	17	17
Profit for the year	12 820	3 175
Total comprehensive income attributable to:		
Ordinary and "N" ordinary shareholders	13 043	4 070
Preference shareholders	17	17
Total comprehensive income for the year	13 060	4 087
Basic earnings per ordinary share (cents)	62.1	15.3
Diluted earnings per ordinary share (cents)	62.1	15.3

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	Ordinary share capital R'000	Preference share capital R'000
GROUP		
Balance as at 30 June 2016	1 497	280
Total comprehensive income for the year		
Profit for the year	-	-
Other comprehensive income for the year		
Actuarial gain on post-retirement defined benefit plan	-	-
Fair value adjustment of available-for-sale financial assets	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	-	-
Ordinary dividends paid	-	-
Share-based payment expense	-	-
Proceeds from delivery of employee share options	-	-
Total contributions by and distributions to owners recognised directly in equity	-	-
Balance as at 30 June 2017	1 497	280
Total comprehensive income for the year		
Profit for the year	-	-
Other comprehensive income for the year		
Fair value adjustment of available-for-sale financial assets	-	-
Total comprehensive income for the year	-	-
Contributions by and distributions to owners recognised directly in equity		
Preference dividends paid	-	-
Total contributions by and distributions to owners recognised directly in equity	-	-
Balance as at 30 June 2018	1 497	280

Treasury shares R'000	Share premium R'000	Share-based payments reserve R'000	Other reserves R'000	Retained earnings R'000	Total R'000
(1 133)	25 836	568	934	232 736	260 718
-	-	-	-	3 175	3 175
-	-	-	964	-	964
-	-	-	(52)	-	(52)
-	-	-	912	3 175	4 087
-	-	-	-	(17)	(17)
-	-	-	-	(5 558)	(5 558)
782	-	(782)	-	-	-
234	-	-	-	-	234
1 016	-	(782)	-	(5 575)	(5 341)
(117)	25 836	(214)	1 846	230 336	259 464
-	-	-	-	12 820	12 820
-	-	-	240	-	240
-	-	-	240	12 820	13 060
-	-	-	-	(17)	(17)
-	-	-	-	(17)	(17)
(117)	25 836	(214)	2 086	243 139	272 507

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	GROUP	
	2018 R'000	2017 R'000
Cash flows from operating activities		
Operating profit before working capital changes	40 712	27 197
Working capital changes	(8 195)	(17 014)
Cash generated by operating activities	32 517	10 183
Interest received	4 622	4 440
Interest paid	(53)	(133)
Dividends paid	(17)	(5 575)
Dividends received	45	21
Taxation paid	184	(832)
Net cash inflows from operating activities	37 298	8 104
Cash flows from investing activities		
Additions to property, plant and equipment	(22 951)	(22 745)
Additions to investment properties	(1 494)	(2 810)
Additions to intangible assets	(1 908)	(3 410)
Proceeds from disposal of property, plant and equipment	–	199
Acquisition of business	–	(2 939)
Net cash outflows from investing activities	(26 353)	(31 705)
Cash flows from financing activities		
Proceeds from delivery of employee share options	–	234
Net cash inflows from financing activities	–	234
Net increase/(decrease) in cash and cash equivalents	10 945	(23 367)
Cash and cash equivalents at the beginning of the year	58 089	81 456
Cash and cash equivalents at the end of the year	69 034	58 089

UNAUDITED SHAREHOLDERS' INFORMATION

Analysis of shareholders as at 30 June 2018

	Ordinary		"N" ordinary		Preference	
	Number of share-holders	% of share-holders	Number of share-holders	% of share-holders	Number of share-holders	% of share-holders
Public	135	97.2	205	96.6	23	82.0
Companies and close corporations	12	8.6	14	6.6	2	7.1
Individuals	105	75.6	169	79.6	16	57.1
Insurance companies, nominees and trusts	17	12.3	21	9.9	5	17.8
Mutual funds and pension funds	1	0.7	1	0.5	–	–
Non-public	4	2.8	7	3.4	5	18.0
African and Overseas Enterprises Limited	1	0.7	1	0.5	1	3.6
Rex Trueform Share Trust	–	–	1	0.5	–	–
Geomer Investments Proprietary Limited ¹	1	0.7	1	0.5	–	–
Ceejay Trust ²	1	0.7	1	0.5	–	–
Peregrine Equities ⁴	1	0.7	1	0.5	–	–
HAM Shotter	–	–	–	–	1	3.6
Old Sillery Proprietary Limited	–	–	–	–	1	3.6
Saxo Bank	–	–	–	–	1	3.6
L Lombard	–	–	–	–	1	3.6
Directors ³	–	–	2	0.9	–	–
	139	100.0	212	100.0	28	100.0
	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
Public	291 886	10.1	2 479 869	14.0	27 238	19.4
Companies and close corporations	164 501	5.7	1 616 271	9.1	3 100	2.2
Individuals	70 416	2.4	477 349	2.7	22 288	15.9
Insurance companies, nominees and trusts	56 869	2.0	386 249	2.2	1 850	1.3
Mutual funds and pension funds	100	–	–	–	–	–
Non-public	2 613 919	89.9	15 255 637	86.0	112 762	80.6
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Rex Trueform Share Trust	–	–	20 279	0.1	–	–
Geomer Investments Proprietary Limited ¹	174 944	6.0	2 039 803	11.5	–	–
Ceejay Trust ²	254 463	8.7	2 084 610	11.8	–	–
Peregrine Equities ⁴	74 343	2.6	1 819 447	10.3	–	–
HAM Shotter	–	–	–	–	33 415	23.9
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
Saxo Bank	–	–	–	–	22 192	15.9
L Lombard	–	–	–	–	28 545	20.4
Directors ³	–	–	78 933	0.4	–	–
	2 905 805	100.0	17 735 506	100.0	140 000	100.0
Shareholders holding in excess of 5% of share capital						
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Ceejay Trust ²	254 463	8.8	2 084 610	11.8	–	–
Geomer Investments Proprietary Limited ¹	174 944	6.0	2 039 803	11.5	–	–
Traclo Proprietary Limited	144 398	5.0	1 466 000	8.3	–	–
Peregrine Equities ⁴	74 343	2.6	1 819 447	10.3	–	–
HAM Shotter	–	–	–	–	33 415	23.9
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
Saxo Bank	–	–	–	–	22 192	15.9
L Lombard	–	–	–	–	28 545	20.4
	2 758 317	95.0	16 622 425	93.8	112 762	80.6

¹ An associate of MA Golding.

² An associate of HB Roberts.

³ Held by an associate of CEA Radowsky, being the Zealot Trust and an associate of HB Roberts, being Gingko Investments No. 2 Proprietary Limited.

⁴ The shares held by Peregrine Equities are beneficially owned by associates of HB Roberts.

NOTICE OF ANNUAL GENERAL MEETING

REX TRUEFORM GROUP LIMITED

(formerly Rex Trueform Clothing Company Limited)

(Incorporated in the Republic of South Africa)

(Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000250387 – ZAE000250395 – ZAE000250403

("Rex Trueform" or "the company")

Notice is hereby given that the eighty-first annual general meeting of shareholders of Rex Trueform (the "annual general meeting") will be held in the boardroom, 263 Victoria Road, Salt River, Cape Town, on Friday, 30 November 2018 at 10:00 for the purpose of considering and adopting the annual financial statements, directors' report, auditor's report and the audit committee report contained in the integrated annual report; dealing with such business as may be transacted at an annual general meeting and specifically to consider, and if deemed fit, to pass with or without modification, the following ordinary and special resolutions. The record date for determining which shareholders are entitled (i) to receive notice of the annual general meeting is Friday, 19 October 2018 and (ii) to participate in and vote at the annual general meeting is Friday, 23 November 2018 in terms of section 62(3)(a) as read with section 59 of the Companies Act 71 of 2008 (the "Companies Act").

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF ANNUAL FINANCIAL STATEMENTS

"Resolved to consider and adopt the annual financial statements of the company for the year ended 30 June 2018, together with the reports of the directors, audit committee and the auditors contained therein and made available for inspection by shareholders with effect from 5 October 2018 at the registered office of the company during business hours and at the following web address – www.rextrueform.com."

ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF DIRECTORS

"Resolved to re-elect individually as directors of the company the following directors, who retire in terms of the company's Memorandum of Incorporation but who are eligible and offer themselves for re-election:

- 2.1 MA Golding;
- 2.2 CEA Radowsky; and
- 2.3 LK Sebatane."

The nomination committee of the company has considered and is satisfied with the past performance of, and contribution made to the company by, MA Golding, CEA Radowsky and LK Sebatane, and in the case of LK Sebatane is furthermore satisfied with her continued independence, and has recommended that these directors be re-elected as directors of the company.

Abbreviated curricula vitae in respect of the above directors are provided in section 1 of Annexure B to this notice.

ORDINARY RESOLUTION NUMBER 3 – CONFIRMATION OF APPOINTMENT OF D FRANKLIN AS EXECUTIVE DIRECTOR

"Resolved that the appointment of D Franklin as an executive director of the company on 25 May 2018 be and is hereby ratified and confirmed."

The nomination committee of the company has taken into account D Franklin's experience and qualifications and has recommended him as a director of the company.

An abbreviated curriculum vitae in respect of the above director is provided in section 2 of Annexure B to this notice.

ORDINARY RESOLUTION NUMBER 4 – ELECTION OF AUDIT COMMITTEE MEMBERS

"Resolved, in accordance with section 94(2) of the Companies Act and on the recommendation of the board, to elect individually the following directors of the company, as members of the audit committee:

- 4.1 PM Naylor;
- 4.2 HB Roberts; and
- 4.3 LK Sebatane, subject to the passing of resolution 2.3 above."

Abbreviated curricula vitae in respect of the above directors are provided in section 3 of Annexure B to this notice.

ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF AUDITORS

“Resolved to re-appoint KPMG Inc., together with Mr I Jeewa as the designated registered auditor, as the auditors of the company for the ensuing year.”

The audit committee has evaluated the suitability, performance and independence of KPMG Inc. and Mr I Jeewa for re-appointment as auditors under section 90 of the Companies Act and pursuant to the provisions of paragraph 3.84(g)(iii) of the JSE Listings Requirements.

ORDINARY RESOLUTION NUMBER 6 – APPROVAL AND ADOPTION OF REX TRUEFORM GROUP LIMITED INCENTIVE SCHEME RULES

“Resolved that the Rules of the Rex Trueform Group Limited Incentive Scheme, a copy of which has been tabled at this meeting and initialled by the chairman for identification purposes, be and is hereby approved and adopted.”

Further information regarding the Rex Trueform Group Limited Incentive Scheme is set out in Annexure A to this notice of annual general meeting. The full scheme document will be available for inspection during normal business hours at the registered offices of the company, from Wednesday, 31 October 2018 until Friday, 30 November 2018.

ORDINARY RESOLUTION NUMBER 7 – GENERAL AUTHORITY TO ISSUE EQUITY SHARES FOR CASH

“Resolved that the board is hereby authorised, as a general authority, to allot and issue up to 435 870 (four hundred and thirty five thousand eight hundred and seventy) ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued ordinary shares of the company as at the date of this notice and/or up to 2 660 325 (two million six hundred and sixty thousand three hundred and twenty five) “N” ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued “N” ordinary shares of the company as at the date of this notice, for cash as they in their discretion deem fit, subject to compliance with the requirements, if any, of the company’s Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements and the following limitations, namely that:

- the general authority shall only be valid until the company’s next annual general meeting or for 15 (fifteen) months from the date of the passing of this ordinary resolution, whichever period is shorter;
- the shares, which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- any issue will only be made to “public shareholders”, as defined by the JSE Listings Requirements and not to related parties;
- the total aggregate number of ordinary shares which may be issued for cash in terms of this authority may not exceed 435 870 (four hundred and thirty five thousand eight hundred and seventy) ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued ordinary shares of the company, and the total aggregate number of “N” ordinary shares which may be issued for cash in terms of this authority may not exceed 2 660 325 (two million six hundred and sixty thousand three hundred and twenty five) “N” ordinary shares (excluding treasury shares), being 15% (fifteen percent) of the issued “N” ordinary shares of the company, as at the date of notice of this annual general meeting. Accordingly, any ordinary or “N” ordinary shares issued under this authority prior to this authority lapsing shall be deducted from aforementioned aggregate number of ordinary or “N” ordinary shares (as the case may be) that the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of ordinary or “N” ordinary shares that may be issued in terms of this authority, adjusted for any dividend where the “ex” date of the dividend occurs during the relevant period;
- in the event of a subdivision or consolidation of ordinary or “N” ordinary shares (as the case may be) prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio(s);
- in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of such shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the company and the party(ies) subscribing for the particular shares;
- an announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issue was

NOTICE OF ANNUAL GENERAL MEETING continued

agreed, in writing, between the company and the party(ies) subscribing for the shares and an explanation including supporting documentation (if any) of the intended use of the funds will be published after any issue representing, on a cumulative basis within the period for which the above general authorisation is valid (as contemplated above), 5% (five percent) of the number of ordinary or "N" ordinary shares (as the case may be) in issue prior to that issue."

ORDINARY RESOLUTION NUMBER 8 – CONTROL OVER UNISSUED SHARES

"Resolved that subject to the provisions, if any, of the Companies Act, the JSE Listings Requirements and the Memorandum of Incorporation, all of the authorised but unissued ordinary and "N" ordinary shares of the company be and are hereby placed under the control of the board until the next annual general meeting, and that the board is authorised to allot, issue all or part thereof in their discretion."

ORDINARY RESOLUTION NUMBER 9 – SIGNATURE OF DOCUMENTS

"Resolved that any director of the company, or the company secretary of the company, be and is hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution will be considered."

ORDINARY RESOLUTION NUMBER 10 – NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

"Resolved that shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as detailed in the human capital and remuneration report set out in the company's integrated annual report."

ORDINARY RESOLUTION NUMBER 11 – NON-BINDING ADVISORY VOTE ON REMUNERATION IMPLEMENTATION REPORT

"Resolved that shareholders endorse, by way of a non-binding advisory vote, the company's remuneration implementation report as detailed in the human capital and remuneration report set out in the company's integrated annual report."

In order for the above ordinary resolutions numbers 1 to 5, 8 and 9 to be adopted the support of more than 50% (fifty percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required. In terms of the JSE Listings Requirements, in order for ordinary resolutions numbers 6 and 7 to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass such resolution. With regard to ordinary resolutions numbers 10 and 11, in terms of King IV, advisory votes should be obtained from shareholders on the company's remuneration policy and remuneration implementation report. These votes allow shareholders to express their views on the remuneration policy and remuneration implementation report. In the event that either the remuneration policy or the remuneration implementation report, or both, has/have been voted against by 25% (twenty-five percent) or more of the voting rights exercised, then the company, in good faith and with best reasonable effort, will engage with dissenting shareholders to ascertain the reasons for the dissenting votes in an endeavour to appropriately address legitimate and reasonable concerns raised.

SPECIAL RESOLUTION NUMBER 1 – FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED PARTIES

"Resolved, to the extent required by the Companies Act, that the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, authorise the company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, including by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of not more than two years."

Reasons for and effect of special resolution number 1

This authority is necessary to enable the company to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. It is confirmed that the board of directors of the company may not authorise the provision of any financial assistance pursuant to this special resolution unless they are satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, inter alia, ensure that the

company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 1. The reason for, and effect of, special resolution number 1 is accordingly to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 1 above.

SPECIAL RESOLUTION NUMBER 2 – GENERAL AUTHORITY TO ACQUIRE SHARES

“Resolved to authorise the company and/or any subsidiary of the company by way of a general authority in accordance with the provisions of section 48(8)(a) of the Companies Act to acquire issued ordinary and/or “N” ordinary shares of the company (“the securities”) upon such terms and conditions and in such numbers as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act and the Listings Requirements of the JSE Limited (“JSE Listings Requirements”), where applicable, and provided that:

- (a) the repurchase of securities will be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- (c) in determining the price at which the securities are acquired by the company in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% (ten percent) of the weighted average of the market price at which such securities are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the acquisition of such securities by the company;
- (d) the acquisitions of securities in any one financial year does not exceed 20% (twenty percent), or 10% (ten percent) where the acquisitions are effected by a subsidiary, in the aggregate of the company's combined issued share capital in the securities from the date of the grant of this general authority;
- (e) the directors, after considering the effect of the maximum repurchase, are of the opinion that:
 - (i) the company and the group will be in a position to repay their debt in the ordinary course of business for a period of 12 (twelve) months from the company first acquiring securities under this general approval;
 - (ii) the consolidated assets of the company, being fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company at the time of the company first acquiring securities under this general approval;
 - (iii) the ordinary capital and reserves of the company and the group will be adequate for a period of 12 (twelve) months from the company first acquiring securities under this general approval; and
 - (iv) the available working capital will be adequate to continue the operations of the company and the group for a period of 12 (twelve) months from the company first acquiring securities under this general approval;
- (f) the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is a repurchase programme in place, the dates and quantities of securities to be repurchased during the prohibited period are fixed, and details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period;
- (g) where the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, an announcement will be made containing full details of the acquisition, and announcements shall likewise be made for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter; and
- (h) the company only appoints one agent to effect any repurchase(s) on its behalf.”

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements

- (a) The JSE Listings Requirements require the following disclosures, some of which are disclosed in the integrated annual report of which this notice forms part, as set out below:
 - major shareholders of the company – see page 69; and
 - share capital of the company – see pages 19 and 69.

NOTICE OF ANNUAL GENERAL MEETING continued

- (b) There have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.
- (c) The directors of the company whose names appear on pages 22 and 23 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2 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 resolution contains all such information required by the Companies Act and the JSE Listings Requirements.

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and for such amounts as may be determined from time to time by the directors of the company, subject to the limitations set out in special resolution number 2.

The directors of the company have no specific intention to effect the provisions of special resolution number 2 but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 2.

SPECIAL RESOLUTION NUMBER 3 – APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved to approve the annual value added tax ("VAT") inclusive remuneration to be paid to the non-executive directors of the company for the period from 1 July 2018 to 30 June 2020 or until renewal, whichever is the earliest, details of which are as follows:

	R
Chairperson of the board	350 000
Lead independent director	160 000
Director	140 000
Chairperson of the audit committee	42 000
Member of the audit committee	32 000
Chairperson of the social and ethics committee	32 000
Member of the social and ethics committee	26 000
Member of the risk committee	42 000
Chairperson of the retirement fund	48 000."

Reason for and effect of special resolution number 3

In terms of section 66(8) of the Companies Act, the company may, inter alia, remunerate its directors for their services as directors. Furthermore section 66(9) provides that such remuneration may only be paid by the company in accordance with a special resolution approved by shareholders within the previous two years.

The effect of this special resolution is that the non-executive directors will be entitled to receive the fees so approved on an annual basis for the period 1 July 2018 to 30 June 2020 or until renewal, whichever is the earliest.

It is recorded that the remuneration of the non-executive directors is inclusive of VAT (if any) and further that in terms of the company's remuneration policy, the remuneration of non-executive directors is reviewed on an annual basis.

SPECIAL RESOLUTION NUMBER 4 – ALLOTMENT AND ISSUE OF SHARES TO DIRECTORS AND PRESCRIBED OFFICERS

"Resolved that, to the extent required by section 41 of the Companies Act and subject to the passing of ordinary resolution number 8 above, the board may, subject to compliance with the requirements of the Memorandum of Incorporation and the Companies Act, each as presently constituted, authorise the company to allot and issue "N" ordinary shares to directors, future directors, prescribed officers (if any) and future prescribed officers of the company pursuant to the Rex Trueform Group Limited Incentive Scheme."

Reasons and effect for special resolution number 4

The company would like to be able to allot and issue "N" ordinary shares to directors and prescribed officers (if any) pursuant to the Rex Trueform Group Limited Incentive Scheme.

In order for the above special resolutions to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes exercised by shareholders, present in person or by proxy, is required.

QUORUM

The quorum for:

- the annual general meeting to begin is sufficient persons present at the annual general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- a matter to begin to be considered at the annual general meeting is sufficient persons present at the annual general meeting to exercise, in aggregate, at least 25% (twenty-five percent) of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

In addition, the annual general meeting may not begin, nor a matter begin to be considered, unless at least 3 (three) shareholders are present or represented at the annual general meeting.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196), for the purposes of being entitled to attend, participate in and vote at the annual general meeting, is Friday, 23 November 2018.

VOTING AND PROXIES

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

In terms of section 62(3)(e) of the Companies Act please note that:

- a shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein; and
- a proxy need not be a shareholder of the company.

Kindly note that annual general meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting. In this regard, all participants in the annual general meeting (including proxies) will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have 1 (one) vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have 200 (two hundred) votes for every ordinary share and 1 (one) vote for every "N" ordinary share held in the company by such shareholder.

A form of proxy is attached for the convenience of certificated and "own name" dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but who wish to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office. For administrative purposes the completed forms of proxy may be deposited at, posted, faxed or e-mailed to the transfer secretaries at the address below, to be received 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Alternatively, forms of proxy may be handed to the chairman of the annual general meeting or to the transfer secretaries prior to the commencement of the annual general meeting or prior to voting on any resolution proposed at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

NOTICE OF ANNUAL GENERAL MEETING continued

The directors of the company confirm, in accordance with section 58 of the Companies Act, that a proxy of a shareholder is entitled to participate in and speak and vote at the meeting provided that a copy of the instrument appointing the proxy is delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of a shareholder at a shareholders' meeting.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than "own name" registered dematerialised shareholders, who wish to attend the annual general meeting, must request that their CSDP or broker issue them with a letter of representation.

Should shareholders who have dematerialised their shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in the annual general meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 17:00 on Wednesday, 28 November 2018 by submitting, by e-mail to the company secretary at legal@retrufirm.com, or by fax to be faxed to +27 21 460 9575, for the attention of the company secretary, relevant contact details including e-mail address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Any such access will be at the expense of the shareholder or proxy.

Shareholders who wish to participate in the annual general meeting by way of telephone conference call must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board



AT Snitcher
Company secretary

26 October 2018

Registered office:
263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Fax: 021 460 9575

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Fax: 011 688 5248
E-mail: proxy@computershare.co.za

ANNEXURE A

SALIENT FEATURES OF THE REX TRUEFORM GROUP LIMITED INCENTIVE SCHEME

1. DEFINITIONS

In this salient features summary, unless otherwise stated or the context requires otherwise, 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 signifying one gender include the others and reference to a person includes references to a body corporate and vice versa.

- 1.1 "Act" the Companies Act, 71 of 2008, as amended from time to time;
- 1.2 "Award" any share-related award in such form as may be determined by the Grantor, from time to time, and as set out in the Award Letter(s), which may comprise any one or more of the following:
- 1.2.1 Nil-cost Share Awards; and/or
 - 1.2.2 100% Share Awards; and/or
 - 1.2.3 75% Share Awards; and/or
 - 1.2.4 50% Share Awards; and/or
 - 1.2.5 Nil-cost Options; and/or
 - 1.2.6 100% Options; and/or
 - 1.2.7 75% Options; and/or
 - 1.2.8 50% Options;
- 1.3 "Award Condition" any condition attaching to any Award in terms of the Rules or the relevant Award Letter, which conditions may include the imposition of Performance Targets;
- 1.4 "Award Date" in relation to an Award, is the date specified as such by the Trustees in the Award Letter, which date may be on or after (but not before) the Offer Date;
- 1.5 "Award Letter" a letter notifying the Eligible Employee of the grant of an Award in writing setting out the details of the Award, in such form as may be prescribed from time to time by the Trustees informing the Participant of the grant of an Award to him/her;
- 1.6 "Board" board of directors for the time being of the Company or, should the board of directors delegate its authority (which it shall be entitled to do) to the Committee or any other committee of the board, such committee;
- 1.7 "Business Day" any day other than a Saturday, Sunday or public holiday officially recognised as such in South Africa;
- 1.8 "Cash Equivalent"
- 1.8.1 in relation to Nil-cost Share Awards, the Market Value of the Shares Vesting in respect of such Award on the Vesting Date;
 - 1.8.2 in relation to Share Awards, the Market Value of Shares Vesting in respect of such Award on the Vesting Date, reduced by the applicable Share Award Price;
 - 1.8.3 in relation to an Option, the Exercise Date Price of the Shares subject to that Option (or relevant portion thereof exercised), less the applicable Option Price in respect of such Shares; and
 - 1.8.4 in relation to a Nil-cost Option, the Exercise Date Price of the relevant Shares subject to that Nil-cost Option (or relevant portion thereof exercised);
- 1.9 "Closing Date" the date which is 20 Business Days after the Offer Date;
- 1.10 "Committee" the Remuneration Committee (or other similar committee) of the Board or, if there is no such committee in existence at the relevant time, the Board;
- 1.11 "Compliance Officer" the compliance officer of the Plan, as appointed by the Company from time to time in accordance with section 97 of the Act;
- 1.12 "Date of Termination" the date on which the Termination of Employment occurs, and for the avoidance of doubt:
- 1.12.1 if notice of termination was given by either the Participant or the Employer Company, such termination shall only occur upon the expiry of the notice period; and

ANNEXURE A

SALIENT FEATURES OF THE REX TRUEFORM GROUP LIMITED INCENTIVE SCHEME (continued)

- 1.12.2 if no notice of termination was given by either the Participant or the Employer Company but a payment in lieu of notice was made, termination shall occur on the date of such payment;
- 1.13 "Distribution" in relation to a Share shall have the same meaning as ascribed thereto in the Act;
- 1.14 "Eligible Employee" any employee in the Permanent Employment of an Employer Company, but may not include Trustees;
- 1.15 "Employer Company" the Company or any subsidiary of the Company which is the employing company of a potential Participant;
- 1.16 "Exercise Date" the date on which the relevant portion of the applicable Option or Nil-cost Option is exercised by a Participant in accordance with the Plan;
- 1.17 "Exercise Date Price" the Market Value of the Shares subject to the applicable Option or Nil-cost Option on the relevant Exercise Date of such option;
- 1.18 "Expiry Date" in respect of any portion of a particular Option or Nil-cost Option, the date which is 30 calendar days after the relevant Maturity Date of that portion of the particular Option;
- 1.19 "Grantor" the Trustees, acting on the direction of the Committee;
- 1.20 "Group" the Company and its subsidiaries, from time to time;
- 1.21 "JSE" the JSE Limited (registration number 2005/022939/06);
- 1.22 "JSE Listings Requirements" the Listings Requirements published by the JSE, as amended from time to time;
- 1.23 "LRA" Labour Relations Act, 66 of 1995, as amended from time to time;
- 1.24 "Market Value" in relation to a Share, the average closing price of the Shares over the last three trading days on the JSE prior to the relevant date (whether or not any Shares were in fact traded on those days);
- 1.25 "Maturity Date" in respect of any particular Option or Nil-cost Option, the date on which the relevant portion of such option becomes exercisable (as stipulated in the Award Letter), or, if the said date is within a Prohibited Period, the first Business Day following the said date which is not in a Prohibited Period;
- 1.26 "Nil-cost Options" a right to acquire Shares granted under the Plan which has been designated as a Nil-cost Option by the Grantor, and in respect of which no consideration will be payable by the Participant upon exercise of such option;
- 1.27 "Nil-cost Share Award" an Award granted to an Eligible Employee under the Plan which has been designated as a Nil-cost Share Award by the Grantor to receive Shares on specified Vesting Date(s) for no consideration;
- 1.28 "Offer" the Written Offer of an Award addressed to an Eligible Employee;
- 1.29 "Offer Date" the date on which an Award Letter is issued to an Eligible Employee;
- 1.30 "Option" a right to acquire Shares granted under the Plan which has been designated as a 100% Option, 75% Option or 50% Option by the Grantor;
- 1.31 "100% Option" an Option to acquire Shares granted under the Plan which has been designated as a "100% Option" by the Grantor and in respect of which an Option Price is payable by the Participant on the relevant Exercise Date equal to the Market Value of the Shares subject to the relevant Option (determined on the Award Date);

1.32	"75% Option"	an Option to acquire Shares granted under the Plan which has been designated as a "75% Option" by the Grantor and in respect of which an Option Price is payable by the Participant on the relevant Exercise Date equal to 75% of the Market Value of the Shares subject to the relevant Option (determined on the Award Date);
1.33	"50% Option"	a right to acquire Shares granted under the Plan which has been designated as a "50% Option" by the Grantor and in respect of which an Option Price is payable by the Participant on the relevant Exercise Date equal to 50% of the Market Value of the Shares subject to the relevant Option (determined on the Award Date);
1.34	"Option Price"	the amount payable on the exercise of an Option, determined in terms of 1.31, 1.32 or 1.33 above and specified in the Award Letter;
1.35	"Participant"	an Eligible Employee who has been granted and accepted an Award;
1.36	"Permanent Employment"	indefinite employment; or fixed-term employment, where fixed-term employment means employment that only lasts for a period of time and which terminates on: <ul style="list-style-type: none"> 1.36.1 the occurrence of a specified event; 1.36.2 the completion of a specified task or project; or 1.36.3 a fixed date, other than an Employee's normal or agreed retirement date; and 1.36.4 does not include temporary employment which does not fall within the ambit of 1.36;
1.37	"Performance Target"	the performance target(s) applicable to the holder of an Award, as determined by the Committee in its sole discretion and included in the Award Letter issued to such holder;
1.38	"Plan"	the Rex Trueform Group Limited Incentive Scheme;
1.39	"Prohibited Period"	a prohibited period as defined in the JSE Listings Requirements;
1.40	"Rules"	the rules governing the Plan;
1.41	"Shares"	the N" ordinary shares in the share capital of the Company;
1.42	"Share Award"	an Award granted to an Eligible Employee under the Plan which has been designated as a 100% Share Award, 75% Share Award or 50% Share Award by the Grantor;
1.43	"100% Share Award"	an Award granted to an Eligible Employee under the Plan which has been designated as a "100% Share Award" by the Grantor, in respect of which the Eligible Employee will receive Shares on specified Vesting Date(s) against payment of a Share Award Price equal to the Market Value of such Shares (determined on the Award Date);
1.44	"75% Share Award"	an Award granted to an Eligible Employee under the Plan which has been designated as a "75% Share Award" by the Grantor, in respect of which the Eligible Employee will receive Shares on specified Vesting Date(s) against payment of a Share Award Price equal to 75% of the Market Value of such Shares (determined on the Award Date);
1.45	"50% Share Award"	an Award granted to an Eligible Employee under the Plan which has been designated as a "50% Share Award" by the Grantor, in respect of which the Eligible Employee will receive Shares on specified Vesting Date(s) against payment of a Share Award Price equal to 50% of the Market Value of such Shares (determined on the Award Date);
1.46	"Share Award Price"	the amount payable by the Participant in respect of Shares subject to a Share Award on the relevant Vesting Date, which shall determined in accordance with 1.43, 1.44 or 1.45 above and specified in the Award Letter;
1.47	"Termination of Employment"	a termination of Permanent Employment of the relevant Participant with the Company;
1.48	"Trust"	the Rex Trueform Share Trust (Master's Reference Number: IT 545/97);

ANNEXURE A

SALIENT FEATURES OF THE REX TRUEFORM GROUP LIMITED INCENTIVE SCHEME (continued)

1.49	“Trustees”	the Trustees of the Trust duly appointed in terms of the Trust Deed;
1.50	“Trust Deed”	the trust deed in terms of which the Trust is established and any deed of amendment thereto;
1.51	“Vest”	in relation to all or a portion of the Award, on the date stipulated in the relevant Award Letter subject to the fulfilment of the terms of the Award read with the Rules and the Trust Deed;
1.52	“Vesting Date”	the date on which the Shares Vest in relation to a Vesting Portion;
1.53	“Vesting Portion”	such percentage of the Shares in respect of an Award (rounded down to the nearest whole Share) as may Vest on or about any Vesting Date; and
1.54	“Written Offer”	the Award Letter containing the offer of an Award addressed to Eligible Employees by the Trustees.

2. PURPOSE

The Company wishes to ensure long-term incentivisation of Eligible Employees by providing them with an opportunity to participate in the Plan, thereby ensuring that such Eligible Employees are encouraged and motivated to pursue continued employment with their Employer Companies and to contribute to the growth and profitability of the Employer Company and the Group as a whole.

3. SALIENT FEATURES OF THE PLAN

- 3.1 Only Eligible Employees are eligible to participate in the Plan.
- 3.2 The aggregate number of Shares which may be utilised for the Plan shall not exceed 12 000 000 Shares.
- 3.3 The aggregate number of Shares which any one Participant may acquire or receive in terms of the Plan shall not exceed 3 000 000 Shares.
- 3.4 The Grantor may grant any Eligible Employee an Award in accordance with the Rules.
- 3.5 When selecting which Eligible Employees will be granted Awards (and the number of Shares subject to an Award to be granted to each such Eligible Employee), the Committee shall have regard to the Eligible Employees nominated by the Employer Companies for participation in the Plan and take into account such other factors it may deem appropriate, which may include the contribution to be made by the relevant Eligible Employee to the Group in light of the Eligible Employee’s skills, experience, qualifications and/or attributes and the Group’s strategic objectives at the relevant time.
- 3.6 The Compliance Officer or the Trustees shall notify the Eligible Employee of the grant of the Award in writing in an Award Letter. There shall be no consideration payable for the grant of an Award. Any Award granted to a Participant is personal to him/her and shall not be capable of being transferred or otherwise disposed of by a Participant. Any such Award shall lapse immediately if it is so transferred, purported to be transferred or otherwise disposed.
- 3.7 An Eligible Employee to whom a Written Offer is made, may accept or reject such Offer. An Offer will remain open for acceptance up to the Closing Date stipulated in the Award Letter. Should an Eligible Employee to whom a Written Offer is made fail to accept or reject the Offer before or on the Closing Date, the Offer will lapse and the Eligible Employee will no longer be entitled to accept such Offer, provided that the Trustees may direct that such Award shall be deemed not to have lapsed if, in their sole discretion, there are reasonable grounds for extending the Closing Date of the Award.
- 3.8 In relation to Share Awards and Nil-cost Share Awards, Eligible Employees who have validly accepted the Offer will become conditionally entitled to either the Award of the Shares or, at the sole discretion of the Trustees exercised before the Vesting of the Award, the Cash Equivalent of the Award in lieu of the Shares.
- 3.9 Delivery of the Shares subject to the Award to an Eligible Employee, payment of the Cash Equivalent of the Shares subject to the Award, shall take place in accordance with the Award Letter.
- 3.10 Options and Nil-cost Options may only be exercised in accordance with the terms of the Award Letter.

The Participant shall become entitled to exercise the relevant portion of an Option or a Nil-cost Option in respect of all of the Shares to which the relevant portion of the Option or Nil-cost Option (as the case may be) relates from the relevant Maturity Date until the relevant Expiry Date, provided that on the Exercise Date the Participant is still an Eligible Employee.

- 3.11 Subject to 3.12, against exercise of an Option, the Participant is required to make payment of the applicable Option Price applicable to the relevant Vesting Portion.
- 3.12 The Grantor may determine that the Participant shall not receive the Shares subject to an Option or Nil-cost Option upon the valid exercise thereof, but shall rather receive the Cash Equivalent of the relevant Vesting Portion in lieu of the Shares.
- 3.13 The relevant portion of an Award shall Vest in the Participant on the date stipulated in the Award Letter. Once an Award of Shares has Vested in a Participant, the Trustees shall, within 30 (thirty) days of the date thereof, settle the Award (subject to the Rules) by the transfer of Shares to the Participant, or the payment of the Cash Equivalent of the Award.
- 3.14 Until the date on which an Award Vests, a Participant shall not be entitled to any dividends or other Distributions made in respect of the Shares awarded to him/her and shall have no right to vote in respect of the Shares subject to his/her Award.
- 3.15 In the event that the Grantor becomes aware of the occurrence of any one or any combination of the below material events:
- 3.15.1 the Company will be party to a transaction or series of transactions amounting to the disposal of all or the greater part of the assets or undertaking of the Company or the Group; or
 - 3.15.2 the Company will be party to an amalgamation, merger or scheme of arrangement; or
 - 3.15.3 there is an acquisition in, or disposal of, control of the Company; or
 - 3.15.4 there has been an announced intention to acquire a beneficial interest in the remaining voting Shares of the Company not already held by a person or persons acting in concert; or
 - 3.15.5 mandatory offer to shareholders of the Company is required; or
 - 3.15.6 any person has become bound or entitled to acquire Shares under section 124 of the Act; or
 - 3.15.7 the business of the Company or any part thereof is transferred as a going concern in terms of Section 197 of the LRA,
- then, subject to the Rules, the Grantor shall, have the absolute discretion to determine whether:
- 3.15.8 any Award Condition should be waived or deemed to be satisfied; and/or
 - 3.15.9 any Awards should become exercisable and/or Vest early before their relevant Maturity Dates and/or Vesting Dates; and/or
 - 3.15.10 Awards should continue in the same or a revised form following any one or any combination of the material events set out above.
- 3.16 If the Grantor determines that an Award shall Vest as contemplated in 3.15, the Grantor shall determine the number of Shares that Vest by applying any Award Condition or any criteria imposed on the Vesting of the Award in terms of the relevant Award Letter, and if the Grantor so decides, by applying a pro rata reduction to the number of Shares to reflect the unexpired part of the Vesting Period.
- 3.17 If an insolvency event occurs in relation to the Company, then all unvested Awards shall lapse and be of no force and effect.
- 3.18 A Participant's Award or any portion thereof which has not yet Vested shall automatically terminate on the Date of Termination of Employment in relation to such Award, provided that if such Termination of Employment arises by reason of:
- 3.18.1 death; or

ANNEXURE A

SALIENT FEATURES OF THE REX TRUEFORM GROUP LIMITED INCENTIVE SCHEME (continued)

- 3.18.2 ill health, disability or injury, provided that the Company has received a certificate from a suitably qualified, independent medical practitioner nominated for this purpose by the Company or otherwise acceptable to the Company to the effect that, due to such ill health or injury, the Participant shall not be able to perform his normal employment duties for a consecutive period exceeding 12 months; or
- 3.18.3 normal or late retirement in accordance with the terms and conditions of the Employee's employment by the Employee Company; or
- 3.18.4 retrenchment (that is, termination by the Company, as the case may be, based on its operational requirements); or
- 3.18.5 the transfer of the Employee's employment within the Group; or
- 3.18.6 other circumstances which are approved by a resolution of the Committee prior to the relevant Date of Termination of Employment,
- the Award shall not lapse and the Participant shall remain entitled to the Vesting of the Award in accordance with the Award Letter.
- 3.19 In the event of any variation of the share capital of the Company (whenever effected) by way of a sub-division or consolidation of capital:
- 3.19.1 the number of Shares which may be utilised for the Plan; and
- 3.19.2 the Share Award Price and/or Option Price (as applicable) payable,
- shall be adjusted in such manner as the Grantor may determine to be appropriate, subject to 3.21 below, and, in making such determination, the Grantor shall ensure that, as far as possible in the circumstances, Eligible Employees shall remain entitled to the same proportion of the equity capital of the Company as that to which such Eligible Employee would have been entitled but for such event, and that Eligible Employee is not prejudiced nor given benefits beyond those provided for in the Plan.
- 3.20 In the event of any variation of the share capital of the Company (whenever effected) by way of capitalisation or rights issue or special dividend:
- 3.20.1 the aggregate number of Shares which any one Eligible Employee may acquire in terms of the Plan; and
- 3.20.2 the Share Award Price and/or Option Price (as applicable) payable,
- shall be adjusted in such manner as the Grantor may determine to be appropriate, subject to 3.21 below, and, in making such determination, the Grantor shall ensure that, as far as possible in the circumstances, Eligible Employees shall remain entitled to the same proportion of the equity capital of the Company as that to which such Eligible Employee would have been entitled but for such event, and that Eligible Employee is not prejudiced nor given benefits beyond those provided for in the Plan.
- 3.21 Any such adjustments shall be:
- 3.21.1 subject to the Independent Adviser confirming to the Grantor and the JSE, in writing, that the adjustments were calculated in accordance with the provisions of the Plan; and
- 3.21.2 reported in the Company's annual financial statements in the financial period during which the adjustment is made.
- 3.22 For the avoidance of doubt, there shall be no adjustment to the number of Shares which may be utilised for the Plan, the aggregate number of Shares which any one Participant may acquire in terms of the Plan, the number of Shares which are the subject of any Award in respect thereof if there is:
- 3.22.1 an issue of Shares by the Company as consideration for an acquisition; or
- 3.22.2 an issue of Shares for cash; or
- 3.22.3 a vendor consideration placement.

4. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Plan will be available for inspection during normal business hours (Saturdays, Sundays and South African public holidays excluded) at the registered office of the Company and at the office of the Company's sponsor, Java Capital Proprietary Limited (both addresses are set out immediately below) from Wednesday, 31 October 2018 until Friday, 30 November 2018.

ANNEXURE B

1. ABRIDGED CURRICULA VITAE OF DIRECTORS STANDING FOR RE-ELECTION:

1.1 MA Golding (58) BA (Hons)

Marcel Golding is the past deputy general secretary of the National Union of Mineworkers, served as the founding chairman of the Mineworkers Investment Company and was a member of Parliament from 1994 to 1997. Marcel is an experienced company director and has held various executive and non-executive directorships, including co-founding and serving as the chairman of Hosken Consolidated Investments Limited from 1997 until 2014 and as the chief executive officer of e.tv Proprietary Limited from 1999 until 2014. Marcel presently runs a privately held family investment holding company, Geomer Investments.

Marcel has served as a non-executive director of the company since September 2016, as the chairman of its board since September 2017, is chairman of the company's nomination committee and is a member of the company's social and ethics and remuneration committees. He also serves as the chief executive officer the company's holding company, African and Overseas Enterprises, and as the non-executive chairman of the group's main operating subsidiary, Queenspark, and of Queenspark Distribution Centre.

1.2 CEA Radowsky (51) BA

Catherine Radowsky joined the group in January 1991. She was appointed as executive director of the company in March 1999 and as chief executive officer in August 2003. She has an in-depth knowledge of all aspects of the company's operations and particularly the group's retail business. Catherine is a member of the risk and social and ethics committees of the company, and also serves as the chief executive officer of the group's main operating subsidiary, Queenspark, and of Queenspark Distribution Centre and Queenspark Namibia.

1.3 LK Sebatane (38) BCom (Law), LLB

Luntu Sebatane is an admitted attorney with nine years' post-articles experience. In addition to having held positions as an in-house counsel at the Omnia Group and the De Beers Group, and as a director at Cliffe Dekker Hofmeyr Attorneys, Luntu currently plays an integral role in the development of the strategy of the black women-owned property development company, Phahamo, and meaningfully participates in the women-owned investment company, Ikhewezi. Luntu presently holds a position as an in-house counsel for the Anglo American Group and is a director of Phahamo Property Group, Ikhewezi Investments Proprietary Limited and Claremart Auctioneers Proprietary Limited.

Luntu is a member of the company's audit, remuneration and nomination committees. She also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises, the group's main operating subsidiary, Queenspark, and Queenspark Distribution Centre.

2. ABRIDGED CURRICULUM VITAE OF PERSON BEING CONFIRMED AS EXECUTIVE DIRECTOR

D Franklin (34) BCom, PGDip (Accounting), CA(SA)

Damien Franklin is an experienced chartered accountant with a background in the property, retail and aviation sectors. Damien was appointed as financial director by the board in May 2018. Damien also serves as the financial director of the group's main operating subsidiary, Queenspark, and of Queenspark Distribution Centre and Queenspark Namibia.

Annexure B
(continued)

3. ABRIDGED CURRICULA VITAE OF DIRECTORS STANDING FOR ELECTION AS MEMBERS OF THE AUDIT COMMITTEE:

3.1 PM Naylor (72) BSc (Eng)

Patrick Naylor has served as an independent non-executive director of the company since 2003. He is an experienced company director and trustee, having served on the boards of numerous companies and trusts outside of this group. He is a practising partner in a firm of consulting civil engineers. Patrick is chairman of the company's audit and social and ethics committees and is a member of the company's nomination and risk committees. He also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises, the group's main operating subsidiary, Queenspark, and Queenspark Distribution Centre.

3.2 HB Roberts (57) BCom, BSc, FIA, ASA, FASSA

Hugh Roberts is an actuary with wide experience in life assurance and short-term insurance, property development and asset management. Hugh is an experienced company director and has held various executive and non-executive directorships. He is an active investor in property, listed and private equity. Hugh is the chairman of the company's risk committee and is a member of the company's audit committee. He also serves as an independent non-executive director on the board of the company's holding company, African and Overseas Enterprises.

3.3 LK Sebatane (38) BCom (Law), LLB

Please note the abridged curriculum vitae contained in section 1.3 above in this regard.



FORM OF PROXY

REX TRUEFORM GROUP LIMITED

(formerly Rex Trueform Clothing Company Limited)

(Incorporated in the Republic of South Africa) (Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000250387 – ZAE000250395 – ZAE000250403

("Rex Trueform" or "the company")

For use only by ordinary and "N" ordinary certificated shareholders or dematerialised shareholders with "own name" registration, at the eighty-first annual general meeting of the company to be held in the boardroom, 263 Victoria Road, Salt River, Cape Town, on Friday, 30 November 2018 commencing at 10:00.

I/We _____ (name/s in block letters)

of _____ (address)

being a shareholder/shareholders of Rex Trueform and holding _____ ordinary shares in the company,

and/or _____ "N" ordinary shares in the company, do hereby appoint:

1. _____ of _____ or failing him/her
2. _____ of _____ or failing him/her
3. the chairman of the company or, failing him or her, the chairman of the annual general meeting,

as my/our proxy to participate in, speak for me/us and on my/our behalf and to vote, at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Rex Trueform ordinary shares and/or "N" ordinary shares registered in my/our name(s), in accordance with the following instructions:

	Ordinary shares*			"N" ordinary shares*		
	For	Against	Abstain	For	Against	Abstain
Ordinary resolution 1 – Approval of annual financial statements						
Ordinary resolution 2 – Re-election of directors						
Ordinary resolution 2.1 – Re-election of MA Golding						
Ordinary resolution 2.2 – Re-election of CEA Radowsky						
Ordinary resolution 2.3 – Re-election of LK Sebatane						
Ordinary resolution 3 – Confirmation of appointment of D Franklin as executive director						
Ordinary resolution 4 – Election of audit committee members						
Ordinary resolution 4.1 – Election of PM Naylor						
Ordinary resolution 4.2 – Election of HB Roberts						
Ordinary resolution 4.3 – Election of LK Sebatane						
Ordinary resolution 5 – Re-appointment of auditors						
Ordinary resolution 6 – Approval and adoption of Rex Trueform Group Limited incentive scheme rules						
Ordinary resolution 7 – General authority to issue equity shares for cash						
Ordinary resolution 8 – Control over unissued shares						
Ordinary resolution 9 – Signature of documents						
Ordinary resolution 10 – Non-binding advisory vote on remuneration policy						
Ordinary resolution 11 – Non-binding advisory vote on remuneration implementation report						
Special resolution 1 – Financial assistance to related and inter-related parties						
Special resolution 2 – General authority to acquire shares						
Special resolution 3 – Approval of non-executive directors' fees						
Special resolution 4 – Allotment and issue of shares to directors and prescribed officers						

* Please indicate with an "X", or the number of shares applicable, in the appropriate spaces above how you wish your votes to be cast.

Unless otherwise instructed, my/our proxy may vote as he/she sees fit.

Signed at (place) _____ on (date) _____ 2018.

Shareholder's signature _____

Please read the notes on the reverse side hereof

NOTES TO THE FORM OF PROXY

1. This form of proxy must only be used by certificated ordinary and "N" ordinary shareholders or dematerialised ordinary and "N" ordinary shareholders who hold dematerialised ordinary or "N" ordinary shares with "own name" registration.
2. Dematerialised shareholders holding ordinary or "N" ordinary shares other than with "own name" registration must:
 - 2.1. inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request that their CSDP or broker issue them with the necessary letter of representation to attend the annual general meeting in person and vote; or
 - 2.2 provide their CSDP or broker with their voting instructions, should they not wish to attend the annual general meeting in person, but wish to be represented thereat.

These shareholders must not use this form of proxy.
3. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to attend, participate and, on a poll, vote in place of that shareholder at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the company or, failing him or her, the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or, alternatively, the number of shares such shareholder wishes to vote, in the appropriate spaces provided overleaf. Failure to comply with the above will be deemed to authorise the chairman of the company or, failing him or her, the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
6. 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 company's transfer office or waived by the chairman of the annual general meeting.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and participating and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
11. Where there are joint holders of any shares:
 - 11.1 any one holder may sign this form of proxy; and
 - 11.2 the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Forms of proxy may be lodged with the transfer secretaries at the address given below. For administrative purposes, we request that all proxy forms are received 24 (twenty-four) hours before the meeting, excluding Saturdays, Sundays and public holidays. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting or to the transfer secretaries at any time prior to the commencement of the annual general meeting or prior to voting on a resolution proposed at the annual general meeting.

Registered office:

263 Victoria Road
Salt River, Cape Town, 7925
PO Box 1856, Cape Town, 8000
Fax: 021 460 9575

Transfer secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Fax: 011 688 5248
E-mail: proxy@computershare.co.za

SHAREHOLDERS' CALENDAR

Financial year-end	30 June
Preliminary announcement 2018	7 September 2018
Integrated annual report 2018	31 October 2018
Annual general meeting	30 November 2018
Interim report (December 2018)	March 2019
6% Cumulative preference shares	
Declared	Half-year to December 2018 – December 2018 Half-year to June 2019 – June 2019
Payable	Half-year to December 2018 – January 2019 Half-year to June 2019 – July 2019

ADMINISTRATION

REGISTERED OFFICE

263 Victoria Road, Salt River
Cape Town, 7925
PO Box 1856, Cape Town, 8000
Tel: 021 460 9400
Fax: 021 460 9575

COMPANY SECRETARY

AT Snitcher (LLB)
263 Victoria Road, Salt River
Cape Town, 7925
PO Box 1856, Cape Town, 8000

TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited
Rosebank Towers,
15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Tel: 011 370 5000
Fax: 011 688 5248

SPONSORS

Java Capital
2nd Floor
6A Sandown Valley Crescent, Sandton
Johannesburg, 2031
PO Box 522606, Saxonwold, 2132

AUDITORS

KPMG Inc.
MSC House
1 Mediterranean Street, Foreshore
Cape Town, 8001

PRINCIPAL BANKER

The Standard Bank of South Africa
Limited

WEBSITE ADDRESSES

<http://www.rextrueform.com>
<http://www.queenspark.com>



**REX TRUEFORM GROUP
LIMITED**