

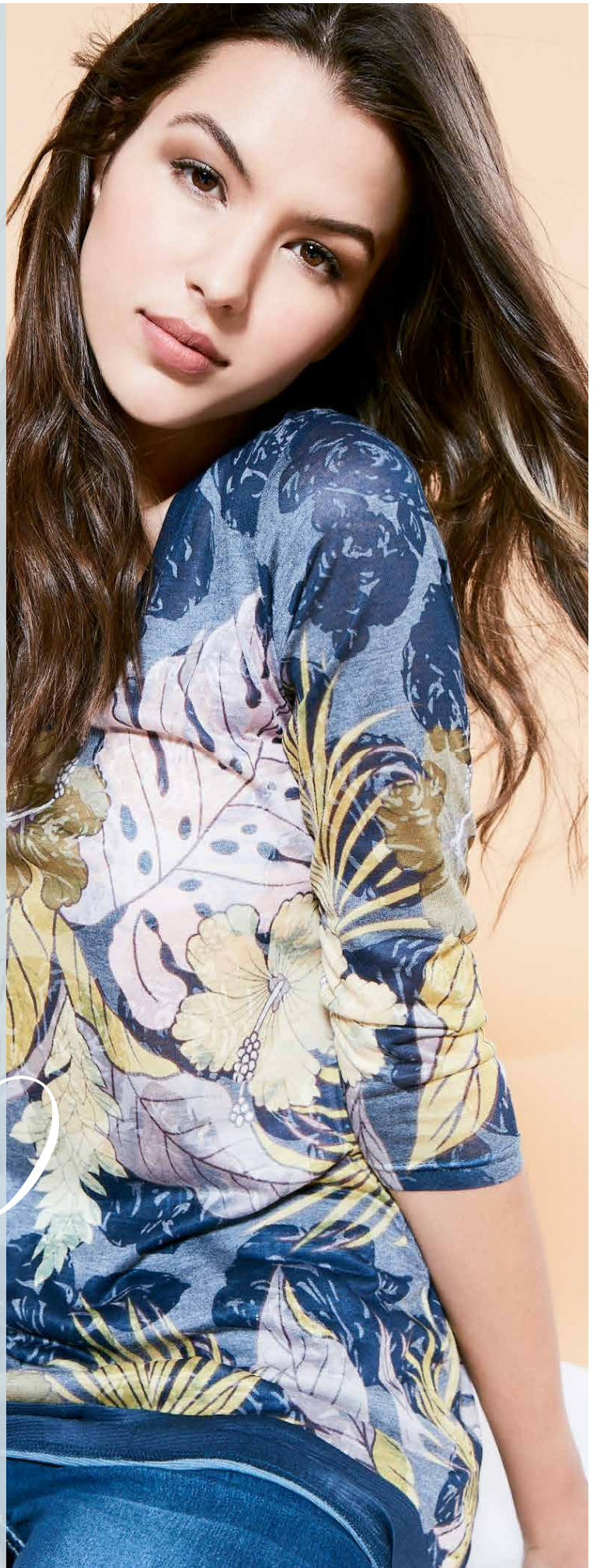


REX TRUEFORM  
CLOTHING COMPANY  
LIMITED

# INTEGRATED ANNUAL REPORT

2017

*Rex  
Trueform*





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# SCOPE, BOUNDARY AND APPROVAL OF THE INTEGRATED ANNUAL REPORT

THE REX TRUEFORM GROUP IS PLEASED TO PRESENT ITS INTEGRATED ANNUAL REPORT TO STAKEHOLDERS IN LINE WITH THE REQUIREMENTS OF THE KING REPORT ON GOVERNANCE FOR SOUTH AFRICA, 2009 ("KING III"). WE NOTE IN THIS REGARD THAT WHILE KING III HAS NOW BEEN REPLACED BY THE KING REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA, 2016 ("KING IV"), DISCLOSURE ON THE APPLICATION OF KING IV IS EFFECTIVE FOR FINANCIAL YEARS STARTING ON OR AFTER 1 APRIL 2017 AND IS ACCORDINGLY NOT APPLICABLE FOR THE FINANCIAL YEAR COVERED BY THIS INTEGRATED ANNUAL REPORT.

## REPORT CONTENT

This integrated annual report covers the annual financial reporting period 1 July 2016 to 30 June 2017. The integrated annual report covers all subsidiaries within the group and both the retail and property segments as defined within the group (refer to the notes to the annual financial statements). The companies operate 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.

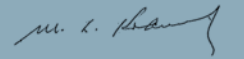
This integrated annual report includes summarised extracts from the group's annual financial statements. The full set of annual financial statements can be found on the company's website at [www.rextrueform.com](http://www.rextrueform.com).

## EXTERNAL ASSURANCE

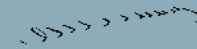
Assurance on the financial statements contained in this integrated annual report has been provided by the external auditors, KPMG Inc. These financial statements form the basis of the financial disclosure in the integrated annual report.

## 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 September 2017.



**Michael Krawitz**  
Chairman  
Authorised director



**Catherine Radowsky**  
Chief executive officer  
Authorised director

Cape Town, 26 September 2017

[www.queenspark.com](http://www.queenspark.com)

 [www.facebook.com/queenspark](http://www.facebook.com/queenspark)

 @QueensparkSA

## FINANCIAL PERFORMANCE

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TURNOVER DECREASED BY  
**1.6%**

OPERATING PROFIT  
**R0.8m**  
(2016: R11.5m)

EARNINGS PER SHARE  
**15.3 cents**  
(2016: 57.1 cents)





# GROUP PROFILE

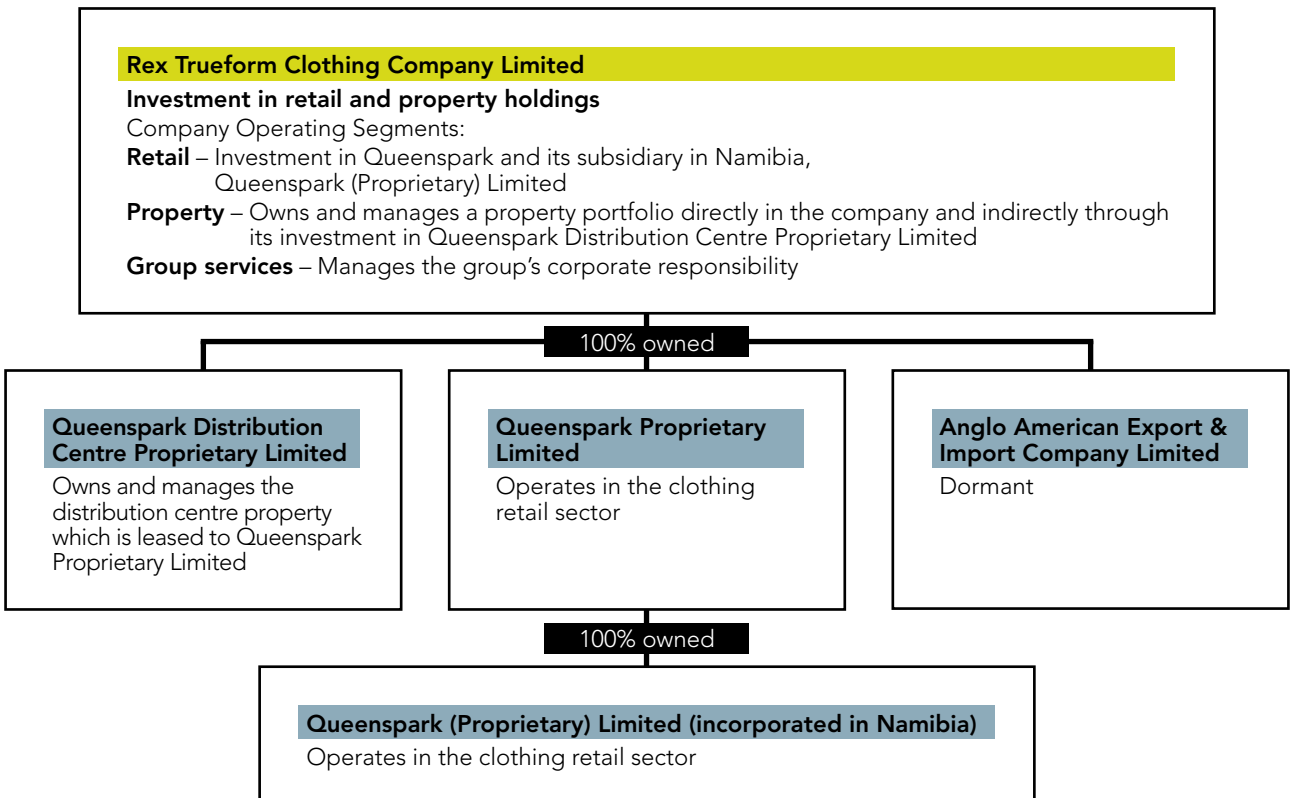
**REX TRUEFORM CLOTHING COMPANY LIMITED (“REX TRUEFORM” OR “THE COMPANY”) WAS ESTABLISHED IN CAPE TOWN IN 1937 AND HAS BEEN LISTED ON THE JSE LIMITED SINCE 1945. THE COMPANY HAS INTERESTS IN THE RETAILING OF CLOTHING AND IN PROPERTY.**

**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, 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.



## VALUES

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**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**



## RETAIL SEGMENT VISION

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TO BE THE  
DESTINATION  
FASHION STORE  
FOR DISCERNING  
CUSTOMERS WHO  
WANT TO LOOK AND  
FEEL FANTASTIC

## BUSINESS MODEL

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### 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 LSM customers
- Product sold through retail stores located in shopping malls
- Product is sold online through third party websites
- 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)

## OWNED RETAIL TRADING BRANDS IN SOUTH AFRICA

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BRAND	OVERVIEW AND CUSTOMER OFFERING	PRODUCT FOCUS	CURRENT CUSTOMER FOCUS	THE TOTAL NUMBER OF SOUTH AFRICAN STORES THAT SELL THE PARTICULAR BRAND (EXCLUDING ONLINE)
QUEENSPARK LADIESWEAR	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.	Fashion apparel including casual, formal and glamour, jewellery, fashion accessories and footwear	LSM 8 – 10+ 35 years and up	59
J CREW	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.	Fashion apparel including casual and formal, footwear and fashion accessories	LSM 8 – 10+ 35 years and up	58
QUEENSPARK PLUS	The Queenspark Plus collection offers feminine and flattering clothing suitable for a larger lady by replicating the signature looks and pieces of the mainstream Queenspark range.	Fashion apparel including casual, formal and glamour	LSM 8 – 10+ 35 years and up	57
AURA	A limited cosmetic range of seasonal colour-relevant make-up especially formulated and developed for the core Queenspark customer.	Cosmetics	LSM 8 – 10+ 30 years and up	59
CATH.NIC	Cath.nic is the destination for aspirational, fashion-conscious women who seek the latest of fashion across casual, formal and glamour.	Fashion apparel, footwear and fashion accessories	LSM 8 – 10+ 30 years and up	59



## RETAIL TURNOVER AND STORES BY GEOGRAPHIC REGION

	2017			2016		
	Number of South African stores at 30 June 2017	Turnover Rm	% Contribution	Number of South African stores at 30 June 2016	Turnover Rm	% Contribution
Eastern Cape	4	22 917	4.5	4	22 315	4.25
Free State	3	24 169	4.8	3	24 862	4.73
Gauteng	25	259 081	51.3	24	271 273	51.62
Kwazulu-Natal	8	53 040	10.5	7	54 116	10.30
Limpopo	3	24 530	4.9	3	22 794	4.34
Mpumalanga	4	27 563	5.5	4	29 175	5.55
North West	4	20 809	4.1	3	19 789	3.76
Northern Cape	2	9 450	1.9	2	9 017	1.72
Western Cape	6	63 866	12.6	8	72 163	13.73
Total**	59	505 425	100.0	58	525 504	100.00

\*\* Excludes online stores (Spree and Zando).

Summary of store gross area*	2017			2016		
	Number of stores	Store m <sup>2</sup>	% Change	Number of stores	Store m <sup>2</sup>	% Change
Opening store base	58	26 566		56	26 248	
Stores opened	4	1 273	4.8	2	605	2.3
Stores closed	(3)	(1 154)	(4.3)	–	–	–
Space decreased		(208)	(0.8)		(287)	(1.1)
Closing store base	59	26 477	(0.3)	58	26 566	1.2
Weighted average store area* (m <sup>2</sup> )		25 935			26 098	

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

# STAKEHOLDER ENGAGEMENT

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STAKEHOLDER	WHY WE ENGAGE	MEANS OF ENGAGING
Retail customers	<ul style="list-style-type: none"> <li>- To obtain customer loyalty and achieve customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>- Customer feedback at stores</li> <li>- Customer feedback via helpdesk</li> <li>- Advertising and marketing through various media channels</li> <li>- Interaction with account holders of private label card via various communication channels</li> <li>- Use of social media and web-based channels</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- To provide our shareholders with relevant, timeous and balanced information</li> </ul>	<ul style="list-style-type: none"> <li>- Integrated annual report</li> <li>- Annual financial statements</li> <li>- Interim reporting announcements</li> <li>- Annual general meeting</li> <li>- SENS announcements and circulars when applicable</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- To ensure that we attract and retain the relevant talent</li> <li>- To ensure that we have motivated employees</li> <li>- To increase our employees' productivity</li> <li>- To ensure employee loyalty</li> </ul>	<ul style="list-style-type: none"> <li>- Performance management</li> <li>- Training programmes</li> <li>- Liaison committees</li> <li>- Policy development and distribution</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- To maintain a good relationship with our suppliers to ensure a long-term benefit for both parties, and ensure that our suppliers maintain a high ethical standard</li> <li>- To ensure that we receive a timeous supply of consistently high-quality merchandise</li> </ul>	<ul style="list-style-type: none"> <li>- Regular supplier interaction and correspondence</li> <li>- Supply agreements entered into</li> <li>- Supplier code of ethics</li> </ul>



## RISK MANAGEMENT

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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

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

## **RETAIL SEGMENT**

The group wishes to grow the Queenspark retail division by expanding the range of products and brands offered in its retail outlets, by increasing the trading space within South Africa and Namibia, and by expanding the Queenspark franchise model in Africa 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.

A conservative approach to the development of properties is applied. Group-owned properties are, where feasible, occupied (or part-occupied) by the group's operations.



# STRATEGIC OBJECTIVES – 2017

Report on the implementation of objectives during the year

## RETAIL SEGMENT

OBJECTIVES	PROGRESS
<b>Fashion/growth</b>	
Continue to focus on the organic growth of all ranges	Due to the low consumer confidence and spending (partly as a result of the economic environment) achieving organic growth has been challenging.
Continue to differentiate within our product and brand lifestyles to appeal to a wider variety of customer	The introduction of new categories and brands started towards the end of the 2017 financial year. Further new brands/products will be introduced in the 2018 financial year.
Use the insights gained from the online sales platform to appeal to new customers	The business has been analysing the information with a view to adapting the product ranges for the online customers. Learnings are expected to continue.
<b>Customers</b>	
Create a solid base of data to effectively analyse our customers	Data has been accumulated and the business will continue to accumulate data for future analysis. Customer-related insights are likely to be available during the 2018 financial year.
Increase our credit and cash customer base	The increase in credit customers has proved difficult in the current legislative environment. However, an improvement is expected in the 2018 financial year.
Provide customers with an option to buy on lay-by	This facility was implemented during the 2017 financial year and will continue into the future.
<b>Online</b>	
Continue to grow the Zando platform as an online store	The business continues to focus on the Zando website and aims to refine/improve the product offered based on lessons learned.
Consider an additional online store, ideally appealing to new customers.	Queenspark products are now also available on the Spree website.
<b>Credit</b>	
Develop strategies to try and mitigate the negative impact of the regulatory changes to the credit legislation	Various initiatives were implemented; however, the regulatory environment remains challenging. Further initiatives will be applied in the 2018 year.
<b>Franchise</b>	
Investigate franchise opportunities in Africa	This has been challenging and no further viable opportunities were identified.

## STRATEGIC OBJECTIVES – 2017 continued

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OBJECTIVES	PROGRESS
<b>Stores</b>	
Open further stores in South Africa	Queenspark opened four stores during the year and closed underperforming stores.
Transition our current Namibian franchise store into a Queenspark-owned corporate store	Queenspark has invested in a wholly-owned subsidiary in Namibia which has acquired the Namibian franchised business.
Open further corporate stores in Namibia	The group has opened two corporate stores in Namibia and further stores are likely to open in future years.
<b>Marketing</b>	
Continue to focus on the key message of affordable luxury	The marketing messages are being carefully managed. Customer insights will be available once the customer data obtained has been analysed. The first insights will be available in the 2018 financial year.
Utilise the customer insights to focus on more segmented and targeted customer groups	
Aim to provide further brand consistency across all the channels, from digital to in-store	This continues to be a focus area and takes into account the increased impact of social media.

### PROPERTY SEGMENT

OBJECTIVES	PROGRESS
<b>Development</b>	
Prepare development feasibilities in respect of the two underdeveloped investment properties	Further progress has been made in respect of feasibilities; however, the water restriction in Cape Town may have an impact on the timing of future developments.
<b>Financial</b>	
Continue to focus on return on investments	This is taken into account when preparing feasibilities.
<b>Sustainability</b>	
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 – 2018

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## RETAIL SEGMENT OBJECTIVES

### Fashion/growth

- Introduce new brands and product categories in order to appeal to a wider target market
- Analyse and utilise the customer insights to improve the product offering

### Customers

- Continue to manage the customer data base to ensure it remains relevant, up to date and continues to grow

### Online

- Continue to grow the online turnover (Zando and Spree) by refining/improving the product offering

### Credit

- Develop strategies to grow the credit turnover

### Stores

- Continue to open further stores in South Africa
- Open further corporate stores in Namibia

### Marketing

- Analyse and utilise the customer insights to focus on more segmented and targeted customer groups
- Continue to improve the use of social media to promote the brand

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## PROPERTY SEGMENT OBJECTIVES

### 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

### Financial

- Continue to focus on return on investments

### Sustainability

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

# FIVE - YEAR REVIEW

## GROUP RESULTS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Turnover</b>	<b>528 759</b>	537 588	516 086	492 079	474 438
Cost of sales	<b>(237 200)</b>	(248 937)	(225 698)	(249 774)	(231 176)
<b>Gross profit</b>	<b>291 559</b>	288 651	290 388	242 305	243 262
Other income	<b>15 826</b>	15 726	17 029	5 585	3 079
<b>Trading expenses</b>	<b>(306 630)</b>	(292 854)	(277 483)	(265 192)	(265 479)
<b>Operating (loss)/profit</b>	<b>755</b>	11 523	29 934	(17 302)	(19 138)
Dividends received	<b>21</b>	20	18	16	13
Interest income	<b>4 440</b>	5 292	3 493	3 527	6 427
Interest expense	<b>(133)</b>	(172)	(163)	(201)	(189)
<b>Profit/(loss) before tax</b>	<b>5 083</b>	16 663	33 282	(13 960)	(12 887)
Income tax expense	<b>(1 908)</b>	(4 903)	(9 470)	3 929	3 389
<b>Profit/(loss) for the year</b>	<b>3 175</b>	11 760	23 812	(10 031)	(9 498)
<b>Profit/(loss) attributable to ordinary and "N" ordinary shareholders</b>	<b>3 158</b>	11 743	23 795	(10 048)	(9 515)

## GROUP RESULTS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
<b>STATEMENT OF CASH FLOWS</b>					
Operating profit/(loss) before working capital changes	27 197	38 257	51 620	3 091	(1 654)
Working capital changes	(17 014)	3 947	4 855	9 137	(18 206)
<b>Cash generated/(utilised) by operating activities</b>	<b>10 183</b>	42 204	56 475	12 228	(19 860)
Interest received	4 440	5 292	3 493	3 527	6 427
Interest paid	(133)	(172)	(163)	(201)	(189)
Dividends paid	(5 575)	(12 571)	(17)	(12 567)	(12 567)
Dividends received	21	20	18	16	13
Income tax paid	(832)	(5 630)	(782)	736	(784)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>8 104</b>	29 143	59 024	3 739	(26 960)
<b>Net cash outflows from investing activities</b>	<b>(31 705)</b>	(27 748)	(34 627)	(46 814)	(35 805)
<b>Net cash inflows from financing activities</b>	<b>234</b>	–	–	57	263
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(23 367)</b>	1 395	24 397	(43 018)	(62 502)
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Non-current assets	159 628	155 705	151 146	142 159	114 458
Current assets	169 120	182 984	174 235	151 717	203 416
<b>Total assets</b>	<b>328 748</b>	338 689	325 381	293 876	317 874
<b>Equity and liabilities</b>					
Ordinary shareholders' interest	259 184	260 438	260 798	237 033	259 473
Preference share capital	280	280	280	280	280
Total equity	259 464	260 718	261 078	237 313	259 753
Non-current liabilities	22 301	21 897	20 916	15 110	15 508
Current liabilities	46 983	56 074	43 387	41 453	42 613
<b>Total equity and liabilities</b>	<b>328 748</b>	338 689	325 381	293 876	317 874



## FIVE-YEAR REVIEW continued

### GROUP RATIOS

		2017	2016	2015	2014	2013
<b>Returns</b>						
Return on equity	(%)	<b>1.2</b>	4.5	9.6	(4.0)	(3.5)
Return on capital	(%)	<b>2.0</b>	6.5	13.4	(5.5)	(4.7)
Return on assets	(%)	<b>1.6</b>	5.0	10.7	(4.6)	(3.9)
<b>Productivity</b>						
Total asset turn	(times)	<b>1.6</b>	1.6	1.7	1.6	1.5
Gross margin from operations	(%)	<b>55.1</b>	53.7	56.3	49.2	51.3
Operating margin from operations	(%)	<b>0.1</b>	2.1	5.8	(3.5)	(4.0)
EBITDA margin from operations	(%)	<b>5.8</b>	7.5	10.8	1.9	1.0
Profit/(loss) margin before tax	(%)	<b>1.0</b>	3.1	6.4	(2.8)	(2.7)
Inventory turn	(times)	<b>3.4</b>	3.8	3.0	2.9	3.1
Effective tax rate on operations	(%)	<b>37.5</b>	29.4	28.5	28.1	26.3
<b>Solvency and liquidity</b>						
Total liabilities to total equity	(%)	<b>26.7</b>	29.9	24.6	23.8	22.4
Current ratio	:1	<b>3.6</b>	3.3	4.0	3.7	4.8
Acid test ratio	:1	<b>1.9</b>	2.2	2.4	1.7	2.7
Dividend cover	(times)	<b>–</b>	2.0	1.7	–	(0.8)
<b>Annual growth on operations</b>						
Turnover	(%)	<b>(1.6)</b>	4.2	4.9	3.7	(10.6)
Operating profit/(loss)	(%)	<b>(93.4)</b>	(61.5)	273.0	9.6	171.9
Profit/(loss) for the year	(%)	<b>(73.0)</b>	(50.6)	337.4	(5.6)	139.9

# RETAIL SEGMENT RESULTS

three-year analysis

		2017	2016	2015
<b>Retail turnover</b>	(R'000)	<b>528 759</b>	537 588	516 086
Sale of merchandise at retail stores	(R'000)	<b>515 141</b>	525 504	504 883
Sales to franchisees	(R'000)	<b>2 779</b>	8 580	11 012
Online turnover and other	(R'000)	<b>10 839</b>	3 504	191
<b>Returns</b>				
Operating (loss)/profit	(R'000)	<b>(1 923)</b>	9 372	26 807
Operating assets at year-end	(R'000)	<b>216 059</b>	223 584	216 705
Return on average operating assets	(%)	<b>(0.9)</b>	4.3	12.8
<b>Annual growth</b>				
Retail segment turnover	(%)	<b>(1.6)</b>	4.2	4.9
Sale of merchandise at retail stores	(%)	<b>(2.0)</b>	4.1	5.3
Operating (loss)/profit	(%)	<b>(120.5)</b>	(65.0)	290.9
<b>Productivity</b>				
Sale of merchandise per full-time equivalent ("FTE")*	(R'000)	<b>937</b>	947	883
Sale of merchandise per store*	(R'000)	<b>8 445</b>	9 060	9 016
Sales trading density*	(R)	<b>19 433</b>	20 135	19 460
Total asset turn	(times)	<b>2.4</b>	2.4	2.4
Gross margin	(%)	<b>55.1</b>	53.7	56.3
Operating margin	(%)	<b>(0.4)</b>	1.7	5.2
Inventory turn	(times)	<b>3.4</b>	3.8	3.0
<b>Operating statistics</b>				
Total number of FTE employees (closing)		<b>550</b>	555	572
Total number of Queenspark stores in South Africa		<b>59</b>	58	56
Number of stores in Namibia		<b>2</b>	–	–
Total number of franchise stores		<b>1</b>	2	3
Number of online platforms		<b>2</b>	1	–
Total weighted average store area	(m <sup>2</sup> )	<b>26 508</b>	26 098	25 944
Trading expenses as a % of retail turnover	(%)	<b>55.5</b>	52.0	51.2
Depreciation costs as a % of retail turnover	(%)	<b>4.1</b>	3.7	3.9
Employment costs as a % of retail turnover	(%)	<b>18.2</b>	17.1	16.7
Occupancy costs as a % of retail turnover	(%)	<b>21.3</b>	19.4	20.2
Other operating costs as a % of retail turnover	(%)	<b>11.9</b>	11.7	10.4

\* Excludes online and franchise stores.

## SHARE PERFORMANCE

		2017	2016	2015	2014	2013
Earnings/(loss) per share	(cents)	<b>15.3</b>	57.1	115.6	(48.8)	(46.3)
Headline earnings/(loss) per share	(cents)	<b>17.4</b>	54.1	102.0	(41.0)	(47.4)
Proposed dividend per ordinary share	(cents)	–	27.0	61.0	–	61.0
Dividend declared per ordinary share	(cents)	<b>27.0</b>	61.0	–	61.0	61.0
Dividend cover – based on headline earnings/(loss)	(cents)	–	2.0	1.7	–	(0.8)
Total number of shares in issue	(000's)	<b>20 642</b>	20 642	20 642	20 642	20 642
Total number of shares in issue (net of treasury shares)	(000's)	<b>20 621</b>	20 582	20 582	20 582	20 575
Weighted average number of shares in issue (net of treasury shares)	(000's)	<b>20 584</b>	20 582	20 582	20 574	20 555
Weighted average shareholder return	(%)	<b>(2.4)</b>	17.4	(5.9)	(17.2)	(2.8)
Net asset value per share	(cents)	<b>1 257</b>	1 265	1 267	1 152	1 261
Ratio closing price/net asset value						
– Ordinary shares		<b>1.2</b>	1.3	1.0	1.0	1.3
– "N" ordinary shares		<b>0.9</b>	0.9	0.9	1.0	1.2
<b>Ordinary shares</b>						
Market price per share						
– at year-end	(cents)	<b>1 500</b>	1 600	1 255	1 150	1 600
– high	(cents)	<b>1 505</b>	1 600	1 255	1 600	1 950
– low	(cents)	<b>1 425</b>	900	1 200	1 150	1 380
Shares traded						
– value	(R'000)	<b>806</b>	490	21	42	267
– volume	(000's)	<b>55</b>	35	2	4	15
Shares in issue	(000's)	<b>2 906</b>	2 906	2 906	2 906	2 906
Percentage traded	(%)	<b>1.9</b>	1.2	0.1	0.1	0.5
Closing price/headline earnings/(loss)	(ratio)	<b>86.3</b>	29.6	12.3	(28.1)	(33.7)
Closing dividend yield – proposed dividend	(%)	–	1.7	4.9	–	3.8
<b>"N" ordinary shares</b>						
Market price per share						
– at year-end	(cents)	<b>1 150</b>	1 200	1 100	1 200	1 500
– high	(cents)	<b>1 255</b>	1 200	1 250	1 200	9 999
– low	(cents)	<b>1 150</b>	1 095	540	850	1 500
Shares traded						
– value	(R'000)	<b>1 319</b>	1 884	344	1 241	3 489
– volume	(000's)	<b>108</b>	159	35	126	159
Shares in issue	(000's)	<b>17 736</b>	17 736	17 736	17 736	17 736
Percentage traded	(%)	<b>0.6</b>	0.9	0.2	0.7	0.9
Closing price/headline earnings/(loss)	(ratio)	<b>66.1</b>	22.2	10.8	(29.3)	(31.6)
Closing dividend yield – proposed dividend	(%)	–	2.3	5.5	–	4.1
<b>Market capitalisation</b>						
– Ordinary shares	(R million)	<b>43.6</b>	46.5	36.5	33.4	46.5
– "N" ordinary shares	(R million)	<b>204.0</b>	212.8	195.1	212.8	266.0
– Total	(R million)	<b>247.6</b>	259.3	231.6	246.2	312.5



## 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

# VALUE ADDED STATEMENT

	Notes	GROUP	
		2017 R'000	2016 R'000
Turnover		528 759	537 588
Rental income		15 030	14 185
Royalties		213	991
Interest income		4 440	5 292
Dividends received		21	20
Management fee income		583	550
Paid to suppliers for goods and services		(414 528)	(418 219)
<b>Value added</b>		<b>134 518</b>	<b>140 407</b>
Applied as follows:			
<b>Employees</b>			
Remuneration to employees		103 840	99 988
<b>Taxation and duties</b>			
Income tax	2	629	4 840
<b>Providers of capital</b>			
To lenders as finance charges		133	172
To shareholders as dividends and share premium reduction		5 575	12 571
<b>Reinvested</b>			
Reinvested in group to finance future expansion and growth	1	24 341	22 836
<b>Total</b>		<b>134 518</b>	<b>140 407</b>
Notes to the value added statement			
<b>1. Reinvested in group to finance future expansion and growth</b>			
Depreciation and amortisation		25 462	23 584
Deferred tax		1 279	63
Retained income		(2 400)	(811)
		<b>24 341</b>	<b>22 836</b>
<b>2. Taxation channelled through the group</b>			
Taxation as above		629	4 840
Net value added tax		12 412	13 999
Employees' taxation		16 162	15 017
		<b>29 203</b>	<b>33 856</b>



## DIRECTORATE



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**Michael Laurence Krawitz (78)**

*Diploma in Law and Higher Diploma in Tax Law*

**NON-EXECUTIVE CHAIRMAN**

Non-executive chairman of African and Overseas Enterprises Limited, Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited

14 years of service on the board

No other significant directorships



**Catherine Elizabeth Anne Radowsky (50)**

*BA*

**CHIEF EXECUTIVE OFFICER**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited, Queenspark Distribution Centre Proprietary Limited and Queenspark (Proprietary) Limited (Namibia)

18 years of service on the board

No other significant directorships



**Damian Steven Johnson (49)**

*BCompt (Hons), CA (SA)*

**EXECUTIVE FINANCIAL DIRECTOR**

Director of African and Overseas Enterprises Limited, Queenspark Proprietary Limited, Queenspark Distribution Centre Proprietary Limited and Queenspark (Proprietary) Limited (Namibia)

8 years of service on the board

No other significant directorships



**Marcel Anthony Golding (57)**

*BA (Hons)*

**NON-EXECUTIVE DIRECTOR**

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

1 year of service on the board

Other significant directorships include: Tsogo Sun Holdings Limited, Vunani Limited and Geomer Investments Proprietary Limited





**Patrick Martin Naylor (71)**

*BSc (Eng)*

**LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**

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

14 years of service on the board

Other directorships include: Fruitways Group Proprietary Limited



**Romain Victor Orlin (75)**

*BA (Econ) (Wits)*

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

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

8 years of service on the board

Other directorships include: Investec Import Solutions Proprietary Limited



**Humphrey John Borkum (72)**

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

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

2 years of service on the board

No other significant directorships

Note: Patricia Shub was a non-executive director of the company until her retirement in August 2016, at which point a vacancy arose on the board. In September 2016 Marcel Golding was appointed as a director of the company by the board in order to fill such vacancy. Marcel retired as a director at the company's 2016 annual general meeting and was thereafter appointed by shareholders as a director of the company. Michael Krawitz has retired as chairman of the board of directors of the company and as a non-executive director of the company, and Romain Orlin and Humphrey Borkum have retired as independent non-executive directors of the company with effect from 30 September 2017. Marcel Golding has been elected as the chairman of the board of directors of the company with effect from 30 September 2017.

**EXECUTIVE**

**Catherine Radowsky (50)**

BA  
Chief executive officer  
Joined the group 1991

**Damian Steven Johnson (49)**

BCompt (Hons), CA (SA)  
Finance director  
Joined the group 2004

**Gordon Bradley (60)**

Distribution and property executive  
Joined the group 1976

**Andrew Gast (51)**

Merchandise executive  
Joined the group 2012

**Anton Prinsloo (57)**

Operations executive  
Joined the group 2006

**Matthew Mueller (54)**

BCom  
Information technology executive  
Joined the group 2014

**Lindsey Johnson (49)**

BSocSci, BCompt  
Sourcing executive  
Joined the group 1992

**Adam Theodore Snitcher (37)**

LLB  
Company secretary and group legal adviser  
Joined the group 2013

**Gayle Momsen (46)**

Retail property and franchise executive  
Joined the group 2014

**Juanita Dixon (46)**

N.D.I.A  
Human resources executive  
Joined the group 2013

**Michele Worthington (44)**

BBus Sci  
Planning executive  
Joined the group 2017



# CHAIRMAN'S REPORT

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## OVERVIEW

The group had a challenging year in the tough economic environment. The retail segment remained under pressure and did not meet expectations.

Group revenue decreased by 1.7% to R549.0 million (2016: R558.6 million). The operating profit decreased by 93.4% to R0.8 million (2016: R11.5 million). Profit after tax decreased by 73.0% to R3.2 million (2016: R11.8 million), resulting in the earnings per share decreasing by 73.2% to 15.3 cents per share (2016: 57.1 cents per share)

Due to the performance of the group the directors have not proposed a distribution in respect of the ordinary and "N" ordinary shares.

## THE ECONOMIC ENVIRONMENT

During the year the economic environment continued to be challenging and consumers remained under pressure. The slow economy, Rand fluctuations, increased living costs and relatively high interest rates all contributed to lower consumer confidence. These factors still remain a concern; however, we hope that the economic environment will improve in the year ahead.

## GOVERNANCE

The board is fully committed to the principles and practices of sound governance which are promoted by King III and the Companies Act. We endeavour to maintain a culture

of good corporate governance and are substantially compliant with those aspects of King III material to the effective corporate governance of the group. We acknowledge the recent introduction of King IV, which will be applied going forward.

## INTEGRATED REPORTING

We continue to provide an integrated annual report as promoted in King III (and now in King IV). We have chosen to present our integrated annual report to our stakeholders in a combined document which incorporates the information about the operations of the group, corporate matters, sustainability matters and summaries of key financial information. The full set of annual financial statements of the company and the group can be found on the company's website.

## PROSPECTS

### Retail

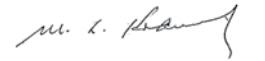
The retail business is likely to continue to operate in a difficult economic environment. However, new initiatives will hopefully assist in improving turnover growth. These initiatives include the introduction of new brands and product categories.

### Property

The Rex Trueform Office Park located in Salt River (Cape Town) is currently fully let and the group's intention is to develop its two remaining investment properties over the medium term.

## ACKNOWLEDGEMENTS

I am retiring as chairman of the board and as a non-executive director of the company at the end of September 2017 and I wish to thank my fellow board members, and especially the CEO Catherine Radowsky, for their continued loyalty and contributions. I have enjoyed my time working at the group and wish its new chairman, new directors and all the employees well in the future.



**Michael Krawitz**  
Chairman

26 September 2017



**"QUEENSPARK IS IN THE PROCESS OF INTRODUCING NEW CATEGORIES AND NEW BRANDS INTO STORES. THESE NEW PRODUCTS WILL PROVIDE THE CUSTOMER WITH AN IMPROVED OFFERING AND ARE BEING INTRODUCED USING A PHASED APPROACH."**





## CHIEF EXECUTIVE OFFICER'S REVIEW

The group had a difficult trading year in an undesirable trading environment. Retail consumer confidence and spending continued to be low throughout the year, mainly as a result of the continued sluggish economy, high interest rates and the high cost of living.

Group revenue, which includes turnover, decreased by 1.7% to R549.0 million (2016: R558.6 million). The gross profit generated from the retail segment increased by 1.0% to R291.6 million (2016: R288.7 million) while group trading expenses were contained and increased by 4.7%. This contributed to the reduction in profit after tax which decreased by 73.0% to R3.2 million (2016: R11.8 million).

Summarised details of the financial performance of the group are contained in the summarised group financial statements, the Financial Director's Report and the Five-year Review, all of which are available in this integrated annual report.

### RETAIL (QUEENSPARK)

Although turnover for the year decreased by 1.6% on the back of the restrained economy, the second six months showed a slight increase in turnover. The gross profit margin increased to 55.1% (2016: 53.7%), partly impacted by the strengthening of the Rand. Retail expenses were contained and increased by 4.1%. This contributed to the retail operating loss of R1.9 million (2016: R9.4 million profit). Further details of the Queenspark retail segment trading results, brands and trading footprint can be found within this integrated annual report.

Queenspark is in the process of introducing new categories and

new brands into stores. These new products will provide the customer with an improved offering and are being introduced using a phased approach.

The enterprise resource planning information technology system is now being used to collect certain key customer spending data which will be analysed and used to make more informed marketing and product decisions.

During the 2017 financial year the company started selling its products on the Spree website. Customers are now able to find the Queenspark product on two online platforms (Zando and Spree).

Queenspark has also expanded its operations through a wholly-owned subsidiary incorporated and operating in Namibia. This new group company operates two Queenspark stores in Namibia and the intention is to open further stores.

The year ahead is still expected to be challenging due to the tough economic trading conditions. However, we are excited about the new initiatives which will likely positively impact the turnover.

### PROPERTY

This segment continues to be a key focus area and the Rex Trueform Office Park is currently fully let. The segment revenue increased by 5.6% to R15.0 million (2016: R14.2 million). The operating profit of this segment amounted to R8.0 million (2016: R8.5 million) and was impacted by certain exceptional maintenance costs which were incurred during the year.

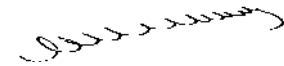
The group continues to consider various development options in respect of its two other investment properties, the development of which is expected over the medium term.

### APPRECIATION

I would like to take this opportunity to thank staff members for their continued contribution to the business as we look forward to a new trading year.

The group has developed relationships with many suppliers and service providers. Their support and input is appreciated.

The involvement and advice of the non-executive board members are highly valued, and I wish to extend my appreciation to them. Michael Krawitz, Romain Orlin and Humphrey Borkum have all decided to retire as non-executive directors of the company. They have provided leadership and support to me and the other executives for which I am very appreciative. I wish them well in the future.



**Catherine Radowsky**  
Chief Executive Officer

26 September 2017



# FINANCIAL DIRECTOR'S REPORT

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## INTRODUCTION

### Group

The continued harsh economic environment affected the group's results. Group revenue decreased by 1.7% to R549.0 million (2016: R558.6 million) mainly because of the decline in the retail turnover. The group's profits declined by 73.0% to R3.2 million (R2016: 11.8 million), leading to an earnings per share decrease of 73.2%. Earnings per share amounted to 15.3 cents in 2017 compared to 57.1 cents in 2016.

### Retail segment

The retail market continues to be challenging due to the continued low consumer confidence and spending. Turnover for the year decreased by 1.6%; however, the second half of the year reflected a slight increase in turnover. The gross margin increased to 55.1% (2016: 53.7%) and trading expenses increased by 4.1%. This resulted in an operating loss of R1.9 million (2016: R9.4 million profit).

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 segment is the Rex Trueform Office Park – currently fully occupied. The operating profit of this segment amounted to R8.0 million (2016: R8.5 million). This reduction in operating profit was mainly due to once-off exceptional maintenance costs.

## FINANCIAL PERFORMANCE

This review of the group's consolidated financial performance for the year ended 30 June 2017 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 decreased by 1.6% to R528.8 million (2016: R537.6 million). This was impacted by the low consumer confidence and spending.

#### Other income

Other income, which includes rental income, royalty income and other income decreased by 0.6% and was impacted by the reduction of third party royalty income.

#### Gross profit

Gross profit, derived from the retail segment increased by 1.0% to R291.6 million (2016: R288.7 million). The gross margin, positively impacted by a stronger Rand, increased to 55.1% (2016: 53.7%).

#### Trading expenditure

The group continued to focus on containing trading costs which increased by 4.7% to R306.6 million (2016: R292.9 million). Included in trading costs are group services' costs which decreased by 16.3% to R5.3 million (2016: R6.3 million, which included the once-off corporate costs relating to the comparable offer made by a consortium to the company's ordinary and "N" ordinary shareholders). Excluding the prior

year's once-off costs, the group's service costs increased by 3.9%.

#### Operating profit

The group operating profit decreased by 93.4% to R0.8 million (2016: R11.5 million). The group operating profit of R0.8 million includes the retail segment loss of R1.9 million, the property segment profit of R8.0 million and the group services operating loss of R5.3 million.

#### Interest income

Interest received decreased during the year to R4.4 million (2016: R5.3 million) due to the reduction in cash balances during the year.

#### Profit for the year

Profit after tax decreased by 73.0% to R3.2 million (2016: R11.8 million), resulting in the earnings per share decreasing by 73.2%.



## STATEMENT OF FINANCIAL POSITION

### Equity and reserves

The group's capital and reserves decreased marginally to R259.5 million (2016: R260.7 million) and was impacted by the dividends paid during the year.

### Inventory

Inventory increased to R77.8 million during the year (2016: R61.3 million). This increase was partly due to the introduction of new categories and brands towards the end of the 2017 financial year.

### Cash on hand/cash utilisation

The group generated positive cash flows from operations of R10.2 million compared to R42.2 million in 2016. The reduction was mainly due to the increase in inventory at year-end. This decrease impacted the cash balance at year-end, which decreased to R58.1 million (2016: R81.5 million).

Investment in capital expenditure of R29.0 million was incurred, of which R23.9 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 2017 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 – 2018

### Retail segment

New initiatives to increase the turnover are being implemented; these include the introduction of new brands and product categories. These new products are being introduced to stores in a phased approach. The enterprise resource planning information technology system introduced last year is enabling the business to capture key customer spending data which, once analysed, will influence marketing and product-related decisions. 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, Cape Town. Now that the Rex Trueform Office Park has been successfully developed the group continues to concentrate on the potential development over the medium term of the two remaining

investment properties. Of concern, however, are the water restrictions in Cape Town, which could delay any potential development of the properties.

## APPRECIATION

I would like to thank all the board members for the continued support and wish Michael Krawitz, Romain Orlin and Humphrey Borkum well in their retirement as non-executive directors of the company.



**Damian Johnson**  
Financial Director

26 September 2017

# HUMAN CAPITAL AND REMUNERATION REPORT

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## 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, continues to receive a high level of attention. The employees employed in the group are 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. Accordingly, the board of directors of Queenspark deals directly with matters relating to the remuneration of employees. The remuneration committee of the company ensures that the company's directors are fairly rewarded for their individual contributions to the company's overall performance. The remuneration committee of the company met twice during the year under review and approved the proposed fees payable to non-executive directors of the company.

No remuneration consultants were utilised by the company or

its subsidiaries 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.

The remuneration of non-executive directors is reviewed on an annual basis.

## 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, retirement funding and health care contributions. Another benefit is a discount on 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. The group has developed a short-term incentive scheme which will accommodate certain employees who do not participate in the store incentive scheme.

Group employees (in terms of the fund rules) are required to join the Alexander Forbes Retirement Umbrella Fund ("the Fund") in which the group participates. The Fund includes both a pension and a

provident scheme. Risk benefits such as death, disability and funeral cover are provided through membership of the Fund.

The group participates in medical aid schemes in which staff are entitled to participate.

#### 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, health care contribution and retirement funding. The CEO's service contract is for a 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 payments of directors' fees in respect of meetings attended. The group has developed an executive short-term incentive scheme. Certain key members of executive management participate in the group share option scheme which is detailed in the notes to the annual financial statements.

#### KEY MANAGEMENT PERSONNEL

Key management personnel are those that have authority and responsibility for planning, directing and controlling the activities of the

group. Further details can be found in the notes to the annual financial statement. 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 the implementation of the provisions of the Employment Equity Act and 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 and has a strong culture of internal promotion and upliftment of its employees.

#### 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 and the group is regularly assisted by an independent consultant in this respect.

#### VOTING ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

The remuneration policy and the 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 implementation report, or both, 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

## 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	Performance related payments R'000	Value of other benefits R'000	Retirement fund contributions R'000	Total 2017 R'000	Total 2016 R'000
<b>Executive directors</b>								
DS Johnson	–	–	1 782	70	46	105	2 003	1 921
CEA Radowsky	–	–	2 812	111	73	166	3 162	3 031
	–	–	4 594	181	119	271	5 165	4 952
<b>Non-executive directors</b>								
ML Krawitz	1 019	182	–	–	–	–	1 201	1 134
PM Naylor	377	250	–	–	–	–	627	496
RV Orlin	337	165	–	–	–	–	502	379
H Borkum	337	250	–	–	–	–	587	459
MA Golding	337	–	–	–	–	–	337	–
PE Shub	–	–	–	–	–	–	–	318
	2 407	847	–	–	–	–	3 254	2 786
Total	2 407	847	4 594	181	119	271	8 419	7 738

## 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 2017 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 July 2016 to 30 June 2018 were approved by way of a special resolution at the previous annual general meeting. The 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 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 while a decrease to the fees payable to non-executive directors has been proposed, the fees payable to the non-executive directors in respect of the period between 1 July 2017 and 30 September 2017 will be a pro-rata amount based on the previously approved annual fees in respect of the 2018 financial year.

Value added tax inclusive fees for services rendered to Rex Trueform Clothing Company Limited as non-executive directors	Financial years			
	Proposed 2019 R	Revised Proposed 2018 R	Approved 2018 R	Approved 2017 R
Chairman of the board	350 000	350 000	688 107	688 107
Lead independent director	160 000	160 000	304 612	304 612
Director	140 000	140 000	285 195	285 195
Chairman of the audit committee	42 000	42 000	84 952	84 952
Member of the audit committee	32 000	32 000	64 927	64 927
Chairman of the retirement fund	48 000	48 000	97 087	97 087
Member of the risk committee	42 000	42 000	84 952	84 952
Chairman of the social and ethics committee	32 000	32 000	64 927	64 927
Member of the social and ethics committee	26 000	26 000	52 184	52 184

# ENVIRONMENTAL AND SOCIAL SUSTAINABILITY REPORT

## CORPORATE SOCIAL RESPONSIBILITY

The group acknowledges its corporate social responsibility, that is, its duty to contribute to both the society and to the community within which it operates. Please refer to the Social and Ethics Committee report for further details regarding social responsibility.

## 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.

### 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; and
- 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.

Having regard to the drought currently being faced in the Western Cape, the company is investigating 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.



## CORPORATE GOVERNANCE REPORT

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### STATEMENT OF COMMITMENT

The directors subscribe to the principles of corporate governance as set out in King III, as read with the Companies Act and the Listings Requirements of the JSE Limited ("Listings Requirements").

The directors therefore 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. As noted above, while King III has now been replaced by King IV, disclosure on the application of King IV is effective for financial years starting on or after 1 April 2017 and is accordingly not applicable for the financial year covered by this integrated annual report. The company will report on the implementation of King IV through the application of the King IV disclosure and application regime in respect of its financial year commencing 1 July 2017 in the integrated annual report in respect of such financial year.

The company is, however, continually engaged in reassessing its compliance with the principles of corporate governance and working to improve compliance where it is

deemed appropriate. During the financial year under review the board has endeavoured to ensure either the application of the King III principles, or explanation, in accordance with the "apply or explain" approach contemplated in King III.

Where, to the extent applicable, the board has elected not to apply a particular recommended principle contained in King III, or where an alternative practice has been applied which achieves a similar result, the board is able to explain the reasons therefore.

### APPLICATION OF KING III

The board is of the opinion that, during the year under review, the company was substantially compliant with those aspects of King III that are material to the effective corporate governance of the company. The company's full King III compliance checklist is available on the company's website at [www.rextrueform.com](http://www.rextrueform.com).

The 27 principles in respect of chapter 2 of King III are noted in the adjacent table. General non-compliance or part-compliance comments are noted following the table.

## Principle and response

Principle	Description	Status
2.1	The board should act as the focal point for and custodian of corporate governance.	Applied
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied
2.3	The board should provide effective leadership based on an ethical foundation.	Applied
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied
2.5	The board should ensure that the company's ethics are managed effectively.	Applied
2.6	The board should ensure that the company has an effective and independent audit committee.	Applied
2.7	The board should be responsible for the governance of risk.	Applied
2.8	The board should be responsible for information technology ("IT") governance.	Partly applied
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied
2.10	The board should ensure that there is an effective risk-based internal audit.	Applied
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied
2.12	The board should ensure the integrity of the company's integrated report.	Applied
2.13	The board should report on the effectiveness of the company's system of internal controls.	Applied
2.14	The board and its directors should act in the best interests of the company.	Applied
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	Applied
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer ("CEO") of the company should not also fulfil the role of chairman of the board.	Partly applied
2.17	The board should appoint the CEO and establish a framework for the delegation of authority.	Applied
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied
2.19	Directors should be appointed through a formal process.	Applied
2.20	The induction of, and ongoing training and development of directors should be conducted through formal processes.	Applied
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Applied
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Applied
2.24	A governance framework should be agreed between the group and its subsidiary boards.	Applied
2.25	Companies should remunerate directors and executives fairly and responsibly.	Applied
2.26	Companies should disclose the remuneration of each individual director and persons falling within the definition of prescribed officers of the company.	Applied
2.27	Shareholders should approve the company's remuneration policy.	Applied

### Notes on the aforementioned principles

2.8 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.

2.16 The chairman, Michael Krawitz, although a non-executive director, is not considered independent in the manner contemplated in King III. Patrick Naylor, an independent non-executive director, has been appointed as lead independent director.

### INTEGRATED REPORTING

King III recommends that annual reporting to stakeholders be in the form of an integrated annual report, so as to provide a holistic and integrated representation of the performance of the company, in terms of both finances and sustainability.

The board is satisfied that the integrated annual report for the 2017 financial year will enable our stakeholders to obtain insight into the operations of the company's business, business strategy and the financial and sustainability performance of the company.

The board acknowledges its ultimate responsibility for the integrity of the integrated annual report as a whole. In this regard the board has accepted the recommendation of the audit committee regarding the reliability of these documents and has approved the integrated annual report for the year ended 30 June 2017.

### OUR BOARD

The company has a unitary board structure which consisted during the year under review of five non-executive directors, three of whom are independent, and two executive directors. During August 2016 Patricia Shub, who was a (non-independent) non-executive director of the company, retired from the board and was replaced by Marcel Golding. The appointment of Marcel Golding in September 2016 as a (non-independent) non-executive director of the company did not affect the board's compliance with principle 2.16 of King III. The CEO and the financial director are included amongst the executive directors.

The board is responsible for setting the direction of the company through the establishment of strategic objectives and policies, and takes overall accountability for the company by taking responsibility for its management. It retains full and effective control over the company.

### 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.

### Directorate

The chairman, Michael Krawitz, leads the board and is responsible for its efficient operation and for representing the board to shareholders. The chairman is a non-executive director and is elected by the board. As noted above, as the non-executive chairman is not independent Patrick Naylor, an independent non-executive director, has been appointed as lead independent director.

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 business acumen, skills and experience and bring an independent view to bear on key issues. They take responsibility for ensuring that the chairman encourages proper deliberation on all matters requiring the board's attention.

The CEO, Catherine Radowsky, is 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, with 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, including in order to ensure that no one director has unfettered powers of decision-making.

### Composition and appointment

The composition of the board complied with the requirements of the Companies Act and King III for the financial year ended 30 June 2017, in that the board



comprised a majority of non-executive directors who were independent.

Michael Krawitz has retired as chairman of the board and as a non-executive director, and Romain Orlin and Humphrey Borkum have retired as independent non-executive directors, with effect from 30 September 2017. Marcel Golding has been elected chairman of the board of directors with effect from 30 September 2017. As neither Marcel Golding nor Michael Krawitz are independent non-executive directors Patrick Naylor has been re-appointed as the lead independent non-executive director. Persons to fill the vacancies arising on the board and the audit committee as a result of the retirements as aforesaid will be proposed to shareholders for election to the board and the audit committee of the company at the next annual general meeting.

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 financial year under review. When recommending persons for appointment or re-appointment (as the case may be) to the board the nomination committee has considered and applied such policy. The board has determined that, at this stage, no voluntary targets in relation to the gender diversity of the board will be set. The board will consider this on an annual basis when reviewing the policy.

**Remuneration**

Directors' remuneration, 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 group financial

statements. Further information regarding directors' remuneration is provided in the Human Capital and Remuneration Report.

**Independence assessment**

The board annually assesses the independence of the independent non-executive directors and has ascertained that Patrick Naylor, Romain Orlin and Humphrey Borkum all satisfy the criteria for independence.

As noted above, neither the current non-executive chairman, Michael Krawitz, nor the incumbent non-executive chairman, Marcel Golding, qualify as an independent director and as a consequence and as stated above, Patrick Naylor, an independent non-executive director, has been re-appointed as lead independent director. The board has determined that Patrick Naylor's independence of character and judgement has not in any way been affected or impaired by the length of his service.

**Company secretary**

The board has appointed 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.

All directors have unlimited access to the advice and services of the company secretary.

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

and experience, discharged his duties effectively and appropriately and maintained an arm's length relationship with the board.

Prior to the appointment of the company secretary the board considered his experience and qualifications and was satisfied that he has the competence to undertake the role. 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.

**Directors' interests/conflict of interest**

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.

**Audit committee**

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	11/02/2006
RV Orlin	BA (Econ)	19/05/2009
HJ Borkum		15/01/2015

The audit committee is chaired by Patrick Naylor, the lead independent non-executive director of the company.

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.

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 terms of reference which set out the role of the audit committee, its processes and procedures.

Full details regarding the functioning of the audit committee are set out in the Audit Committee Report, which is included in the annual financial statements.

#### Remuneration committee

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	01/07/2006
RV Orlin	BA (Econ)	19/05/2009
ML Krawitz	Diploma in law and higher diploma in tax law	04/06/2004

The committee comprises Patrick Naylor (chairman) and Romain Orlin, both independent non-executive directors, together with Michael Krawitz, a non-executive director.

The role of the remuneration committee includes assisting the board in:

- ensuring that the company's directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance; and
- demonstrating to all stakeholders that the remuneration of senior executives is recommended 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.

#### Nomination committee

Name	Qualification	Date of first appointment
PM Naylor	BSc (Eng)	01/07/2006
RV Orlin	BA (Econ)	19/05/2009
ML Krawitz	Diploma in law and higher diploma in tax law	04/06/2004

The committee comprises Michael Krawitz (chairman), who is a non-executive director, and Romain Orlin and Patrick Naylor, both independent non-executive directors.

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 appointed through a formal process;
- induction and ongoing training and development of directors takes place; and
- formal succession plans for the board, the chief executive officer and senior management appointments are in place.

#### Risk committee

Name	Qualification
DS Johnson	BCompt (Hons), CA (SA)
CEA Radowsky	BA
ML Krawitz	Diploma in law and higher diploma in tax law

HJ Borkum

The board is responsible for the governance of risk and is assisted by both the audit committee and a 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.

The risk committee for the year under review consisted of the non-executive chairman (Michael Krawitz), the financial director (Damian Johnson), the CEO (Catherine Radowsky) and an independent non-executive director (Humphrey Borkum).

Further details regarding risk management are noted in the risk committee report included in this integrated annual report. The board believes the risk management processes are effective.

#### Social and ethics committee

Name	Qualification
PM Naylor	BSc (Eng)
DS Johnson	BCompt (Hons), CA (SA)
CEA Radowsky	BA

The social and ethics committee for the year under review consisted of an independent non-executive director (Patrick Naylor) who is the chairman of the committee, the financial director (Damian Johnson) and the CEO (Catherine Radowsky).

Please refer to the Social and Ethics Committee Report which is found in this integrated annual report for further details.

### Attendance at meetings

The attendance of directors at board meetings and at meetings of the risk committee, audit committee, social and ethics committee, remuneration committee and nomination committee held during the financial year ended 30 June 2017 was as follows:

	Board	Risk committee	Audit committee	Social and ethics committee	Remuneration committee	Nomination committee
<b>Number of meetings</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Non-executive directors</b>						
ML Krawitz	5	2	2*	–	2	3
PM Naylor	5	–	2	2	2	3
RV Orlin	3	–	2	–	2	3
HJ Borkum	5	2	2	–	–	–
MA Golding**	3	–	–	–	–	–
<b>Executive directors</b>						
CEA Radowsky	5	1	2*	2	–	–
DS Johnson	5	2	2*	2	–	–
Company secretary	5*	2*	2*	2*	2*	3*
Human resources executive	–	–	–	2*	–	–
Sourcing executive	–	–	–	2*	–	–
Distribution and property executive	–	–	–	2*	–	–
Internal auditor	–	–	2*	1*	–	–
Group financial manager	–	–	2*	–	–	–
Senior production manager (marketing department)	–	–	–	1*	–	–

Various executives attend meetings by invitation.

\* By invitation.

\*\* In August 2016 PE Shub retired as a non-executive director of the company and was replaced by MA Golding, who was appointed as a non-executive director of the company in September 2016. No board meetings were held between 1 July 2016 and the date on which PE Shub retired and she accordingly did not attend any board meetings during such period. PE Shub was furthermore not a member of any committees and accordingly did not attend any committee meetings during such period.

### ACCOUNTABILITY AND AUDIT

#### Going concern

The directors have made an assessment of the company's ability to continue as a going concern. The directors have every reason to believe that the company has adequate resources in place to continue operating for the year ahead and the financial reports have been prepared on the basis of this assumption.

#### Internal financial control/internal audit

The company subscribes to a combined assurance model that attempts to limit or control risk in

the business by making use of both internal and third party assurance providers. The board of directors 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.

#### IT GOVERNANCE

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.

Responsibility for the implementation of IT governance within the group is assigned to the information technology senior executive employed in the group. The risk committee within the group assists the group in the management of IT risks. The assistance of external experts is obtained to assist the group in the governance of IT.

#### WHISTLE-BLOWING ETHICS HOTLINE

Please refer to the Social and Ethics Committee Report.

#### SHAREHOLDINGS AND SHARE DEALINGS

Directors and the company secretary are prohibited from trading in the

listed shares of the company or its holding company during, amongst other things, "closed periods" as defined in the Listings Requirements. Prior to the commencement of a "closed period" all relevant parties are informed of their responsibilities with regard to dealing in the shares of the company. Any dealings in the shares of the company by directors or the company secretary would be reported to the company within three business days of the trade having been made and would be published on SENS within 24 hours thereafter. Directors are required to obtain clearance prior to dealing in the shares of the company or its holding company.

#### COMPLIANCE

The board is committed to high standards of integrity and fair dealings in the conduct of the company and also the preservation of the group's integrity and reputation. It thus 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.

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 Limited ("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.



## RISK COMMITTEE REPORT

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### 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.

### 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.



**RETAIL SEGMENT – KEY RISKS REGISTER**

RISK	RISK MITIGATION
<b>Fashion trends</b>	
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>
<b>Business continuity</b>	
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>
<p>A number of the business’s retail stores operate from shopping malls located in and around Cape Town. Should these malls be subjected to severe water restrictions, the operations of the mall and the retail stores in those malls will be negatively impacted.</p> <p>The head office and distribution centre are located in the Cape Town area and may be subjected to further water restrictions.</p>	<p>Certain shopping malls have implemented water-saving initiatives.</p> <p>The city of Cape Town is to likely to implement new initiatives to obtain water from sources other than dams.</p> <p>Borehole water and further water-saving initiatives are being considered.</p>
<b>Distribution facility</b>	
With projected growth the distribution centre is likely to reach its maximum capacity in the next few years.	Further operational efficiencies will be investigated.
<b>Human resources</b>	
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>

**RISK****RISK MITIGATION****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.

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.

An ERP system has been implemented recently. An IT disaster recovery data centre has been established and a disaster recovery plan has been formulated.

Continuous review and improvement of control environment and policies.

Power generators have been installed at the group's head office and distribution centre to ensure continuity of power supply.

**Legal compliance**

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.

Our policies, procedures and internal controls are designed to help us comply with applicable regulations.

We obtain regular advice from third party consultants and advisers in respect of legislative changes impacting the business.

Training of staff takes place where applicable.

Appointment of an in-house legal executive assists with the management of legal compliance.

**Intellectual property**

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.

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.

RISK	RISK MITIGATION
<b>Customer retention/spending</b>	
<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 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>
<b>Supply chain</b>	
<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>

RISK	RISK MITIGATION
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Our ability to effectively locate new stores	
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<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>
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Competition	
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<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>
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**PROPERTY SEGMENT – KEY RISKS REGISTER**

Property	
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<p>Property may be materially damaged.</p>	<p>Insurance policies are regularly reviewed and updated. Comprehensive lease agreements implemented. Property house rules implemented.</p>
<p>Company personnel and third parties may be injured due to structural defects during and after property development.</p>	<p>Appointment of professional consultants and building contractors. Insurance policies are regularly reviewed and updated. Comprehensive lease agreements implemented.</p>
<p>Redeveloped property may not be leased timeously, thereby negatively impacting the return on investment.</p>	<p>Experienced property agents appointed. Market-related rentals being charged. Feasibilities prepared prior to approval of development.</p>
<p>Property development may be delayed due to water restrictions in the Cape Town area. Management of the tenanted properties owned by the group could be negatively impacted by water restrictions in the Cape Town area.</p>	<p>The city of Cape Town is likely to implement new initiatives to obtain water from sources other than dams. Borehole water and further water-saving initiatives are being considered.</p>

Legal compliance	
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<p>Need to comply with comprehensive legislation and regulations which are continuously changing.</p>	<p>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.</p>
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# SOCIAL AND ETHICS COMMITTEE REPORT

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## THE SOCIAL AND ETHICS COMMITTEE ("THE COMMITTEE") IS PLEASED TO PRESENT ITS REPORT TO THE SHAREHOLDERS OF REX TRUEFORM, WHICH REPORT IS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017.

### INTRODUCTION

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

### SOCIAL AND ETHICS COMMITTEE MANDATE

The committee is governed by formal terms of reference which incorporate the requirements of the Companies Act. The committee furthermore performs the functions of a social and ethics committee for each of the South African subsidiaries of the company, namely Queenspark Proprietary Limited and Queenspark Distribution Centre Proprietary Limited, in accordance with the provisions of the Companies Act.

### ROLE OF THE COMMITTEE

The 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 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;
- drawing matters within its mandate to the board as occasions require; and

- reporting to the board and the shareholders.

The 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 committee for the year under review consisted of an independent non-executive director (Patrick Naylor) who is the chairman of the committee and two executive directors (Damian Johnson and Catherine Radowsky).

Meetings of the 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 chairman, who is an independent non-executive director, are disclosed in the Human Capital and Remuneration Report. Executive directors do not receive a fee in respect of committee membership.



## COMMITTEE FUNCTIONING

Feedback in respect of areas of focus in respect of the 2017 financial year and beyond:

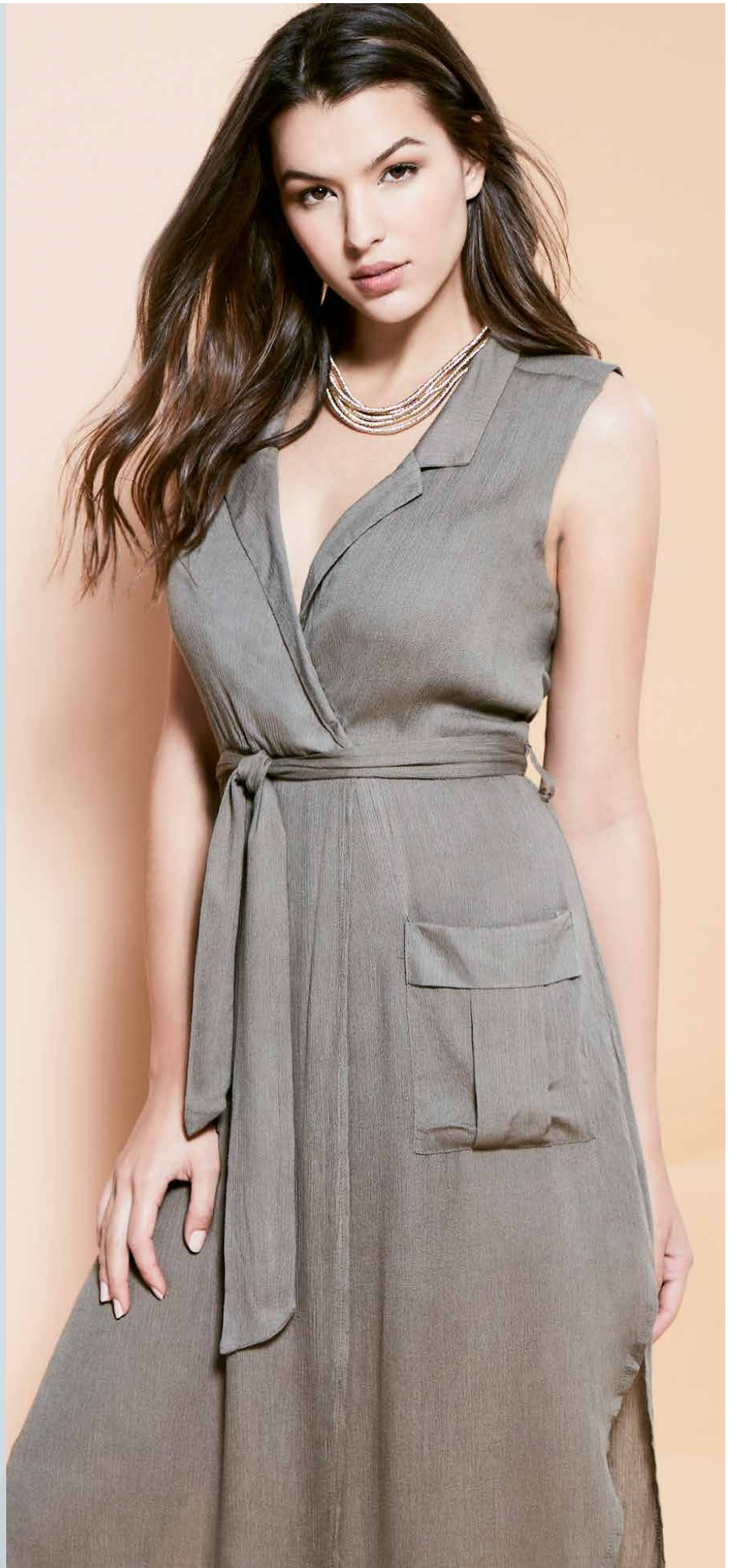
AREA OF FOCUS	PROGRESS DURING THE YEAR
Environment	<p>The group continues to consider and, where practical, implement various initiatives that will assist in limiting damage to the environment.</p> <p>Further detail in this regard is provided in the Environmental and Social Sustainability report contained in this integrated annual report.</p>
Corporate social responsibility and donations	<p>Various initiatives have been implemented which included providing communities with donations.</p>
Ethics and anti-corruption	<p>There is an ongoing focus on ethics in line with good practice and employees are encouraged to act in terms of the group's vision and values.</p> <p>Various anti-corruption and fraud prevention measures (including a whistle-blowing facility) are in place.</p>
Labour and employment	<p>The group continues to apply fair labour practices as employees are integral to the success of the business.</p>

## AREAS OF FOCUS OF THE NEXT FINANCIAL YEAR (2018) AND BEYOND

The group is to consider and where practical, implement improved social and ethical business practices.



The summarised consolidated financial statements have been prepared under the supervision of group financial director, DS Johnson CA (SA). Included hereafter are the summarised consolidated financial statements which summarise the audited financial statements as at 30 June 2017.



# DIRECTORS' RESPONSIBILITY STATEMENT

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The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Rex Trueform Clothing Company Limited, comprising the statements of financial position at 30 June 2017 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. 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.

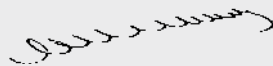
The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

## APPROVAL OF GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group and company annual financial statements of Rex Trueform Clothing Company Limited, as identified in the first paragraph, were approved by the board of directors on 26 September 2017 and signed by:



**ML Krawitz**  
Chairman  
Authorised director



**CEA Radowsky**  
Chief executive officer  
Authorised director

26 September 2017

# COMPANY SECRETARY'S CERTIFICATE

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I hereby certify that Rex Trueform Clothing Company 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

26 September 2017

# REPORT OF THE INDEPENDENT AUDITOR

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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](http://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 III. Specific disclosure requirements are dealt with in this integrated annual report. Please note the Corporate Governance 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 activity of retailing clothing and fashion accessories in South Africa and Namibia and the franchising of a Queenspark retail store in Kenya.

Retail activities include the sale of ladies and mens 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:

	2017 R'000	2016 R'000
<b>Dividends on ordinary and “N” ordinary shares:</b>		
Dividend paid in respect of the ordinary shares	785	1 771
Dividend paid in respect of the “N” ordinary shares	4 789	10 819
<b>Dividends on 6% cumulative preference shares:</b>		
No. 143 for half-year to 31 December 2016	8	8
No. 144 for half-year to 30 June 2017	9	9
<b>Total</b>	<b>5 591</b>	<b>12 607</b>

The directors have not proposed a distribution per share (2016: 27 cents) in respect of the ordinary and “N” ordinary shares.

## HOLDING COMPANY

The company’s holding company is African and Overseas Enterprises Limited.

## 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 this integrated annual report.

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

Director	Event	Date
ML Krawitz	Retired by rotation	17 November 2016
	Re-appointed	17 November 2016
HJ Borkum	Retired by rotation	17 November 2016
	Re-appointed	17 November 2016
PE Shub	Retired	15 August 2016
MA Golding	Appointed by the board	2 September 2016
	Retired	17 November 2016
	Re-appointed	17 November 2016

PM Naylor will retire at the annual general meeting in accordance with the Memorandum of Incorporation but, being eligible, will offer himself for re-election. ML Krawitz, RV Orlin and HJ Borkum will retire with effect from 30 September 2017 and will not be offering themselves for re-election. Details of the persons who have been recommended by the nomination committee for election as directors of the company in place of the retiring directors are included in the notice of 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 this integrated annual report.



## DIRECTORS' INTEREST IN SHARES

The interest of directors in the shares of the company at 30 June 2017 was:

	30 June 2017	30 June 2016
<b>Ordinary and "N" ordinary shares</b>		
<b>Held directly:</b>		
PE Shub***	1 105	1 105
DS Johnson	52 216	13 333
CEA Radowsky	263	263
The Zealot Trust**	77 933	77 933
	<b>131 517</b>	<b>92 634</b>
<b>Effective interest held indirectly via the holding company*:</b>		
The Stewart and Pat Shub Family Trust	1 386 179	1 386 179
CEA Radowsky	261	261
PE Shub	36 075	36 075
Geomer Investments Proprietary Limited	2 978 093	2 741 272
	<b>4 400 608</b>	<b>4 163 787</b>
<b>Held indirectly in the company*:</b>		
Geomer Investments Proprietary Limited	2 209 501	2 021 891

\* The shares held indirectly by:

1. The Stewart and Pat Shub Family Trust ("the Trust") and CEA Radowsky represented the interest of such parties in this company by virtue of their investment in this company's holding company, African and Overseas Enterprises Limited. PE Shub and CEA Radowsky are also trustees and beneficiaries of the Trust. Please note our further comments below in this regard; and
2. Geomer Investments Proprietary Limited represents its interest in this company and in the company's holding company, African and Overseas Enterprises Limited. MA Golding, who was appointed as a director on 2 September 2016, is the majority shareholder and a director of Geomer Investments Proprietary Limited.

\*\* The beneficiaries of the Zealot Trust include CEA Radowsky.

\*\*\* PE Shub retired as a non-executive director of the company on 15 August 2016.

## CHANGE IN SHAREHOLDING

On or about 27 June 2017, a consortium consisting of Geomer Investments Proprietary Limited and Gingko Investments No. 2 Proprietary Limited (acting in concert with the Ceejay Trust and Gingko Trading Proprietary Limited) entered into an agreement to purchase, in aggregate, 726 600 African and Overseas Enterprises Limited ("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 Trust, CEA Radowsky, A Shub and PE Shub which agreement came into full force and effect after the reporting date.

Other than the aforesaid, there have been no changes in the directors' interest in shares between 30 June 2017 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 "N" ordinary shares in the company to facilitate an employee share incentive scheme. Subsequent capitalisation share awards totalling 56 798 "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 "N" ordinary shares which were acquired by the Share Trust.

As at the beginning of the financial period under review, options in respect of 51 018 "N" ordinary shares held by the Share Trust had been granted to employees and exercised on a deferred delivery basis, and the Share Trust held 8 144 shares in reserve for future utilisation. CEA Radowsky was granted options in respect of 34 850 "N" ordinary shares on 27 June 2007 and duly exercised such options. The purchase price in respect of the balance remaining of such option shares, being 12 135 "N" ordinary shares was due and payable on or before 27 June 2017. Payment was not received and the transaction was accordingly cancelled by the trustees of the Share Trust. This resulted in the Trust holding an additional 12 135 "N" ordinary shares in reserve for future utilisation.

As at 30 June 2017 no undelivered options have been exercised in respect of "N" ordinary shares by directors of the company, and the Share Trust held 20 279 shares in reserve for future utilisation.

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

No events material to the understanding of the financial statements have occurred between the financial year-end and the date hereof.



# A U D I T   C O M M I T T E E   R E P O R T

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## THE AUDIT COMMITTEE ("THE COMMITTEE") IS PLEASED TO PRESENT ITS REPORT TO THE SHAREHOLDERS OF REX TRUEFORM FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017.

### INTRODUCTION

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

### AUDIT COMMITTEE MANDATE

The committee of Rex Trueform also performs the audit committee functions for its subsidiary companies (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 regulates the committee's functioning, processes and procedures.

### MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

Refer to the Corporate Governance Report in this integrated annual report for information about the members' names, qualifications, period of service and attendance at meetings during the 2017 financial year.

The committee meets at least twice annually. 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.

The external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the committee. The group risk management and internal audit function are also represented. Executive directors and relevant senior management employed within the group attended meetings by invitation.

### ROLE OF THE COMMITTEE

Responsibilities include the following:

- overseeing integrated reporting;
- ensuring a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- 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;
- complying with Companies Act regulations if not already addressed in the above responsibilities; and

- ensuring that appropriate financial procedures have been established and are operating.

### INTERNAL AUDIT CHARTER AND THE WORKING RELATIONSHIP WITH THE INTERNAL AUDIT MANAGER

A formal internal audit charter governs the internal auditing of the group. The committee has unlimited access to the internal audit manager employed within the group. The formal process of reporting to the committee is managed according to the internal audit charter.

### EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, as read with King III, the committee has considered the appropriateness of the expertise and experience of the financial director and the finance function. In this regard the committee is of the view that DS Johnson, the financial director, possesses the appropriate expertise and experience to fulfil his responsibilities in that position.

The committee furthermore considers that the expertise, resources and experience of the finance function are appropriate to the nature, complexity and size of the group's operations.

### EXTERNAL AUDITOR'S APPOINTMENT AND INDEPENDENCE

The committee confirmed the nomination of 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 appointed as group external auditor in respect of the year under review and the designated registered auditor is HV du Plessis.

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 2018 financial year.

Due consideration has been given to the independence of the external auditor and in this regard the committee is satisfied that KPMG Inc. is independent of the group and management and is therefore able to express an independent opinion on the group's financial statements.

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.

The nature and extent of any non-audit services which the external auditor provides to the company and group have been agreed by the committee.

#### **FINANCIAL STATEMENTS, ACCOUNTING PRACTICES, INTERNAL FINANCIAL CONTROLS**

Following the review by the committee of the annual financial statements for the year ended 30 June 2017, 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.

On 13 February 2017 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 committee is of the opinion that:

- the internal financial controls are effective 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.

#### **INTEGRATED ANNUAL REPORT**

The committee has also satisfied itself with the integrity of the remainder of the integrated annual report. Having achieved its objectives, the committee has recommended the annual financial statements and integrated annual report for the year ended 30 June 2017 for approval by the board.

The board has subsequently approved the annual financial statements and 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

26 September 2017

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

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	GROUP	
	2017 R'000	2016 R'000
<b>ASSETS</b>		
Non-current assets	<b>159 628</b>	155 705
Property, plant and equipment	<b>57 150</b>	53 355
Investment property	<b>71 032</b>	71 849
Intangible assets	<b>24 773</b>	23 432
Other investments	<b>524</b>	576
Deferred tax asset	<b>6 149</b>	6 493
Current assets	<b>169 120</b>	182 984
Inventories	<b>77 842</b>	61 319
Trade and other receivables	<b>28 292</b>	35 878
Forward exchange contracts	<b>38</b>	–
Income tax receivable	<b>1 301</b>	1 112
Accrued operating lease asset	<b>3 558</b>	3 219
Cash and cash equivalents	<b>58 089</b>	81 456
<b>Total assets</b>	<b>328 748</b>	338 689
<b>Equity and liabilities</b>		
Capital and reserves	<b>259 464</b>	260 718
Share capital	<b>1 777</b>	1 777
Share premium	<b>25 836</b>	25 836
Treasury shares	<b>(117)</b>	(1 133)
Share-based payment reserve	<b>(214)</b>	568
Other reserves	<b>1 846</b>	934
Retained earnings	<b>230 336</b>	232 736
Non-current liabilities	<b>22 301</b>	21 897
Post-retirement liability	<b>650</b>	1 614
Accrued operating lease liability	<b>18 537</b>	18 104
Deferred tax liability	<b>3 114</b>	2 179
Current liabilities	<b>46 983</b>	56 074
Trade and other payables	<b>46 959</b>	53 860
Forward exchange contracts	<b>–</b>	2 176
Income tax payable	<b>24</b>	38
<b>Total equity and liabilities</b>	<b>328 748</b>	338 689

# SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	GROUP	
	2017 R'000	2016 R'000
<b>Revenue</b>	<b>549 046</b>	558 626
Turnover	<b>528 759</b>	537 588
Cost of sales	<b>(237 200)</b>	(248 937)
<b>Gross profit</b>	<b>291 559</b>	288 651
Other income	<b>15 826</b>	15 726
Other operating costs	<b>(306 630)</b>	(292 854)
<b>Operating profit</b>	<b>755</b>	11 523
Dividend income	<b>21</b>	20
Finance income	<b>4 440</b>	5 292
Finance costs	<b>(133)</b>	(172)
<b>Profit before tax</b>	<b>5 083</b>	16 663
Income tax expense	<b>(1 908)</b>	(4 903)
<b>Profit for the period</b>	<b>3 175</b>	11 760
<b>Other comprehensive income:</b>		
Actuarial gain on post-retirement defined benefit plan	<b>964</b>	451
Fair value adjustment on available-for-sale financial assets	<b>(52)</b>	–
<b>Total comprehensive income for the period</b>	<b>4 087</b>	12 211
<b>Profit attributable to:</b>		
Ordinary and "N" ordinary shareholders	<b>3 158</b>	11 743
Preference shareholders	<b>17</b>	17
<b>Profit for the period</b>	<b>3 175</b>	11 760
<b>Total comprehensive income attributable to:</b>		
Ordinary and "N" ordinary shareholders	<b>4 070</b>	12 194
Preference shareholders	<b>17</b>	17
<b>Total comprehensive income for the period</b>	<b>4 087</b>	12 211
<b>Basic earnings per ordinary share (cents)</b>	<b>15.3</b>	57.1
<b>Diluted earnings per ordinary share (cents)</b>	<b>15.3</b>	57.0

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

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	Ordinary share capital R'000	Preference share capital R'000
<b>GROUP</b>		
<b>Balance as at 30 June 2015</b>	1 497	280
<b>Total comprehensive income for the year</b>		
Profit for the year	–	–
<b>Other comprehensive income for the year</b>		
Actuarial gain on post-retirement defined benefit plan	–	–
<b>Total comprehensive income for the year</b>	–	–
<b>Contributions by and distributions to owners recognised directly in equity</b>		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
<b>Total contributions by and distributions to owners recognised directly in equity</b>	–	–
<b>Balance as at 30 June 2016</b>	<b>1 497</b>	<b>280</b>
<b>Total comprehensive income for the year</b>		
Profit for the year	–	–
<b>Other comprehensive income for the year</b>		
Actuarial gain on post-retirement defined benefit plan	–	–
Fair value adjustment of available-for-sale financial asset	–	–
<b>Total comprehensive income for the year</b>	–	–
<b>Contributions by and distributions to owners recognised directly in equity</b>		
Preference dividends paid	–	–
Ordinary dividends paid	–	–
Delivery of treasury shares	–	–
Proceeds from delivery of employee share options	–	–
<b>Total contributions by and distributions to owners recognised directly in equity</b>	–	–
<b>Balance as at 30 June 2017</b>	<b>1 497</b>	<b>280</b>



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	483	233 547	261 078
-	-	-	-	11 760	11 760
-	-	-	451	-	451
-	-	-	451	11 760	12 211
-	-	-	-	(17)	(17)
-	-	-	-	(12 554)	(12 554)
-	-	-	-	(12 571)	(12 571)
<b>(1 133)</b>	<b>25 836</b>	<b>568</b>	<b>934</b>	<b>232 736</b>	<b>260 718</b>
-	-	-	-	<b>3 175</b>	<b>3 175</b>
-	-	-	<b>964</b>	-	<b>964</b>
-	-	-	<b>(52)</b>	-	<b>(52)</b>
-	-	-	<b>912</b>	<b>3 175</b>	<b>4 087</b>
-	-	-	-	(17)	(17)
-	-	-	-	(5 558)	(5 558)
<b>782</b>	-	<b>(782)</b>	-	-	-
<b>234</b>	-	-	-	-	<b>234</b>
<b>1 016</b>	-	<b>(782)</b>	-	<b>(5 575)</b>	<b>(5 341)</b>
<b>(117)</b>	<b>25 836</b>	<b>(214)</b>	<b>1 846</b>	<b>230 336</b>	<b>259 464</b>

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

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	GROUP	
	2017 R'000	2016 R'000
<b>Operating profit before working capital changes</b>	<b>27 197</b>	38 257
Working capital changes	(17 014)	3 947
Interest received	4 440	5 292
Interest paid	(133)	(172)
Dividends paid	(5 575)	(12 571)
Dividends received	21	20
Income tax paid	(832)	(5 630)
<b>Net cash inflows from operating activities</b>	<b>8 104</b>	29 143
Additions to property, plant, equipment and investment property	(25 555)	(20 288)
Additions to intangible assets	(3 410)	(7 685)
Proceeds from disposal of property, plant, equipment and investment property	199	225
Acquisition of business	(2 939)	–
<b>Net cash outflows from investing activities</b>	<b>(31 705)</b>	(27 748)
<b>Cash flows from financing activities</b>		
Proceeds from delivery of employee share options	234	–
<b>Net cash inflows from financing activities</b>	<b>234</b>	–
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23 367)</b>	1 395
Cash and cash equivalents at the beginning of the year	81 456	80 061
<b>Cash and cash equivalents at the end of the year</b>	<b>58 089</b>	81 456

# SHAREHOLDERS' INFORMATION

Analysis of shareholders as at 30 June 2017

	Ordinary		"N" ordinary		Preference	
	Number of share-holdings	% of share-holdings	Number of share-holdings	% of share-holdings	Number of share-holdings	% of share-holdings
<b>Public shareholders</b>	<b>135</b>	<b>97.9</b>	<b>203</b>	<b>96.1</b>	<b>23</b>	<b>85.2</b>
Companies and close corporations	14	10.1	14	6.6	2	7.4
Individuals	103	74.7	167	79.1	16	59.3
Insurance companies, nominees and trusts	16	11.6	21	9.9	5	18.5
Mutual funds and pension funds	2	1.5	1	0.5	–	–
<b>Non-public shareholders</b>	<b>3</b>	<b>2.1</b>	<b>8</b>	<b>3.9</b>	<b>4</b>	<b>14.8</b>
African and Overseas Enterprises Limited	1	0.7	1	0.5	1	3.7
Rex Trueform Share Trust	–	–	1	0.5	–	–
Geomer Investments Proprietary Limited	1	0.7	1	0.5	–	–
Ceejay Trust	1	0.7	1	0.5	–	–
L Wasserman	–	–	–	–	1	3.7
Old Sillery Proprietary Limited	–	–	–	–	1	3.7
HAM Shotter	–	–	–	–	1	3.7
Directors	–	–	4	1.9	–	–
	<b>138</b>	<b>100.0</b>	<b>211</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>
	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
<b>Public shareholders</b>	<b>367 458</b>	<b>12.6</b>	<b>4 251 854</b>	<b>24.0</b>	<b>22 238</b>	<b>15.9</b>
Companies and close corporations	169 505	5.8	1 626 968	9.2	3 100	2.2
Individuals	65 416	2.2	403 602	2.3	17 288	12.4
Insurance companies, nominees and trusts	58 106	2.0	403 935	2.3	1 850	1.3
Mutual funds and pension funds	74 431	2.6	1 817 349	10.2	–	–
<b>Non-public shareholders</b>	<b>2 538 347</b>	<b>87.4</b>	<b>13 483 652</b>	<b>76.0</b>	<b>117 762</b>	<b>84.1</b>
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	173 715	6.0	2 035 786	11.5	–	–
Ceejay Trust	254 463	8.8	2 084 610	11.8	–	–
L Lombard	–	–	–	–	28 545	20.4
L Wasserman	–	–	–	–	22 192	15.9
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
HAM Shotter	–	–	–	–	38 415	27.4
Directors	–	–	130 412	0.7	–	–
	<b>2 905 805</b>	<b>100.0</b>	<b>17 735 506</b>	<b>100.0</b>	<b>140 000</b>	<b>100.0</b>
<b>Beneficial shareholders holding 5% or more</b>						
African and Overseas Enterprises Limited	2 110 169	72.6	9 212 565	51.9	825	0.6
Ceejay Trust	254 463	8.8	2 084 610	11.8	–	–
Geomer Investments Proprietary Limited	173 715	6.0	2 035 786	11.5	–	–
Traclo Proprietary Limited	144 398	5.0	1 462 864	8.2	–	–
Sentinel Retirement Fund	74 331	2.6	1 817 349	10.2	–	–
HAM Shotter	–	–	–	–	38 415	27.4
Old Sillery Proprietary Limited	–	–	–	–	27 785	19.8
L Wasserman	–	–	–	–	22 192	15.9
L Lombard	–	–	–	–	28 545	20.4
	<b>2 757 076</b>	<b>95.0</b>	<b>16 613 174</b>	<b>93.6</b>	<b>117 762</b>	<b>84.1</b>

# NOTICE OF ANNUAL GENERAL MEETING

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## **REX TRUEFORM CLOTHING COMPANY LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1937/009839/06)

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000006144 – ZAE000009700 – ZAE000006151

("Rex Trueform" or "the company")

Notice is hereby given that the eightieth annual general meeting of shareholders of Rex Trueform (the "annual general meeting") will be held in the boardroom, Rex Buildings, 263 Victoria Road, Salt River, Cape Town, on Friday, 17 November 2017 at 10:00 for the purpose of considering and adopting the annual financial statements and the directors' 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, 22 September 2017 and (ii) to participate in and vote at the annual general meeting is Friday, 10 November 2017 in terms of section 62(3)(a) as read with section 59 of the Companies Act (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 2017, together with the reports of the directors, audit committee and auditors contained therein and made available for inspection by shareholders with effect from 29 September 2017 at the registered office of the company and at the following web address – [www.rextrueform.com](http://www.rextrueform.com)."

### **ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF DIRECTOR**

"Resolved to re-elect PM Naylor as a director of the company, who retires in terms of the company's Memorandum of Incorporation but who is eligible and offers himself for re-election."

The nomination committee of the company has considered and is satisfied with the past performance of, and contribution made to the company by, PM Naylor, and is furthermore satisfied with his continued independence, and has recommended that he be re-elected as a director of the company.

An abbreviated curriculum vitae in respect of PM Naylor is provided in section 1 of annexure A to this notice.

### **ORDINARY RESOLUTION NUMBER 3 – ELECTION OF DIRECTORS**

"Resolved to elect individually as directors of the company the following persons:

- 3.1 HB Roberts;
- 3.2 LK Sebatane; and
- 3.3 MR Molosiwa."

The nomination committee of the company has recommended that these persons be elected as directors of the company.

Abbreviated curricula vitae in respect of the above persons are provided in section 2 of Annexure A 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, subject to the passing of resolution 2 above;
- 4.2 HB Roberts, subject to the passing of resolution 3.1 above; and
- 4.3 LK Sebatane, subject to the passing of resolution 3.2 above."

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

#### **ORDINARY RESOLUTION NUMBER 5 – ELECTION OF SOCIAL AND ETHICS COMMITTEE MEMBERS**

“Resolved, on the recommendation of the board and as required in terms of the company’s Memorandum of Incorporation, to elect individually the following who are directors of the company as members of the social and ethics committee:

- 5.1 PM Naylor, subject to the passing of resolution 2 above;
- 5.2 CEA Radowsky; and
- 5.3 DS Johnson.”

Abbreviated curricula vitae in respect of the above directors are provided in section 4 of Annexure A to this notice.

#### **ORDINARY RESOLUTION NUMBER 6 – RE-APPOINTMENT OF AUDITORS**

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

The audit committee has nominated KPMG Inc. for appointment as auditors under section 90 of the Companies Act.

#### **ORDINARY RESOLUTION NUMBER 7 – 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 8 – NON-BINDING ADVISORY VOTE ON IMPLEMENTATION REPORT**

“Resolved that shareholders endorse, by way of a non-binding advisory vote, the company’s implementation report as detailed in the Human Capital and Remuneration Report set out in the company’s integrated annual report.”

#### **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.”

*In order for the above ordinary resolutions 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.*

#### **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 Listings Requirements of the JSE Limited, 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.



# NOTICE OF ANNUAL GENERAL MEETING

## continued

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### 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;
  - (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 59; and
  - share capital of the company – see pages 18 and 59.
- (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 inclusive remuneration to be paid to the non-executive directors of the company for the pro-rata period from 1 October 2017 to 30 June 2018 and the period from 1 July 2018 to 30 June 2019, 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 retirement fund	48 000
Chairperson of the social and ethics committee	32 000
Member of the risk committee	42 000
Member of the social and ethics committee	26 000."

#### 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 a proportionate annual basis for the period 1 October 2017 to 30 June 2018 and on an annual basis for the period 1 July 2018 to 30 June 2019, it being noted that the fees payable to the non-executive directors in respect of the period between 1 July 2017 and 30 September 2017 will be a pro-rata amount based on the previously approved annual fees in respect of the 2018 financial year.

It is recorded that the remuneration of the non-executive directors is inclusive of value added tax (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 – AMENDMENTS TO THE MEMORANDUM OF INCORPORATION

##### 4.1 Conversion of ordinary and "N" ordinary shares from par value to no par value

"Resolved that, in terms of Regulation 31(6) of the Companies Act and subject to the filing of this special resolution number 4.1 with the Companies and Intellectual Property Commission ("CIPC"), the authorised share capital of the company of R2 005 000, divided into 3 250 000 ordinary shares with a par value of 50 cents each, 40 000 000 "N" ordinary shares with a par value of 0.25 cents each and 140 000 preference shares with a par value of R2 each, be converted into 3 250 000 ordinary shares of no par value, 40 000 000 "N" ordinary shares of no par value and 140 000 preference shares with a par value of R2 each (it being noted that such preference shares are to remain unconverted), without altering the substance of the specific rights and privileges associated with each such share, and that the company's existing Memorandum of Incorporation be amended accordingly."

# NOTICE OF ANNUAL GENERAL MEETING

## continued

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Shareholders are referred to Annexure B attached to this notice of annual general meeting which provides further information in respect of the proposed conversion of the company's par value ordinary and "N" ordinary shares into ordinary and "N" ordinary shares of no par value. The report required in terms of Regulation 31(7) of the Companies Regulations, 2011 (the "Regulations") in respect of the proposed special resolution number 4.1 to convert the company's par value ordinary and "N" ordinary shares into ordinary and "N" ordinary shares of no par value is set out in Annexure B attached to this notice of annual general meeting.

### Reason for and effect of special resolution number 4.1

In terms of the Companies Act, inter alia, a company whose authorised share capital comprises one or more classes of par value shares may not increase the number of those authorised par value shares until such time as such class or classes (as the case may be) of par value shares have been converted to shares of no par value. The effect of special resolution 4.1 is to convert the par value ordinary and "N" ordinary shares of the company to ordinary and "N" ordinary shares of no par value.

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### 4.2 Increase in authorised ordinary and "N" ordinary share capital

"Resolved that, in terms of article 8.14, as read with article 6.1.3, of the company's existing Memorandum of Incorporation and subject to the approval, and filing with CIPC, of special resolution number 4.1 to be considered at this annual general meeting and the approval, and filing with CIPC, of this special resolution number 4.2, the authorised ordinary and "N" ordinary share capital of the company, comprising 3 250 000 ordinary shares and 40 000 000 "N" ordinary shares of no par value, be and is hereby increased to 26 000 000 ordinary shares of no par value and 120 000 000 "N" ordinary shares of no par value, so that after the increase the authorised share capital shall comprise 26 000 000 ordinary shares of no par value, 120 000 000 "N" ordinary shares of no par value and 140 000 preference shares with a par value of R2 each, and further that the company's existing Memorandum of Incorporation be amended accordingly."

### Reason for and effect of special resolution number 4.2

The company wishes to increase its ordinary and "N" ordinary share capital. The effect of special resolution 4.2 will be to increase the authorised ordinary and "N" ordinary share capital of the company.

### 4.3 Amendment to article 17.7 of the Memorandum of Incorporation – validity of proxy forms

"Resolved that article 17.7 of the Memorandum of Incorporation of the company be amended through the deletion of the words *"not less than 24 (twenty-four) hours (or such lesser period as the Board may determine in relation to any particular meeting) before such meeting is due to take place, failing which the instrument of proxy or power of attorney shall not be treated as valid)"* and the insertion of the words *"before the proxy exercises any rights of the Shareholder at a meeting"* in their stead."

### Reason for and effect of special resolution number 4.3

The reason for special resolution number 4.3 is to bring the company's Memorandum of Incorporation in line with a recent Court decision in terms whereof, inter alia, it was held that proxy forms may no longer contain a cut-off date, and must be accepted up until the starting time of a meeting. The effect of special resolution number 4.3 will be to amend the company's Memorandum of Incorporation in line with this court decision.

### 4.4 Amendment to article 35.11 of the Memorandum of Incorporation – casting vote of chairman at directors' meetings

"Resolved that article 35.11 of the Memorandum of Incorporation of the company be amended through the deletion of the words *"In the event of the matter being voted upon failing, unless the chairman exercises a vote, the chairman shall have a casting vote"* and the insertion of the words *"In the case of a tied vote, the chairman may cast a deciding vote."* in their stead."

### Reason for and effect of special resolution number 4.4

In the event of the board of directors consisting of an even number of members, or an even number of votes being cast for and against any matter to be decided on by the board of directors, the chairman would be required to cast the deciding vote. The effect of special resolution 4.4 will be to amend the company's Memorandum of Incorporation in line with this principle.

#### 4.5 Amendment to article 42 of the Memorandum of Incorporation – appointment of the social and ethics committee

“Resolved that article 42 of the Memorandum of Incorporation of the company be amended through the deletion of the words “at each annual general meeting, elect” and the insertion of the word “appoint” in their stead.”

##### Reason for and effect of special resolution number 4.5

In terms of the Companies Act, the board of directors, and not shareholders, is required to appoint a social and ethics committee. The effect of special resolution 4.5 will be to amend the company’s Memorandum of Incorporation in line with the requirements of the Companies Act.

#### 4.6 Change of name of the company

“Resolved that the name of the company be and is hereby changed from Rex Trueform Clothing Company Limited to Rex Trueform Group Limited with effect from the date set out in the amended registration certificate issued by CIPC and further that the company’s existing Memorandum of Incorporation be amended accordingly.”

##### Reason for and effect of special resolution number 4.6

The board believes that it is appropriate to change the name of the company as the company is no longer a manufacturer or distributor of clothing. The removal of the words “Clothing Company” to be replaced by the word “Group” will better reflect the diverse nature of the business.

Shareholders are referred to Annexure C which sets out further information in this regard, and which contains instructions with regard to the action required of them should the name change be approved by shareholders at the annual general meeting convened by this notice.

The full Memorandum of Incorporation (incorporating the proposed amendments) is available with effect from 29 September 2017 for inspection by shareholders at the registered office of the company or upon request from the company secretary on legal@rextrueform.com.

The amendments to the Memorandum of Incorporation will take effect subject to the filing with the Companies and Intellectual Property Commission of the Notice of Amendment in respect thereof together with a copy of the amendment (as contemplated in section 16(7)(b)(ii) of the Companies Act).

*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 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, 10 November 2017.

# NOTICE OF ANNUAL GENERAL MEETING

## continued

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### 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.

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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 or faxed to the transfer secretaries at the address below, to be received by no later than 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.

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, 15 November 2017 by submitting, by e-mail to the company secretary at [legal@retrueform.com](mailto:legal@retrueform.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.



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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 September 2017

**Registered office:**

Rex Buildings, 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

# ANNEXURE A

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1. Abridged curriculum vitae of director standing for re-election:

**PM Naylor** (71) 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, social and ethics and remuneration committees and is a member of the company's nomination committee. He also serves as an independent non-executive director on the boards of the company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and on the board of Queenspark Distribution Centre Proprietary Limited.

2. Abridged curricula vitae of persons standing for election as director:

2.1 **HB Roberts** (56) BCom, BSc, FIA, 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.

2.2 **LK Sebatane** (37) BCom (Law), LLB

Luntu Sebatane is an admitted attorney with eight 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 (Pty) Ltd and Claremart Auctioneers (Pty) Ltd.

2.3 **MR Molosiwa** (45) BArch

Masedi Molosiwa is the founder of Iteru Residential (Pty) Ltd and has been the executive director since 1 November 2011. Iteru Residential is a property investment company focused in the affordable housing sector.

Masedi served as the marketing executive of Mortgage Capital, a subsidiary of Transaction Capital Limited until 31 October 2011. He served as the chief executive officer of the Association of Black Securities and Investment Professionals (ABSIP) from 14 January 2008 to 30 June 2010. He founded Mr Concierge (Pty) Ltd, a lifestyle management services company in 2007. He served as the group executive: marketing and communication at the South African Post Office in 2006. He served as executive director of the Cape IT Initiative from 2002 to 2005.

His career experience has been studiously built in the marketing discipline through various roles in brand management, product development and marketing services. He later developed his leadership skills through general management roles in enterprise development initiatives. His insights about business have been gleaned from working in the information communication technologies (ICT), media and advertising, postal services and financial services sectors and real estate.

3. Abridged curricula vitae of directors proposed for election to the audit committee:

3.1 **PM Naylor** (71) BSc (Eng)

Please note the abridged curriculum vitae contained in section 1 above in this regard.

3.2 **HB Roberts** (56) BCom, BSc, FIA, FASSA

Please note the abridged curriculum vitae contained in section 2.1 above in this regard.

3.3 **LK Sebatane** (37) BCom (Law), LLB

Please note the abridged curriculum vitae contained in section 2.2 above in this regard.

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4. Abridged curricula vitae of directors proposed for election to the social and ethics committee:

4.1 **PM Naylor** (71) BSc (Eng)

Please note the abridged curriculum vitae contained in section 1 above in this regard.

4.2 **CEA Radowsky** (50) 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 company's holding company, African and Overseas Enterprises Limited, and the group's main operating subsidiary, Queenspark Proprietary Limited, and of Queenspark Distribution Centre Proprietary Limited and Queenspark (Proprietary) Limited (Namibia).

4.3 **DS Johnson** (49) BCompt (Hons), CA (SA)

Damian Johnson joined the group in 2004 and was appointed as the financial director of the company in 2009. Damian is a member of the risk committee and the social and ethics committee. He also serves as financial director on the board of the company's holding company, African and Overseas Enterprises Limited, and on the boards of Queenspark Proprietary Limited, Queenspark Distribution Centre Proprietary Limited and Queenspark (Proprietary) Limited (Namibia).

# ANNEXURE B

## BOARD REPORT ON THE CONVERSION OF THE PAR VALUE ORDINARY AND "N" ORDINARY SHARES OF THE COMPANY INTO ORDINARY AND "N" ORDINARY SHARES OF NO PAR VALUE

### 1. Background

- 1.1 The Companies Act (Act 71 of 2008) ("Companies Act"), which Act came into force on 1 May 2011, limited the Company's ability to restructure its par value share capital. In terms of the transitional arrangements detailed in Schedule 5 of the Companies Act and the Companies Regulations, 2011 (the "Regulations"), pre-existing companies that already have par value shares in issue are allowed to retain such shares but cannot authorise any new par value shares after 1 May 2011. In order to conform the Company's ordinary and "N" ordinary share capital to the requirements of the Companies Act such that the Company's ordinary and "N" ordinary shares do not have a par value and accordingly that the Company may, inter alia, authorise new ordinary and "N" ordinary shares of no par value, the board of directors of the Company recommends that the ordinary shares and "N" ordinary shares be converted to shares having no par value pursuant to the provisions of Regulation 31 of the Regulations.
- 1.2 Regulation 31(7) of the Regulations requires the board of a company to cause a report to be prepared in respect of a proposed resolution to convert any par value shares into shares with no par value (the "Report"). This document constitutes the Report with regard to the proposed conversion, as defined below.
- 1.3 Rex Trueform Clothing Company Limited ("Rex Trueform" or the "Company") has ordinary shares with a par value of 50 cents each, "N" ordinary shares with a par value of 0.25 cents each, and preference shares with a par value of R2 each. The Company intends to convert the ordinary and "N" ordinary shares into shares of no par value in order to be compliant with the Companies Act and the Regulations, and to enable the Company to increase its authorised ordinary and "N" ordinary share capital (the "proposed conversion").
- 1.4 Subject to approval of the proposed conversion, the Company further intends to increase its authorised ordinary share capital from 3 250 000 ordinary shares to 26 000 000 ordinary shares of no par value and its authorised "N" ordinary share capital from 40 000 000 "N" ordinary shares to 120 000 000 "N" ordinary shares of no par value, respectively.
- 1.5 The board of directors of the Company has satisfied itself that the proposed conversion from ordinary shares and "N" ordinary shares of par value to ordinary shares and "N" ordinary shares of no par value will have no effect on the shareholders of the Company.
- 1.6 Shareholders of the Company will be requested at the annual general meeting of Rex Trueform shareholders to be held on 17 November 2017 (the "annual general meeting") to approve the special resolution required to authorise the proposed conversion to convert the Company's authorised and issued ordinary shares and "N" ordinary shares into ordinary and "N" ordinary shares of no par value on the basis that each ordinary share and "N" ordinary share will be converted into one ordinary share and one "N" ordinary share respectively.
- 1.7 Shareholders will also be requested to approve the special resolution required to authorise the proposed increase in ordinary and "N" ordinary share capital.
- 1.8 The special resolution approving the conversion of the Company's ordinary and "N" ordinary shares into shares of no par value requires the approval of more than 75% of the voting rights of shareholders exercised on the resolution at the annual general meeting.

### 2. The Report

- 2.1 In terms of Regulation 31(7) of the Regulations, the Report is required to, at a minimum:
  - 2.1.1 State all information relevant to the value of the securities affected by the proposed conversion;
  - 2.1.2 Identify the holders of the Company's securities affected by the proposed conversion;
  - 2.1.3 Describe the material effects that the proposed conversion will have on the rights of the holders of the Company's securities affected by the proposed conversion; and
  - 2.1.4 Evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement.
- 2.2 Information relevant to the value of the securities affected by the proposed conversion:
  - 2.2.1 The securities affected by the proposed conversion are the authorised and issued ordinary and "N" ordinary shares of 50 cents and 0.25 cents respectively in the share capital of the Company;
  - 2.2.2 Subject to the requisite approval of shareholders obtained in respect of the proposed conversion, shareholders of the Company will be requested to approve by special resolution an increase in the authorised ordinary and "N" ordinary share capital of the Company;

- 2.2.3 The company has no other class of authorised or issued shares other than the ordinary shares, "N" ordinary shares and preference shares;
- 2.2.4 Information with regard to the historic net asset value, earnings, headline earnings and distributions per ordinary share and "N" ordinary share of the Company is detailed in the financial statements of the Company for the three years ended 30 June 2017, 2016 and 2015, all of which will be available for inspection at the offices of the Company, Rex Buildings, 263 Victoria Road, Salt River, Cape Town, with effect from 29 September 2017 until the date on which the annual general meeting is held;
- 2.2.5 Information with regard to the net asset value, earnings, headline earnings and distributions per ordinary share and "N" ordinary share of the Company is detailed in the financial statements of the Company for the year ended 30 June 2017, which will be available for inspection at the offices of the Company, Rex Buildings, 263 Victoria Road, Salt River, Cape Town and at the following web address – [www.rextrueform.com](http://www.rextrueform.com), with effect from 29 September 2017 until the date on which the annual general meeting is held; and
- 2.2.6 Given that the number of ordinary and "N" ordinary shares in the Company in issue and the rights attaching to those ordinary and "N" ordinary shares will be unaffected by the proposed conversion, the proposed conversion will have no impact on the historic net asset value, earnings, headline earnings or distributions per ordinary and "N" ordinary share of the Company and should have no impact on the price at which ordinary and "N" ordinary shares trade on the JSE Limited.
- 2.3 Holders of the Company's securities affected by the proposed conversion:  
The proposed conversion will affect the holders of the Company's ordinary and "N" ordinary shares who comprise the holders of all of the Company's issued ordinary shares of 50 cents each and "N" ordinary shares of 0.25 cents each as at the record date as set out in the attached notice of annual general meeting, which notice of annual general meeting details the resolution required for the proposed conversion. However, the only effect of the proposed conversion on ordinary and "N" ordinary shareholders of the Company will be that such holders will now become the holders of an identical number of ordinary and "N" ordinary shares of no par value.
- 2.4 Material effects of the proposed transaction on the Company's shareholders:
- 2.4.1 The proposed conversion results in the conversion of each ordinary share of 50 cents each into an ordinary share of no par value;
- 2.4.2 The proposed conversion results in the conversion of each "N" ordinary share of 0.25 cents each into an "N" ordinary share of no par value;
- 2.4.3 Accordingly, after the proposed conversion, each ordinary and "N" ordinary shareholder of the Company will own the identical number of ordinary and "N" ordinary shares as they held before the proposed conversion and the no par value ordinary and "N" ordinary shares that they hold will represent the same proportion of the total issued ordinary and "N" ordinary share capital of the Company as the par value ordinary and "N" ordinary shares that they held represented of the total issued ordinary and "N" ordinary issued share capital of the Company before the proposed conversion; and
- 2.4.4 The proposed conversion has no other impact on any of the rights attaching to the Company's ordinary and "N" ordinary shares and the no par value ordinary and "N" ordinary shares will confer on an ordinary and "N" ordinary shareholder of the Company all of the same rights as they enjoyed as the holder of par value ordinary and "N" ordinary shares before the proposed conversion including (without limitation) rights to participate in the profits of the Company on winding up.
- 2.5 Evaluation of material adverse effects of the proposed conversion against compensation offered:
- 2.5.1 As detailed in paragraph 2.4 above, the proposed conversion has no adverse effects on shareholders of the Company as they are in the same position and enjoy the same rights before and after the proposed conversion; and
- 2.5.2 There is no compensation being offered in the context of the proposed conversion as there are no adverse effects of the proposed conversion on shareholders of the Company.
- 3. Other provisions of Regulation 31**  
In terms of Regulation 31(9) of the Regulations, a shareholder of the Company affected by the proposed conversion who believes that the proposal does not protect their rights adequately or otherwise fails to satisfy the requirements of the Companies Act, may apply to the High Court for an order and the High Court may make any order that is just and reasonable in the circumstances.



# ANNEXURE C

## PROPOSED CHANGE OF NAME OF THE COMPANY

Shareholders are referred to special resolution number 4.6 set out in the notice of annual general meeting and are advised that the board of directors ("the board") is proposing to change the name of the company from "Rex Trueform Clothing Company Limited" to "Rex Trueform Group Limited".

The board believes that it is appropriate to change the name of the company as the company is no longer a manufacturer or distributor of clothing.

The name Rex Trueform Group Limited has been reserved with the Companies and Intellectual Property Commission ("CIPC") and in accordance with the JSE Listings Requirements, approval was granted by the JSE for the change of name. The abbreviated name of the company will remain "Rex" and the share codes for the ordinary shares, "N" ordinary shares and the preference shares will remain "RTO", "RTN" and "RTOP" respectively. The ISINs for the ordinary shares, the "N" ordinary shares and the preference shares will be changed to ZAE000250387, ZAE000250395 and ZAE000250403 respectively.

The procedure required for certificated shareholders to surrender their existing share certificates and be issued with replacement share certificates in the name of "Rex Trueform Group Limited" is set out below. For the convenience of certificated shareholders, a form of surrender is attached to this Annexure C.

For a period of not less than one year, the company will reflect the former name "Rex Trueform Clothing Company Limited" on all documents of title beneath the new name of "Rex Trueform Group Limited". In addition, for a period of not less than one year, the company will reflect the former name "Rex Trueform Clothing Company Limited" on all circulars beneath the new name "Rex Trueform Group Limited" in accordance with the JSE Listings Requirements.

## SALIENT DATES IN RESPECT OF THE CHANGE OF NAME

The salient dates in respect of the name change are set out below:

	2017
Record date for receipt of notice purposes	Friday, 22 September
Integrated report containing details of name change and notice of annual general meeting posted on	Friday, 29 September
Announcement relating to posting of integrated report containing details of name change and notice of annual general meeting released on SENS on	Friday, 29 September
Last day to trade in order to be eligible to vote	Tuesday, 7 November
Record date for voting purposes ("voting record date")	Friday, 10 November
Annual general meeting	10:00 on Friday, 17 November
Results of the annual general meeting released on SENS on	Friday, 17 November
Resolution in respect of the change of name submitted to CIPC on	Monday, 20 November
Resolution in respect of change of name expected to be registered by CIPC by no later than	Monday, 4 December
Expected publication of finalisation announcement on SENS on	Tuesday, 5 December
Expected last day to trade in existing shares on the JSE prior to the name change	Tuesday, 12 December
Expected trading in new name of Rex Trueform Group Limited on the JSE under the JSE share codes "RTO", "RTN" and "RTOP" and ISIN ZAE000250387, ZAE000250395 and ZAE000250403 commences on	Wednesday, 13 December
Expected record date in respect of the name change	Friday, 15 December
Expected date of issue of new replacement share certificates provided that the old share certificates have been lodged by 12:00 on Friday, 15 December 2017*	Monday, 18 December
CSDP and broker accounts of dematerialised shareholders are expected to be updated on	Monday, 18 December

Notes:

- \* Share certificates received after this time will be posted within five days after receipt.
- 1. The above dates and times are South African and are subject to change. Any changes will be released on SENS.
- 2. Share certificates in the name of Rex Trueform Clothing Company Limited may not be dematerialised or rematerialised after Tuesday, 12 December 2017.

### Procedure to be followed by certificated shareholders

Subject to the passing and the registration of the special resolution necessary for the change of name of the company to Rex Trueform Group Limited, the company is required to recall share certificates from certificated shareholders in order to replace them with share certificates reflecting the change of name.

To facilitate the timeous receipt by certificated shareholders of replacement share certificates, certificated shareholders who wish to anticipate the implementation of the change of name and who do not wish to deal in their existing shares prior to the change of name, are requested to surrender their certificates of title, under cover of the form of surrender, to the transfer secretaries, at the address set out in that form, prior to the change of name record date.

Share certificates so received will be held in trust by the transfer secretaries pending the change of name becoming unconditional. In the event that the change of name does not become unconditional, the transfer secretaries will, within five business days thereafter, return the share certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.

The results of the annual general meeting will be announced on SENS on Friday, 17 November 2017. Should the change of name be approved and implemented, shareholders who have not already surrendered their share certificates will be required to do so under cover of the attached form of surrender, which should be retained for that purpose as no further form of surrender will be circulated to shareholders. However, additional copies of the form of surrender may be requested from the transfer secretaries, Computershare Investor Services Proprietary Limited.

#### Non-resident shareholders

In the case of certificated shareholders whose registered addresses in the company's register in South Africa are outside the common monetary area, or where the relevant certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

#### **Non-residents who are emigrants from the Common Monetary Area**

The replacement share certificate reflecting the change of name will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations and will be credited to their CSDP or broker's account and a "non-resident" annotation will be credited to their CSDP or broker's account and a "non-resident" annotation will appear in the CSDP or broker's register. Any new share certificates, dividends and residual cash payments, based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed "non-resident".

#### **All other non-residents**

The replacement share certificate reflecting the change of name will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations.

#### Procedure to be followed by dematerialised shareholders for the change of name

Dematerialised shareholders are not required to do anything as their accounts at their CSDP or broker will automatically be updated.

# FORM OF SURRENDER

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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Rex Trueform Clothing Company Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1937/009839/06)  
JSE share codes: RTO – RTN – RTO  
ISIN: ZAE000006144 – ZAE000009700 – ZA000006151  
("Rex Trueform" or the "company")

## FORM OF SURRENDER OF DOCUMENTS OF TITLE FOR USE BY CERTIFICATED SHAREHOLDERS ONLY

### Instructions:

1. This form of surrender is for use by certificated shareholders who will be receiving certificated shares in the company after the change of name and, when completed, should be sent to the transfer secretaries.
2. Replacement share certificates will not be sent to shareholders unless and until a form of surrender and the documents of title in respect of the relevant shares have been surrendered to the transfer secretaries.  
  
Part A must be completed by all shareholders who have not yet dematerialised their share certificates or other documents of title. Dematerialised shareholders must not complete a form of surrender as the appropriate action will be taken by their CSDP or broker.
3. If this form of surrender is received by the transfer secretaries with the relevant documents of title prior to the change of name becoming effective, it will be treated as a conditional surrender which is made subject to the change of name becoming effective. Such surrendered documents of title will be held in trust by the transfer secretaries until the change of name becomes effective. In the event of the change of name not becoming effective, for any reason whatsoever, the transfer secretaries will (within five business days after either the date upon which it becomes known that the change of name will not be able to be implemented, or, after subsequent receipt of surrendered documents of title, whichever is the later) return the relevant documents of title to the shareholders concerned, at their risk, by registered post.
4. Part B must be completed by all emigrants from and non-residents of the Common Monetary Area who are recorded in the share register of Rex Trueform and who have not yet dematerialised their documents of title.
5. A separate form of surrender is required for each shareholder.

**Please refer to the instructions above and the notes overleaf before completing this form of surrender.**

# FORM OF SURRENDER



**To:** Rex Trueform Clothing Company Limited

**Care of:** Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Dear Sirs,

I/We, the undersigned, being the registered holder of the number of shares specified below, which are free of encumbrances, hereby surrender the enclosed documents of title identified below in respect of the shares held by me/us in Rex Trueform, conditional upon the special resolution in respect of the change of name being passed (and the subsequent registration of the relevant special resolution with the CIPC) at the annual general meeting of shareholders to be held on Friday, 17 November 2017.

I/We hereby instruct you to post a replacement certificate in respect of the shares surrendered to me, by registered post, at my/our risk, to the address given below, on the terms set out in the document dispatched to shareholders to which this form of surrender was attached. I/We acknowledge that if no address is stated below, the replacement certificate will be sent to my/our address recorded on the relevant sub-register.

My/Our signature(s) on this form of surrender constitutes my/our execution of this instruction.

Signature of shareholder \_\_\_\_\_ Date \_\_\_\_\_ 2017.

Surname/Name of corporate body	Stamp and address of agent lodging this form (if any)
First names (in full) (if applicable)	
Title (Dr, Prof, Mr, Mrs, Miss, Ms, etc)	
Telephone number ( )	
Cell phone number ( )	
Assisted by me (if applicable)	
Date	
State full name and capacity	
Postal address (preferably PO Box address) to which replacement certificates should be sent, if other than the address contained in the register of shareholders:	
Postal code:	

## PART A – APPLICABLE TO ALL CERTIFICATED REX TRUEFORM SHAREHOLDERS

Share certificate(s) and/or documents of title surrendered:

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Rex Trueform shares covered by each certificate	For office use only
Total			

## PART B – APPLICABLE TO ALL EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA WHO ARE RECORDED ON THE SHARE REGISTER OF REX TRUEFORM

Nominated authorised dealer in the case of a certificated shareholder who is an emigrant from or non-resident of the common monetary area (who wish their replacement share certificates to be sent to an authorised dealer in South Africa):

Name of authorised dealer/bank	
Address	
Account number	

# NOTES TO THE FORM OF SURRENDER

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## Completion of this form of surrender ("form"):

6. If you have any doubt as to how to complete this form, please consult your accountant, attorney, banker, broker or other professional adviser.
7. This form must be completed, signed and sent, together with the relevant share certificate(s) and/or other document(s) of title to the offices or to the postal address of the transfer secretaries.
8. Any alteration to or correction on this form must be signed in full and not only initialled.

## Return address:

Once completed, this form, together with documents of title surrendered, must be delivered or mailed to the transfer secretaries at the following addresses, respectively, in an envelope marked "Rex Trueform – Certificates of title":

### Hand deliveries to

Computershare Investor  
Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196

### Postal deliveries to

Computershare Investor  
Services Proprietary Limited  
PO Box 61763  
Marshalltown, 2107

## Posting of replacement certificates:

Subject to the approval and registration of the special resolution to change the name of the company to Rex Trueform Group Limited as contained in the notice of annual general meeting attached to the annual report dispatched to shareholders to which this form is attached, certificates reflecting the change of name will be sent to the address provided overleaf (or failing such instruction, to the address of the shareholder concerned as recorded in the relevant sub-register of Rex Trueform) by registered post at the risk of the shareholder concerned on or about Monday, 18 December 2017, if the documents of title have been surrendered by 12:00 on Friday, 15 December 2017, or, within five business days of receipt of such documents of title if surrendered after 12:00 on Friday, 15 December 2017. Contrary instructions will not be accepted.

## Instructions

9. Persons who have acquired shares in Rex Trueform after the date of posting of the document to which this form is attached, can obtain copies of the form and the said document from the transfer secretaries.
10. All certificated shareholders completing and returning the form must also surrender all their existing share certificates.
11. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts.
12. Signatories may be called upon for evidence of their authority or capacity to sign this form.
13. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this form for noting, unless it has already been noted by the transfer secretaries or it has been lodged with a broker and this form bears the stamp of that broker.

14. Where the member is a company or a close corporation, unless it has already been registered with the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by the transfer secretaries.
15. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need to sign the form.
16. If the shareholder is a deceased estate, this form must be accompanied by a certified copy of the letter of executorship, unless the relevant documents have already been lodged with the transfer secretaries or with a broker and this form bears the stamp of that broker.
17. A minor must be assisted by his/her parent or guardian.

## Lost share certificates and/or documents of title:

If a share certificate or other document of title relating to any share in Rex Trueform has been lost or destroyed, the relevant replacement certificate will only be issued upon production of satisfactory evidence that the relevant share certificate or document of title has been lost or destroyed and upon delivery of an indemnity, in a form and on terms and conditions approved by Rex Trueform. Indemnity forms may be requested from the transfer secretaries.

## Dematerialised shareholders:

This form is not intended for dematerialised shareholders and such shareholders must not complete this form. Where dematerialised shareholders wish to provide a new address to which share statements are to be posted, such shareholders should contact their CSDP or broker.

## South African Exchange Control Regulations:

18. Shareholders who are emigrants from or non-residents of the Common Monetary Area, whose addresses are recorded in the shareholder register as outside the Common Monetary Area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, should nominate an authorised dealer in Part B of this form as required in terms of the document to which this form is attached. A replacement share certificate will be forwarded to the authorised dealer nominated above for its control. Failing such nomination, any replacement certificate due to such a shareholder will be retained in trust by the transfer secretaries pending instructions from the shareholder concerned and such shareholder shall be responsible for any costs associated with such trust account.
19. A non-resident shareholder whose documents of title have not been restrictively endorsed should submit such documents of title to the transfer secretaries. The replacement share certificate will be sent to the address provided on the face of this form, or, failing that, the registered address of the non-resident shareholder concerned as recorded in the sub-register of Rex Trueform.
20. Replacement share certificates issued will duplicate any restrictive endorsement in terms of the South African Exchange Control Regulations appearing on current documents of title.



# FORM OF PROXY



## REX TRUEFORM CLOTHING COMPANY LIMITED

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

JSE share codes: RTO – RTN – RTOP

ISIN: ZAE000006144 – ZAE000009700 – ZAE000006151

("Rex Trueform" or "the company")

For use only by ordinary and "N" ordinary certificated shareholders or dematerialised shareholders with "own name" registration, at the eightieth annual general meeting of the company to be held in the boardroom, Rex Buildings, 263 Victoria Road, Salt River, Cape Town, on Friday, 17 November 2017 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 director						
Ordinary resolution 3 – Election of directors						
Ordinary resolution 3.1 – Election of HB Roberts						
Ordinary resolution 3.2 – Election of LK Sebatane						
Ordinary resolution 3.3 – Election of MR Molosiwa						
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 – Election of social and ethics committee members						
Ordinary resolution 5.1 – Election of PM Naylor						
Ordinary resolution 5.2 – Election of CEA Radowsky						
Ordinary resolution 5.3 – Election of DS Johnson						
Ordinary resolution 6 – Re-appointment of auditors						
Ordinary resolution 7 – Non-binding advisory vote on remuneration policy						
Ordinary resolution 8 – Non-binding advisory vote on implementation report						
Ordinary resolution 9 – Signature of documents						
Special resolution number 1 – Financial assistance to related and inter-related parties						
Special resolution number 2 – General authority to acquire shares						
Special resolution number 3 – Approval of non-executive directors' fees						
Special resolution number 4 – Amendments to the memorandum of incorporation						
Special resolution number 4.1 – Conversion of ordinary and "N" ordinary shares from par value to no par value						
Special resolution number 4.2 – Increase in authorised ordinary and "N" ordinary share capital						
Special resolution number 4.3 – Validity of proxy forms						
Special resolution number 4.4 – Casting vote of chairman at directors' meetings						
Special resolution number 4.5 – Appointment of the social and ethics committee						
Special resolution number 4.6 – Change of name of the company						

\* 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) \_\_\_\_\_ 2017.

Shareholder's signature \_\_\_\_\_

**Please read the notes on the reverse side hereof**

# NOTES TO THE FORM OF PROXY

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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 by 10:00 on Wednesday, 15 November 2017. 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:**

Rex Buildings, 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

# SHAREHOLDERS' CALENDAR

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<b>Financial year-end</b>	30 June
<b>Preliminary announcement 2017</b>	8 September 2017
<b>Integrated annual report 2017</b>	29 September 2017
<b>Annual general meeting</b>	17 November 2017
<b>Interim report (December 2017)</b>	March 2018
<b>6% Cumulative preference shares</b>	
Declared	Half-year to December 2017 – December 2017
	Half-year to June 2018 – June 2018
Payable	Half-year to December 2017 – January 2018
	Half-year to June 2018 – July 2018

# ADMINISTRATION

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## REGISTERED OFFICE

Rex Buildings  
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)  
Rex Buildings  
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 Trustees and Sponsors  
Proprietary Limited  
2nd Floor 6A,  
Sandown Valley Crescent, Sandton  
Johannesburg, 2031  
PO Box 2087, Parklands, 2121

## AUDITORS

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

## PRINCIPAL BANKER

The Standard Bank of South Africa  
Limited

## ATTORNEYS

Michael Krawitz & Co.  
25 Bompas Road,  
Dunkeld West, 2196

## WEBSITE ADDRESSES

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

