THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions set out on pages 5 to 8 of this Circular apply *mutatis mutandis* to this section.

If you are in any doubt as to the action you should take, please consult your stockbroker, CSDP, banker, accountant, legal adviser or other professional adviser immediately.

Action required by shareholders of Rolfes

- If you have disposed of all your shares in Rolfes this document should be handed to the purchaser of such shares or the stockbroker, CSDP, banker or other agent through whom such disposal was effected.
- A general meeting of shareholders of Rolfes will take place at 404 Roan Crescent Road, Corporate Park North, Midrand at 10:00 on Monday, 31 August 2015 or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11) of the Companies Act, as read with the Listings Requirements, for shareholders to vote on the Transaction.
- If you are a certificated shareholder of Rolfes or an own name dematerialised shareholder of Rolfes and are unable to attend the general meeting and wish to be represented thereat you are requested to complete and return the attached form of proxy *(blue)* for certificated shareholders and own name dematerialised shareholders to the Transfer Secretaries, to be received by no later than 10:00 on Thursday, 27 August 2015. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting.
- Rolfes shareholders who have dematerialised their shares through a CSDP or broker other than those shareholders with own name registration, and who wish to attend the general meeting of shareholders, must request their CSDP or broker to provide them with the necessary authority in the form of a letter of representation to attend the general meeting of shareholders or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the custody agreement governing the relationship between such shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

Rolfes GROUP

Rolfes Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 2000/002715/06)
Share code: RLF ISIN: ZAE000159836
("**Rolfes**" or "the **Company**")

CIRCULAR TO SHAREHOLDERS

regarding:

- **the acquisition by Rolfes of 100% of the equity in Bragan Chemicals for an amount of R213.1 million, to be settled in cash;**
- **a capital raising of R145 million, by way of a specific issue of shares for cash, in terms of which Rolfes will issue 48.333 million new Rolfes ordinary shares at an issue price of R3 per share;**

and incorporating:

- **a notice of general meeting; and**
- **a form of proxy *(blue)* for use by certificated and own name dematerialised shareholders only.**

Corporate Adviser and Sponsor	Independent Reporting Accountants and Auditors to Rolfes	Independent Reporting Accountants to Rolfes	Legal Adviser
GRINDROD BANK	SizweNtsalubaGobodo AUDIT • ADVISORY • FORENSICS OPPORTUNITY. EXCEEDED.	Horwath Leveton Boner	ENSAFRICA

Date of issue: Thursday, 30 July 2015

Copies of this document are available in English only and may be obtained from the registered office of Rolfes and the offices of the Transfer Secretaries, the addresses of which are set out in the "Corporate information and advisers" section of this Circular.

CORPORATE INFORMATION AND ADVISERS

The definitions set out on pages 5 to 8 of this Circular apply *mutatis mutandis* to this section.

Information relating to Rolfes

Directors
Lizette Lynch *(Chief Executive Officer)*
Erhard van der Merwe
Siegfried A Sergel *(Financial Director)*
Bulelani T Ngcuka# *(Chairperson)*
Moffat M Dyasi#*
Seapei S Mafoyane#*
Dinga M Mncube#*
Karabo N Nondumo#*
Mike S Teke#

Non-executive
* Independent

Company Secretary, Registration number, Registered office and Business office
Mrs Tessa Swanepoel (BCom Hons)
(Registration number 2000/002715/06)

Registered office
12 Jet Park Road
Jet Park
Johannesburg
1459

Business office
404 Roan Crescent Road
Corporate Park North
Midrand
(PO Box 8112, Elandsfontein, 1406)

Website: www.rolfesza.net

Date of incorporation: 11 February 2000
Place of incorporation: South Africa

Corporate Adviser and Sponsor
Grindrod Bank Limited
(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8A Protea Place
Sandton
(PO Box 78011, Sandton, 2146)

Legal Adviser
Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
150 West Street
Sandton
(PO Box 783347, Sandton, 2146)

Independent Reporting Accountants and Auditors
SizweNtsalubaGobodo Incorporated
(Registration number 2005/034639/21)
Practice number 946016
Summit Place Office Park, Building 4
221 Garsfontein Road
Menlyn
(Private Bag X2008, Menlyn, 0063)

Independent Reporting Accountants
Horwath Leveton Boner
Practice number 903787
3 Sandown Valley Crescent
Sandown
(PO Box 652550)

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

Information relating to Bragan Chemicals

Directors
Craig H Taylor
Julie V Taylor

Registration number and Registered office
(Registration number 2010/010724/07)
3 Bernie Street
Seven Warehouse Complex, Unit 3
Kya Sands
(PO Box 3241, Dainfern, 2055)

Legal Adviser
Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
150 West Street
Sandton
(PO Box 783347, Sandton, 2146)

Auditors
Horwath Leveton Boner
Practice Number 903787
3 Sandown Valley Crescent
Sandown
(PO Box 652550)

Website: www.braganchemicals.co.za
Date of incorporation: 27 May 2010
Place of incorporation: South Africa

FORWARD-LOOKING STATEMENTS

The definitions and interpretations set out on pages 5 to 8 of this Circular apply *mutatis mutandis* to this section.

This Circular may contain statements about Rolfes that are or may be forward-looking in nature. All statements, other than statements of historical facts included in this Circular, may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipate", or similar expressions or the negative thereof are forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Rolfes' operations; and (iii) the effect of government regulation on Rolfes' businesses.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Rolfes, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of Rolfes and the environment in which it will operate in the future. All subsequent oral or written forward-looking statements attributable to Rolfes or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Rolfes expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Forward-looking statements contained in this Circular have not been reviewed or reported on by the company's external auditors.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations set out on pages 5 to 8 of this Circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the actions required by shareholders:

This Circular contains important information regarding the Transaction and matters relating thereto.

Shareholders should not construe anything in this Circular as legal, business or tax advice. Shareholders who are in any doubt as to what action to take should consult their CSDP, broker, banker, accountant or other professional adviser immediately.

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

2. If you are in any doubt as to the action you should take, please consult your broker, CSDP, accountant, legal adviser or other professional adviser immediately.

3. This Circular contains information relating to the Transaction. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

4. **General meeting**

   Shareholders are invited to attend the general meeting convened in terms of the notice of general meeting attached to and forming part of this Circular, to be held at 404 Roan Crescent Road, Corporate Park North, Midrand, at 10:00 on Monday, 31 August 2015, or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11) of the Companies Act, as read with the Listings Requirements.

5. **Own name dematerialised shareholders and certificated shareholders**

   You are entitled to attend, or be represented by proxy, at the general meeting.

   If you are unable to attend the general meeting, but wish to be represented thereat, you are requested to complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Thursday, 27 August 2015. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting.

6. **Dematerialised shareholders without own name registration**

   You must **not** complete the attached form of proxy (*blue*).

   If you have not been contacted by your CSDP or broker with regard to how you wish to cast your votes at the general meeting, you should contact your CSDP or broker to enable them to vote in accordance with your instructions. If your CSDP or broker does not obtain instructions from you, they will then be obliged to act in terms of the custody agreement entered into between you and your CSDP or broker.

   If you wish to attend the general meeting of the Company in person, you must request your CSDP or broker to issue the necessary letter of representation to you, to enable you to attend the general meeting.

7. **Notice of general meeting**

   The notice convening the general meeting is attached to this Circular.

SALIENT DATES AND TIMES

The definitions and interpretations set out on pages 5 to 8 of this Circular apply *mutatis mutandis* to this section.

	2015
Transaction announcement released on SENS on	Wednesday, 15 July
Record date to determine which shareholders are eligible to receive the Circular	Friday, 24 July
Circular posted to shareholders on	Thursday, 30 July
Notice of general meeting announcement released on SENS	Thursday, 30 July
Last day to trade to be recorded in the register in order to be able to attend, participate and vote at the general meeting	Friday, 14 August
Record date for shareholders to be recorded in the register in order to be able to attend, participate and vote at the general meeting	Friday, 21 August
Last day to lodge proxy forms (by no later than 10:00) for the general meeting on	Thursday, 27 August
General meeting held at 10:00 on	Monday, 31 August
Results of general meeting released on SENS on	Monday, 31 August

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting.
3. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.
4. All dates and times quoted in this document are South African dates and times.

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DEFINITIONS AND INTERPRETATIONS

In this Circular and in the annexures hereto, unless otherwise indicated or unless the context indicates a contrary intention, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa,* words importing one gender include the other gender and references to a person include references to legal persons and *vice versa.*

"Acquisition"	the acquisition by Rolfes of the entire issued share capital in, and all shareholders' loans against Bragan Chemicals;
"Acquisition Agreement"	the agreement entered into between Rolfes, Craig Taylor, Julie Taylor and Bragan Chemicals relating to the Acquisition, including the draft escrow agreement attached to it in the form of an annexure;
"BEE"	Black Economic Empowerment;
"board" or "directors"	board of directors of Rolfes, whose names appear in the 'Corporate information and advisers' section of this Circular;
"Bragan Chemicals"	Bragan Chemicals Proprietary Limited (Registration number 2010/010724/07), a private company incorporated in accordance with the laws of South Africa;
"broker"	any person registered as a "broking member (equities)" in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"business day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"CEO"	Chief Executive Officer;
"certificated shareholders"	shareholders who hold certificated shares;
"certificated shares"	shares that have not been dematerialised, the title to which is represented by a document of title;
"Circular"	this circular, dated Thursday, 30 July 2015, including the annexures hereto, the notice convening the general meeting and the form of proxy (*blue*);
"Companies Act" or "Act"	Companies Act, 2008 (Act 71 of 2008), as amended;
"Craig Taylor" or "Craig"	Craig Harold Taylor, one of the two founders, shareholders and directors of Bragan Chemicals;
"CSDP"	Central Securities Depository Participant, being a participant as defined in section 1 of the Financial Markets Act;
"dematerialisation"	the process by which certificated shares are converted to electronic form as uncertificated ordinary shares and recorded in a sub-register;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares that have been dematerialised;
"Dinga M Mncube"	Dinga M Mncube a non-executive director of Rolfes and an associate of Eziko Investments which is a participant in the Share Placement;
"documents of title"	valid share certificates, certified transfer deeds, balance receipts or any other documents of title acceptable to Rolfes in respect of a certificated share;
"Effective Date"	the effective date of the Acquisition, being the first day of the month following the month during which the last of the conditions precedent to the Acquisition (as detailed in paragraph 3.4 of this Circular) are fulfilled, or waived, as the case may be, which is expected to be 1 October 2015;
"Eziko Investments"	Eziko Investments Proprietary Limited (Registration number 2004/005582/07), a private company incorporated in accordance with the laws of South Africa, a participant in the Share Placement and an associate of Dinga M Mncube;
"FD"	Financial Director;

"Financial Markets Act"	the Financial Markets Act, 2004 (Act 19 of 2012), as amended;
"form of proxy" or "proxy form"	blue form of proxy attached to and forming part of this Circular;
"general meeting"	general meeting of shareholders to be held at 10:00 on Monday, 31 August 2015, or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11) of the Companies Act, as read with the Listings Requirements, to be convened in connection with the Acquisition and Share Placement, for the purpose of considering, and if deemed fit passing, with or without modification the resolutions contained in the notice of general meeting attached to and forming part of this Circular;
"group" or the "Rolfes Group"	Rolfes and its subsidiaries from time to time;
"IFRS"	International Financial Reporting Standards;
"Implementation Date"	the fourth business day of the month following the month during which the last of the conditions precedent to the Acquisition (as detailed in paragraph 3.4 of this Circular) are fulfilled, or waived, as the case may be;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, which is licensed to operate as an exchange under the Financial Markets Act;
"Julie Taylor" or "Julie"	Julie Vivien Taylor, one of the two founders, shareholders and directors of Bragan Chemicals;
"King III"	the King Report on Governance for South Africa 2009;
"last practicable date"	Thursday, 23 July 2015, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	Listings Requirements of the JSE, as amended;
"Masimong Chemicals"	Ladozest Proprietary Limited (Registration number 2015/099740/07), a private company incorporated in accordance with the laws of South Africa (whose name is in the process of being changed to "Masimong Chemicals Proprietary Limited") and a wholly owned subsidiary of Masimong Group and a participant in the Share Placement;
"Masimong Group"	Masimong Group Holdings Proprietary Limited (Registration number 2013/236838/07), a private company incorporated in accordance with the laws of South Africa and/or its subsidiary companies as the context implies, being a participant in the Share Placement (via its wholly owned subsidiary, Masimong Chemicals) and an associate of Mike S Teke, who is the controlling shareholder holding 90% with the remaining 10% owned by Douglas Robert Gain;
"Material Adverse Change"	a material adverse change is: • any circumstance, fact or event (including any change in the common law, any legislative enactment or quasi legislative enactment which has the force of law, including any statute, ordinance, proclamation, decree, order, regulation, rule and/or by-law) ("the Event"), actual or which might reasonably be expected to arise which, alone or together with any other Event, actual or which might reasonably be expected to arise has, or is reasonably likely to have, the effect of:

(i) being materially adverse with regard to the operations, continued existence, business, condition, assets and/or liabilities of Bragan Chemicals. In this regard, to be material, the adverse Event, at the time of the assessment thereof, must have (or be reasonably expected to have) (A) an adverse impact resulting in a reduction of 5% or more in the PBT for April 2015 or, thereafter, in the average monthly PBT for the relevant months that had expired between 1 April 2015 and the last day of the month preceding the month in which the assessment of whether a Material Adverse Change has occurred is made ("Determination Period"), compared to the average monthly PBT for the period from 1 July 2014 until 31 March 2015, as appears from the management accounts of Bragan Chemicals, or a reduction of 5% or more in the NAV at any month end during the Determination Period, compared to the NAV at any month end as appears from the management accounts of Bragan Chemicals, other than as a result of the distribution of a dividend to the Vendor of R36.9 million and/or (B) resulted in the audited profits after tax of Bragan Chemicals for its financial year ended on 30 June 2015, being lower than R35 625 000;

(ii) causing any of the warranties or undertakings given to Rolfes by the Sellers, in the Acquisition Agreement, to not be true and correct or to be misleading, in any material respect and such warranty or undertaking is not remedied by the Sellers within five business days of receipt of written notice from Rolfes requiring it to do so; or

- the annual financial statements for Bragan Chemicals, for the year ended 30 June 2015 being reported upon by Bragan Chemical's auditors with any qualification;

"Mike S Teke"	Michael S Teke, a non-executive director of Rolfes, controlling shareholder of Masimong Group which is a participant in the Share Placement through one of its wholly-owned subsidiaries, Masimong Chemicals;
"NAV"	net asset value, determined in accordance with IFRS;
"own-name dematerialised shareholders"	dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own-name on the sub-register;
"PBT"	profit before tax, as determined in accordance with IFRS;
"Rand" or "R" or "cents"	South African Rand and cents, the lawful currency of South Africa;
"register"	securities register of ordinary shareholders, including all sub-registers and the register of preference shareholders as the context dictates;
"Rolfes" or the "Company"	Rolfes Holdings Limited (Registration number 2000/002715/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the stock exchange operated by the JSE;
"Sellers" or "Vendors"	Craig Taylor and Julie Taylor;
"SENS"	Stock Exchange News Service of the JSE;
"share" or "Rolfes share"	an ordinary share of R0,01 in the share capital of Rolfes;
"shareholders" or "Rolfes shareholders"	holders of shares;
"Share Placement"	the issue by Rolfes of 45 million new shares to Masimong Chemicals a wholly-owned subsidiary of Masimong Group, at an issue price of R3 per share for a total subscription consideration of R135 million, and the issue by Rolfes of 3.333 million new shares to Eziko Investments at an issue price of R3 per share for a total subscription consideration of R10 million. In aggregate 48.333 million new shares will be issued at a price of R3 per share for a total aggregate subscription consideration of R145 million;

"South Africa"	Republic of South Africa;
"Strate"	Strate Proprietary Limited (Registration number 1998/022242/06), a private company incorporated in accordance with the laws of South Africa which is a registered central securities depository in terms of the Financial Markets Act, which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
"sub-register"	sub-register of ordinary shareholders holding dematerialised shares, maintained by a CSDP and forming part of the register;
"subsidiary"	a subsidiary as defined in the Companies Act;
"Transaction"	collectively, the Acquisition and the Share Placement;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa;
"Vuwa Investments"	Vuwa Investments Proprietary Limited (Registration number 2005/009252/07), a private company incorporated in South Africa and a BEE shareholder in Rolfes, controlled by Bulelani T Ngcuka, chairman and non-executive director of Rolfes; and
"VWAP"	volume weighted average price.

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In an announcement released on SENS on Wednesday, 15 July 2015, shareholders were advised that Rolfes had entered into an agreement in respect of the Acquisition. In terms of the Acquisition, Rolfes will acquire 100% of the equity in Bragan Chemicals for a total purchase consideration of R213.1 million. The consideration in respect of the Acquisition will be funded in equal parts through debt facilities and equity capital raised from the Share Placement. In terms of the Share Placement, Rolfes will issue 48.333 million new Rolfes shares at an issue price of R3 per share thereby raising R145 million. The remaining portion of the cash raised from the Share Placement will be utilised as set out in 4.2 below.

The purpose of this Circular is to provide shareholders with information on the Acquisition, which constitutes a category 1 transaction in terms of the Listings Requirements, and the Share Placement, which constitutes a specific issue of shares for cash in terms of the Listings Requirements, and to convene a general meeting of shareholders at which shareholders can consider and vote on the resolutions required to implement the Transaction.

2. HISTORY AND NATURE OF ROLFES' BUSINESS

2.1 History of Rolfes

Rolfes was incorporated on 11 February 2000 and listed on the JSE on 23 May 2007 on AltX. At the time of its listing, Rolfes' business comprised the manufacture and distribution of organic and inorganic pigments, synthetic resins and other speciality chemicals and silica. Rolfes has since concluded a number of strategic acquisitions, most notably in industrial, agricultural and water chemicals. On 21 November 2011, Rolfes transferred from AltX to the JSE's Main Board where it is currently listed under the Specialty Chemicals sector.

2.2 Nature of business of Rolfes

Rolfes is strategically positioned in various markets and industries, locally and internationally, as a provider of industrial, agricultural, water and mining chemicals. The group manufactures and distributes a wide range of market-leading, high-quality chemical products to diverse industries including the coatings, plastics, vinyl, leather tanning, ink, metallurgical, cleaning, formulators, automotive, general manufacturing, agricultural, food, construction, home care, personal care, property, water filtration, water treatment and water purification industries.

The group is comprised of three pillars, the Industrial Chemicals, Agricultural Chemicals, and Water and Mining Chemicals divisions. Rolfes Colour Pigments International and Rolfes Chemicals all reside within the Industrial Chemicals division. The Agricultural Chemicals division includes Agchem Africa and Absolute Science. Rolfes Silica and the PWM Group of Companies reside under the Water and Mining Chemicals division.

The Industrial Chemicals division manufactures and distributes various organic and inorganic pigments, additives, in-plant and point-of-sale dispersions, leather chemicals and solutions, solvents, lacquer thinners, surfactants, cleaning solvents, creosotes, waxes and other industrial chemicals.

The Agricultural Chemicals division manufactures and distributes products that include herbicides, insecticides, fungicides, adjuvants, foliar feeds, biological products, seed treatment products, enriched compost pellets, and soluble fertilisers promoting general plant, root, foliage and soil health.

The Water and Mining Chemicals division provides specialised water purification solutions and products to the industrial, agricultural, property and mining markets and distributes pure beneficiated silica to the mining, metallurgical, fertiliser, water-filtration and construction industries.

The Acquisition will establish a fourth division, namely Food Chemicals.

The group's international footprint now extends to Africa, Eastern and Western Europe.

2.3 **Prospects for Rolfes**

Rolfes' strategy is built on the global need for food, water, agricultural, industrial products and infrastructure development in domestic and foreign emerging markets. Rolfes, as a competitive JSE-listed company, is positioning itself to provide specialised chemicals and related products and solutions to support these needs through its water, agricultural, food and industrial chemicals divisions. Additionally, it will provide value-add through the deployment of intellectual capital and technological innovation in its chosen industries.

Rolfes' growth strategy will be achieved through (1) organic growth by extending the product basket and range of services offered and fostering ongoing development of strategic distribution partnerships in Africa and other strategic markets and (2) a continuation of the acquisition drive into the chemicals and related products markets.

3. **DETAILS OF THE ACQUISITION**

3.1 **Nature of the business of Bragan Chemicals**

Bragan Chemicals is an importer and distributor of chemicals used in the food, beverage, bakery, dairy, pharmaceutical and cosmetics industries. The business is headquartered in Johannesburg and has branches in Durban and Cape Town. The business was founded in 2008 by Craig and Julie Taylor, both of whom have many years of experience in the industry. Since then they have grown the business to be a major industry player supplying a customer base in excess of 200 companies, including major local and multinational food manufacturers.

3.2 **Salient terms of the Acquisition**

In terms of the Acquisition Agreement, Rolfes will, subject to the fulfilment or waiver (where appropriate) of the conditions precedent, which are detailed in paragraph 3.4 below, acquire the entire issued share capital in, and all shareholders' loans against Bragan Chemicals for a purchase consideration of R213.1 million. 90% of the purchase consideration will be settled in cash on the Implementation Date. The remaining 10% of the purchase consideration ("Retention Amount") will be held in escrow and will be released from escrow as follows:

If, at the first anniversary of the Implementation Date ("Anniversary Date"):

- Craig has remained in the employment of Bragan Chemicals; or
- Craig's employment by Bragan Chemicals had terminated by reason of his death, retrenchment, constructive dismissal, permanent disability, Craig becoming employed by a new employer to whom the business of Bragan Chemicals has been transferred or Craig becoming employed by a new employer by agreement between Craig and Bragan Chemicals,

then the Retention Amount, after deducting an amount equal to any monetary award contemplated below, shall be released from escrow to the Sellers, whereupon they shall become entitled to withdraw the relevant amount from the escrow bank account during the course of the first business day after the Anniversary Date or thereafter.

If, however, before or on the Anniversary Date,

- Craig shall have resigned or given notice of his intention to resign from the service of Bragan Chemicals or shall have been lawfully dismissed by Bragan Chemicals (excluding constructive dismissal), the Sellers shall forfeit the Retention Amount; or
- a monetary award is made in favour of Rolfes against the Sellers, following dispute resolution proceedings in terms of or in respect of the Acquisition Agreement, or is owing by the Sellers to Rolfes by mutual agreement between them in writing, the Sellers shall forfeit an amount equal to the quantum of such monetary award,

and such monies shall become released and paid to Rolfes in accordance with the escrow agreement concluded between Rolfes, the Sellers and the escrow agent. The Sellers shall be entitled to the interest that accrues on the Retention Amount.

The Vendors are Craig Taylor and Julie Taylor, the founders and current shareholders and directors of Bragan Chemicals. Their address is that of Bragan Chemicals as set out in the 'Corporate information and advisers' section of this Circular. Craig and Julie are not related parties to Rolfes.

The Acquisition is subject to terms and conditions and warranty provisions that are considered typical for a transaction of this nature. The Vendors have for instance, warranted the book debts of Bragan Chemicals. The maximum liability of the Sellers for any liability arising from a breach of a warranty or indemnity in terms of the Acquisition Agreement is limited to 50% of the purchase price, except in the case of a breach of certain specific fundamental warranties (or in respect of particular specified liabilities), in which instance the maximum liability of the Sellers will be limited to 100% of the purchase price. The Sellers also indemnify Rolfes against all loss, liability, damage or expense (including interest and penalties) which Rolfes may suffer or sustain as a result of or which may be attributable to, *inter alia*:

- any liability which should have been provided for as contemplated in IFRS and not treated as an actual liability or in respect of which no provision or reserve has been made in Bragan Chemicals' relevant financial statements; or
- any liabilities arising as a result of any breach of contract on the part of or delict committed by Bragan Chemicals which occurs before the Effective Date; or
- a contingent liability arising before the Effective Date which becomes an actual liability on or after the Effective Date; or
- the reopening of any taxation related assessment of Bragan Chemicals in respect of a period prior to the Implementation Date as a result of which additional tax is assessed and/or an assessed loss is reduced.

Rolfes will acquire all the shares in and all shareholders' loans against Bragan Chemicals after the distribution of R36.9 million of cash which is considered to be surplus to the requirements of Bragan Chemicals. Craig and Julie Taylor have both entered into fixed term employment agreements with Bragan Chemicals as approved by Rolfes for periods of up to two years and 18 months respectively, and have granted restraints of trade for periods of five years from the Effective Date of the Acquisition. Accrued tax liabilities will be settled in the ordinary course of business.

3.3 **Rationale for the Acquisition**

The Acquisition provides Rolfes with an unique opportunity to acquire a major player within the food, beverage, bakery, dairy, pharmaceutical and cosmetics chemicals sectors. The Acquisition of well-respected and established industry player, Bragan Chemicals, will allow Rolfes to dramatically increase its exposure to these industry segments, which Rolfes believes have strong fundamentals and growth prospects. The Acquisition forms part of Rolfes' long term strategy to offer a complete range of chemical products to a wide range of industries. The Acquisition will grow and diversify Rolfes' earnings base and will also assist Rolfes in its strategy of growing its business into Africa and other attractive foreign markets.

3.4 **Conditions precedent**

The Acquisition is subject to the fulfilment of the following key conditions precedent (to be met at various dates, the last of which is expected to be 30 September 2015) which remain unfulfilled as at the last practicable date:

- obtaining the unconditional approval of the Acquisition by the South African Competition Commission;
- Rolfes shareholder approval of the Acquisition and the Share Placement;
- the requisite unconditional approval from Nedbank Limited ("Nedbank") to the change of control of Bragan Chemicals and release by Nedbank of the first covering mortgage bonds given over the Vendors' immovable properties; and
- Rolfes not having advised the Sellers that a Material Adverse Change has occurred on the second business day after the later of:
  - the date upon which the last of the other conditions precedent to the Acquisition are fulfilled, or waived, as the case may be; and
  - a duplicate original of the audited annual financial statements of Bragan Chemicals for the 12 months ended 30 June 2015 being delivered to Rolfes.

3.5 **Categorisation of the Acquisition**

In terms of the Listings Requirements the Acquisition is categorised as a category 1 transaction. Accordingly, the Acquisition is subject to the passing of resolutions to be proposed at the general meeting, the details of which are set out in paragraph 16, by more than 50% of the Rolfes shareholders present and eligible to vote at the general meeting.

The ordinary resolutions required to implement the Acquisition have been included in the notice of general meeting attached to this Circular. Masimong Group, Masimong Chemicals, Mike S Teke, Douglas Robert Gain, Dinga M Mncube and Eziko Investments will be precluded from voting (where applicable) on the ordinary resolutions relating to the Acquisition due to their participation in the Share Placement as the ordinary resolutions relating to the Acquisition are conditional on the passing of the special resolutions relating to the Share Placement.

4. DETAILS OF THE SHARE PLACEMENT

4.1 **Terms of the Share Placement**

Rolfes has entered into a subscription agreement with Masimong Chemicals and other parties in terms of which, subject to the fulfilment of certain conditions precedent, the material ones of which are detailed in paragraph 4.3 below, Masimong Chemicals will subscribe for 45 million new shares, at an issue price of R3 per share, for a total subscription consideration of R135 million. In addition, Rolfes has also entered into a subscription agreement with Eziko Investments, an associate company of Dinga M Mncube, in terms of which Eziko Investments will subscribe for 3.333 million new Rolfes ordinary shares, at an issue price of R3 per share, for a total subscription consideration of R10 million.

In aggregate Masimong Chemicals and Eziko Investments will subscribe for 48.333 million new shares, at R3 per share, for a total aggregate subscription consideration of R145 million. The issue price of R3 per share is equal to the 30-day VWAP as at 12 June 2015 being the date on which the issue price of R3 per share was agreed in writing between Rolfes and Masimong Group and Eziko Investments, respectively.

In terms of the relevant subscription agreement, Masimong Chemicals will have the right to nominate two directors for appointment to the board of Rolfes, one of which is Mike S Teke who is already appointed to the board. In addition, Masimong Group (through another wholly owned subsidiary) will provide strategic related services to Rolfes for an amount of R750 000 per annum subject to termination by either party upon six calendar months' prior written notice (provided that notice of termination may not be given during the first 24 months).

Masimong Group is considered to be a non-public shareholder and a related party in terms of the Listings Requirements. Mike S Teke is a non-executive director of Rolfes and is the controlling shareholder of Masimong Group.

Eziko Investments is an associate company of Dinga M Mncube, who in turn is a non-executive director of Rolfes. Eziko Investments is therefore considered to be a non-public shareholder and a related party in terms of the Listings Requirements.

4.2 **Rationale for the Share Placement**

Following the Share Placement, Masimong Group will become an anchor shareholder and add strong BEE credentials to the Company which is of important strategic benefit to Rolfes in its drive to:

- build a substantial black-controlled industrial group;
- strengthen organic growth;
- enhance its future acquisition strategy; and
- maximise shareholder value.

Rolfes intends to finance the Acquisition through an equal combination of debt and equity funding. The Share Placement will be utilised, in conjunction with debt facilities, to fund the purchase consideration in respect of the Acquisition as well as the acquisition of certain other smaller acquisitions being undertaken by the Company, whilst achieving a debt to equity ratio which the directors of Rolfes consider appropriate.

Mike S Teke owns 300 000 Rolfes shares in his own name and Douglas Robert Gain (a director and 10% shareholder of Masimong Group) owns 179 000 Rolfes shares. Both Mike S Teke and Douglas Robert Gain will transfer their shares to Masimong Group, and thereafter, Masimong Group will transfer the newly acquired shares and the 7 million shares it currently holds to Masimong Chemicals, prior to the Share Placement.

It is also recorded that Rolfes will, in terms of an irrevocable undertaking received, issue 5 million shares at R3 per share to Westbrooke Capital Management Proprietary Limited ("Westbrooke") on or before 30 September 2015 under its general authority to issue shares for cash, in order to assist Rolfes in settling a portion of the purchase consideration pertaining to the acquisition by Rolfes of the remaining 30% minority shareholding in Agchem Holdings Proprietary Limited ("Agchem Transaction") (as announced on SENS on 4 June 2015). The issue of shares is subject to the Agchem Transaction and/or the Acquisition becoming unconditional.

The Share Placement will result in a material increase in Rolfes' BEE shareholding which is expected to increase from approximately 27% to approximately 48% post the Share Placement and issue of shares to Westbrooke. Masimong Group is a black shareholder and currently owns 7 million Rolfes shares. Following the transfers as described above, the Share Placement and the issue of shares to Westbrooke, Masimong Chemicals will control 52.479 million Rolfes shares, equivalent to 32.4% of the issued share capital of Rolfes. It is expected that this will be of important strategic benefit to Rolfes in building a substantial black controlled industrial group and maximising shareholder value.

4.3 **Conditions precedent**

The Share Placement is subject to the fulfilment of, *inter alia*, the following key conditions precedent which remain unfulfilled as at the last practicable date:

- the Acquisition becoming unconditional in all respects;
- Rolfes shareholders approval of the special resolutions required (in terms of sections 41(1) and 41(3) of the Companies Act and section 5.51(g) of the Listings Requirements); and
- the listing of the Rolfes shares issued in terms of the Share Placement on the JSE.

4.4 **Categorisation of the Share Placement**

The Share Placement is deemed to be a specific issue of shares for cash in terms of the Listings Requirements. This issue of shares will require Rolfes shareholder approval by way of a special resolution requiring support from at least 75% of Rolfes shareholders present and eligible to vote at the general meeting. Masimong Group, Masimong Chemicals and Eziko Investments are considered related parties in relation to Rolfes, however, no fairness opinion is required as the Share Placement will not be concluded at a discount to the 30-day VWAP of Rolfes shares up to the day preceding the date upon which the issue price of the Share Placement was agreed in writing.

As Rolfes will be issuing shares to entities related to directors of the Company, approval of Rolfes shareholders by way of a special resolution in terms of section 41(1) of the Companies Act is required.

As the number of Rolfes shares to be issued in terms of the Share Placement will exceed 30% of the issued share capital of Rolfes, approval of Rolfes shareholders by way of a special resolution in terms of section 41(3) of the Companies Act is required.

The special resolutions and ordinary resolution required to implement the Share Placement have been included in the notice of general meeting attached to this Circular. Masimong Group, Masimong Chemicals, Mike S Teke, Douglas Robert Gain, Dinga M Mncube and Eziko Investments will be precluded from voting (where applicable) on the special resolutions and the ordinary resolution relating to the Share Placement, due to their participation in the Share Placement as well as the ordinary resolutions relating to the Acquisition, as the resolutions are conditional on one another.

5. **SHARE CAPITAL OF THE COMPANY**

The authorised and issued share capital of Rolfes, before and after the implementation of the Share Placement, is as follows:

Before the Share Placement	**R'000**
Authorised 500 000 000 ordinary shares of R0.01	5 000
Issued 108 609 467 ordinary shares of R0.01	1 086
Share premium	49 802
Total issued share capital and share premium	**50 888**

After the Share Placement	**R'000**
Authorised 500 000 000 ordinary shares of R0.01	5 000
Issued 156 942 800 ordinary shares of R0.01	1 569
Share premium	194 318
Total issued share capital and share premium	195 887

There have been no alterations to the authorised share capital in the three years preceding the date of this Circular. 641 332 ordinary shares are held by the Company as treasury shares.

6. **MAJOR SHAREHOLDERS**

Insofar as is known to the directors of Rolfes, prior to the Transaction and as at the last practicable date, the shareholders directly or indirectly beneficially interested in 5% or more of the issued capital of Rolfes are as set out in the table below:

Name	**Number of shares beneficially held**	**Percentage shareholding**
Vuwa Investments*	17 158 750	15.8
Peregrine Nominees****	14 941 571	13.8
Investec Funds**	10 353 306	9.5
Westbrooke	9 962 504	9.2
Masimong Group***	7 300 000	6.7
RMB Securities Proprietary Limited	5 663 494	5.2
Total	65 379 625	60.2

* *Two underlying Shareholders: Vuwa Industrial (Pty) Ltd (12 863 750 shares) and Vuwa Investments (Pty) Ltd (4 295 000 shares).*

** *Two underlying Shareholders: Investec Emerging Companies Fund (5 430 473 shares) and Investec Special Focus Fund (4 922 833 shares).*

*** *The number above includes the 7 million shares held by Masimong Group as well as the 300 000 shares owned by Mike S Teke. The 179 000 shares owned by Douglas Robert Gain as set out in 4.2 of this Circular are not included.*

**** *10 611 943 of the shares are held on behalf of Die Fourie Family Trust, which is an associate of Arnold J Fourie who resigned as a non-executive director of Rolfes on 13 October 2014. The beneficiaries of the trust are Arnold Fourie and his family.*

There is currently no controlling shareholder of the Company. There has not been a change in the controlling shareholder of the Company or the trading objects of the Company during the five years preceding the date of this Circular.

7. INFORMATION RELATING TO THE DIRECTORS AND SENIOR MANAGEMENT OF ROLFES

7.1 Directors' and senior managers' details

Name	Age	Business address	Function at Rolfes
Lizette Lynch	49	404 Roan Crescent, Midrand	CEO
Erhard van der Merwe	52	404 Roan Crescent, Midrand	Executive Director (Corporate Finance)
Siegfried A Sergel	47	404 Roan Crescent, Midrand	FD
Bulelani T Ngcuka	61	404 Roan Crescent, Midrand	Chairman and non-executive director
Moffat M Dyasi	61	404 Roan Crescent, Midrand	Independent non-executive director
Seapei S Mafoyane	38	404 Roan Crescent, Midrand	Independent non-executive director
Dinga M Mncube	55	404 Roan Crescent, Midrand	Independent non-executive director
Karabo T Nondumo	36	404 Roan Crescent, Midrand	Independent non-executive director
Mike S Teke	50	404 Roan Crescent, Midrand	Non-executive director
Corne P Meyer	57	404 Roan Crescent, Midrand	Executive Director – subsidiary
Stephan P Naude	55	404 Roan Crescent, Midrand	Executive Director – subsidiary
Kurt Moller	66	404 Roan Crescent, Midrand	Executive Director – subsidiary
Paul G Diana-Oliaro	47	404 Roan Crescent, Midrand	Executive Director – subsidiary
Pieter J B van der Merwe	45	404 Roan Crescent, Midrand	Executive Director – subsidiary
Isabel C Brits	42	404 Roan Crescent, Midrand	Executive Director – subsidiary
Mark C Kerwan	44	404 Roan Crescent, Midrand	Executive Director – subsidiary
Cornel P Scheepers	61	404 Roan Crescent, Midrand	Executive Director – subsidiary
Michael Visser	52	404 Roan Crescent, Midrand	Executive Director – subsidiary

All of the directors of the company are South African citizens.

There are service contracts between Rolfes and the non-executive directors of Rolfes, which set out their duties as well as their remuneration terms.

The employment contracts with the executive directors of Rolfes contain normal terms and conditions of employment for contracts of this nature including, *inter alia:*

- Notice for termination of employment – all employment contracts have a 30-day notice period.
- Confidentiality – standard confidentiality agreement surviving beyond the employment agreement with the company with specific mention of information regarding customers, suppliers, financial information, trade secrets, intellectual property and other confidential information of the company.
- Restraint of trade – standard restraint of trade agreements applicable to all executive directors above with durations of between 24 and 36 months depending on the director. Reference made specifically to prescribed area, prescribed client, prescribed business, successors in title and prescribed staff.
- Remuneration and bonuses – remuneration of the executive directors is determined through a process of benchmarking, utilising current market information, as well as remuneration and reward practices of the group. The company adopts the principle of total 'Cost to Company' in determining executive directors' remuneration packages. This includes basic remuneration, short-term incentives determined by fulfilment of performance targets, medical and other benefits. The board annually appraises the executive directors and the results of these appraisals are considered by the remuneration committee to guide it in determining performance and remuneration. The extent of managerial responsibility, together with actual workplace location, determines basic remuneration of executive directors.

7.2 **Directors' remuneration**

The directors' remuneration for the year ended 30 June 2014, the last financial period, is set out below:

Director	Directors' fees R'000	Basic salary R'000	Allowances R'000	Bonus R'000	Total R'000
Lizette Lynch	–	1 611	226	–	1 837
Erhard van der Merwe	–	5 148	300	–	5 448
Siegfried A Sergel[&]	–	–	–	–	–
Andre J Hanekom[@]	–	–	–	–	–
Bulelani T Ngcuka and Lungisa Dyosi*	95	–	–	–	95
Moffat M Dyasi[!]	–	–	–	–	–
Arnold J Fourie[#]	95	–	–	–	95
Seapei S Mafoyane	95	–	–	–	95
Dinga M Mncube[!]	–	–	–	–	–
Karabo T Nondumo	95	–	–	–	95
Mike S Teke	95	–	–	–	95
Takalani AM Tshivhase[#]	95	–	–	–	95
	570	**6 759**	**526**	**–**	**7 855**

[&] *Appointed 15 July 2015*

* *Resigned 25 February 2014*

[!] *Appointed 30 June 2014*

[#] *Resigned 13 October 2014*

[@] *Appointed 30 June 2014. Resigned 20 February 2015*

There will be no variation in the remuneration to be received by any of the directors or management of Rolfes as a consequence of the Transaction.

7.3 **Directors' interests in securities**

At the last practicable date, the directors and their associates (as defined in terms of the Listings Requirements), including directors who have resigned in the last 18 months, had the following direct and indirect beneficial interests in the ordinary share capital of the Company:

Director	Direct	Indirect	Total number of shares held before the Share Placement	Percentage of issued share capital before the Share Placement
Lizette Lynch	3 000	–	3 000	< 0.1
Erhard van der Merwe	2 196 605	–	2 196 605	2.0
Siegfried A Sergel[&]				
Andre J Hanekom[!]	–	–	–	–
Bulelani T Ngcuka	3 390 739	–	3 390 739	3.1
Moffat M Dyasi	–	–	–	–
Arnold J Fourie[*]	–	10 611 943	10 611 943	9.8
Seapei S Mafoyane	–	–	–	–
Dinga M Mncube	–	–	–	–
Karabo T Nondumo	–	–	–	–
Mike S Teke[#]	–	7 300 000	7 300 000	6.7
Takalani AM Tshivase[*@]	4 500 000	–	4 500 000	4.1
	10 090 344	17 911 943	28 002 287	25.8

After Implementation of the Share Placement, the directors and their associates (as defined in terms of the Listings Requirements), including directors who have resigned in the last 18 months, will have the following direct and indirect beneficial interests in the ordinary share capital of the Company:

Director	Direct	Indirect	Total number of shares held after the Share Placement	Percentage of issued share capital after the Share Placement
Lizette Lynch	3 000	–	3 000	<0.1
Erhard van der Merwe	2 196 605	–	2 196 605	1.4
Siegfried A Sergel&				
Andre J Hanekom!	–	–	–	–
Bulelani T Ngcuka	3 390 739	–	3 390 739	2.2
Moffat M Dyasi^	–	–	–	–
Arnold J Fourie*	–	10 611 943	10 611 943	6.8
Seapei S Mafoyane	–	–	–	–
Dinga M Mncube^	–	3 333 333	3 333 333	2.1
Karabo T Nondumo	–	–	–	–
Mike S Teke#	–	52 479 000	52 479 000	33.4
Takalani AM Tshivase*@	4 500 000	–	4 500 000	2.9
	10 090 344	66 424 276	76 514 620	48.8

& *Appointed 15 July 2015*

* *Resigned as a director 13 October 2014*

Subsequent to the year ended 30 June 2014, shareholding has transferred from a direct to an indirect interest and increased by 479 000 shares

@ *Subsequent to the year ended 30 June 2014, shareholding has decreased by 601 500 shares*

! *Appointed 30 June 2014. Resigned 20 February 2015*

^ *Appointed 30 June 2014*

7.4 **Directors' interests in transactions**

Other than the involvement of Mike S Teke and Dinga M Mncube in the Share Placement as set out in this Circular, the directors, including directors who have resigned during the last 18 months, have had no material beneficial interests, whether direct or indirect, in any transaction that the Company effected during the current or immediately preceding financial year, or during an earlier financial year which remains in any respect outstanding or unperformed.

8. FINANCIAL INFORMATION

8.1 Historical financial information of Bragan Chemicals

The historical financial information of Bragan Chemicals for the years ended 30 June 2014, 30 June 2013 and 30 June 2012 is set out in Annexure 1 to this Circular. The Historical financial information is based on the financial statements prepared in terms of International Financial Reporting Standards. Originally the financial statements were prepared in terms of IFRS for Small and Medium-Sized Entities and have, for purposes of this Circular, been reissued to comply fully with IFRS. The Independent Reporting Accountants' report on the historical financial information of Bragan Chemicals for the years ended 30 June 2014, 30 June 2013 and 30 June 2012 is set out in Annexure 2 to this Circular.

The historical financial information of Bragan Chemicals for the six months ended 31 December 2014 is set out in Annexure 3 to this Circular. The Independent Reporting Accountants' report on the historical financial information of Bragan Chemicals for the six months ended 31 December 2014 is set out in Annexure 4 to this Circular.

8.2 *Pro forma* financial information

The *pro forma* financial information set out in Annexure 5 to this Circular is included for the purpose of illustrating the effect of the Acquisition on Rolfes. The directors of Rolfes are responsible for the *pro forma* financial information. It is presented for illustrative purposes only and, because of its nature, may not fairly present Rolfes' financial information, changes in equity and results of operations or cash flows after the Acquisition. The Independent Reporting Accountants' report relating to the *pro forma* financial information is set out in Annexure 6 to this Circular.

9. **LITIGATION AND LEGAL PROCEEDINGS**

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Rolfes directors are aware, which may have or have had during the twelve months preceding the date of this Circular, a material effect on the Company and the group's financial position.

Rolfes' directors are not, as at the last practicable date, aware of any legal or arbitration proceedings (including proceedings which are pending or threatened) which may have or have had during the twelve months preceding the date of this Circular, a material effect on Bragan Chemicals' financial position.

10. **WORKING CAPITAL STATEMENT**

The Directors are of the opinion that after considering the Acquisition and the Share Placement:

- the Rolfes Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this Circular;
- the assets of the Rolfes Group will be in excess of the liabilities of the Rolfes Group for a period of 12 months after the date of this Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Rolfes Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular; and
- the working capital of the Rolfes Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular.

11. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

12. **MATERIAL CHANGES, CONTRACTS AND TRANSACTIONS**

There have been no material changes in the financial or trading position of Rolfes and its subsidiaries since the financial year ended 30 June 2014, or since the six month period ended 31 December 2014 for which Rolfes has published results, and the last practicable date.

There have been no material changes in the financial or trading position of Bragan Chemicals since the financial year ended 30 June 2014, or since the six month period ended 31 December 2014, as covered by the reports of historical financial information set out in Annexures 1 and 3, and the last practicable date.

Save for the acquisition of the remaining 30% minority shareholding in Agchem Group (as announced on SENS on 4 June 2015), and certain other smaller acquisitions being undertaken by the Company, there are no other material contracts or transactions, otherwise than in the ordinary course of business or containing restrictive funding arrangements, entered into during the two years preceding the last practicable date, or entered into at any time and containing an obligation or settlement that is material to Rolfes or its subsidiaries as at the last practicable date. In addition, Rolfes and its subsidiaries have not entered into any restraint payments or technical fees.

13. **EXPENSES**

There have been no preliminary expenses incurred by Rolfes in the three years immediately preceding the date of this Circular.

The expenses, excluding VAT, relating to the Acquisition and Share Placement are detailed below and relate, *inter alia*, to:

		R'000
Edward Nathan Sonnenberg	Legal Adviser	240
Grindrod Bank Limited	Corporate Adviser and Sponsor	4 263
Horwath Leveton Boner	Independent Reporting Accountants	150
SizweNtsalubaGobodo	Independent Reporting Accountants and Auditors	100
Ince	Printing, publication and distribution expenses	100
JSE	Listing fees in respect of the shares issued in terms of the Share Placement	110
	JSE documentation inspection fees	37
Total		**5 000**

14. **CONSENTS**

The Corporate Adviser and Sponsor, Legal Advisers, Independent Reporting Accountants and Transfer Secretaries have given and have not, prior to the last practicable date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this Circular.

The Independent Reporting Accountants have given and have not withdrawn their consent to the issue of this Circular, with their reports in the form and context in which they are included.

15. **OPINIONS AND RECOMMENDATIONS**

The board has considered the terms and conditions of the Acquisition and the Share Placement and is of the opinion that the Acquisition and the Share Placement are in the best interests of all of Rolfes' key stakeholders and will be to the long-term benefit of shareholders. Accordingly, the board recommends that shareholders vote in favour of the resolutions relating to the Transaction at the general meeting.

All the directors of Rolfes who own Rolfes shares in their own right, intend to vote in favour of the resolutions relating to the Transaction.

Masimong Group, Masimong Chemicals, Mike S Teke, Douglas Robert Gain, Dinga M Mncube and Eziko Investments will be precluded from voting (where applicable) on all the resolutions required to approve the Acquisition and the Share Placement.

It is recommended that shareholders consult their professional advisers regarding the action to be taken in relation to the Transaction.

16. **GENERAL MEETING**

The general meeting will take place at 10:00 on Monday, 31 August 2015 at 404 Roan Crescent Road, Corporate Park North, Midrand, to consider and if deemed fit to pass, with or without modification, the resolutions necessary to effect the Transaction.

A notice convening the general meeting and a form of proxy, for use by certificated shareholders and own name dematerialised shareholders, are attached to and form part of this Circular.

17. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents in relation to Rolfes and where applicable, its subsidiaries will be available for inspection at the Company's business office, the details of which are set out in the 'Corporate information and advisers' section of the Circular during normal business hours from Thursday 30 July 2015 to Monday, 31 August 2015:

- the Acquisition Agreement;
- the escrow agreement entered/to be entered into between Rolfes and the Vendors, in terms of the Acquisition Agreement;
- the subscription agreement, *inter alia*, between Rolfes and Masimong Group;
- the subscription agreement between Rolfes and Eziko Investments;
- the Memorandum of Incorporation of Rolfes and its major subsidiaries;
- the irrevocable undertaking referred to in paragraph 4.2;
- the historical financial information of Bragan Chemicals for the years ended 30 June 2012, 30 June 2013 and 30 June 2014, as set out in Annexure 1;
- the historical financial information of Bragan Chemicals for the six months ended 31 December 2014, as set out in Annexure 3;
- the Independent Reporting Accountants' Reports relating to the historical financial information of Bragan Chemicals as set out in Annexures 2 and 4;
- the *pro forma* financial effects on the statements of comprehensive income and financial position for the six months ended 31 December 2014, as set out in Annexure 5;
- the Reporting Accountants' Assurance Report relating to the *pro forma* financial effects on the statements of comprehensive income and financial position as set out in Annexure 6;
- the consent letters referred to in paragraph 14;
- the audited annual financial statements of Rolfes for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
- a summary of the directors' service contracts entered into during the last three years; and
- a signed copy of this Circular.

By order of the board

Rolfes Holdings Limited

Lizette Lynch

Chief Executive Officer

Thursday, 30 July 2015

Business office

404 Roan Crescent Road

Corporate Park North

Midrand

(PO Box 8112, Elandsfontein, 1406)

HISTORICAL FINANCIAL INFORMATION OF BRAGAN CHEMICALS FOR THE YEARS ENDED 30 JUNE 2012, 30 JUNE 2013 AND 30 JUNE 2014

The historical information of Bragan Chemicals Proprietary Limited ("Bragan Chemicals") set out below has been extracted from the audited financial statements of Bragan Chemicals. The financial statements were audited by Horwath Leveton Boner and reported on without qualification. The aforementioned financial statements were approved by the directors of Bragan Chemicals. The extracted financial information is the responsibility of the Directors of Rolfes Holdings Limited.

BACKGROUND TO BRAGAN CHEMICALS PROPRIETARY LIMITED

The company has been in operation since 2007 and is headquartered in Kya Sands, Gauteng with branches located in Durban and Cape Town. The company has warehousing facilities in each of the three locations.

NATURE OF BUSINESS

The company is a leading importer and distributor of food ingredients and other raw materials for use in the food, bakery, beverage, dairy, pharmaceutical, cosmetic and industrial industries. Bragan Chemicals supplies a wide range of products into the above mentioned industries. The entity does not require significant capital expenditure in order to operate. No manufacturing is carried out, although certain products are blended by a supplier on behalf of the company.

SOURCING OF PRODUCTS

The majority of the products are sourced from suppliers based all over the world including but not limited to China, Europe, Malaysia, Vietnam, India and Australia. Certain products are locally sourced, the majority of these being from local manufacturers who prefer to use a bulk distributor to market their products on their behalf.

DISTRIBUTION

Bragan Chemicals sells and distributes its product line locally throughout Gauteng as well as to outlying areas, KwaZulu-Natal and surrounding areas, Cape Town, Port Elizabeth and East London. Products are also exported into sub-Saharan Africa with a focus on Zambia, Zimbabwe, Swaziland and Malawi. The company's customer base is in excess of 200 major local and multinational food manufacturers.

FINANCIAL INFORMATION

Bragan Chemicals has shown substantial growth in revenues from date of incorporation in 2007 and has consistently shown good margins in each financial year.

From inception the company has achieved good growth in revenue year on year.

As at June 2014 the company reported revenues of R441 million. The company is exposed to foreign currency fluctuations on its imported products and minimises its risk by entering into forward cover contracts.

BRAGAN CHEMICALS PROPRIETARY LIMITED
HISTORICAL STATEMENT OF FINANCIAL POSITION as at 30 June

	Notes	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Assets				
Non-current assets		**2 332 933**	**3 932 813**	**1 817 444**
Property, plant and equipment	3	2 111 454	2 912 987	1 628 970
Deferred tax	4	221 479	1 019 826	188 474
Current assets		**194 113 495**	**130 943 156**	**89 824 241**
Inventories	5	89 337 028	68 213 203	42 371 617
Other financial assets	6	–	377 915	–
Trade and other receivables	7	67 778 124	38 807 681	37 466 952
Cash and cash equivalents	8	36 998 343	23 544 357	9 985 672
Total assets		**196 446 428**	**134 875 969**	**91 641 685**
Equity and liabilities				
Equity		**96 884 197**	**59 906 043**	**33 862 808**
Share capital	10	100	100	100
Retained income		96 884 097	59 905 943	33 862 708
Liabilities				
Non-current liabilities		**1 404 260**	**2 064 703**	**1 200 748**
Other financial liabilities	11	866 064	1 482 341	745 357
Operating lease liability		538 196	582 362	455 391
Current liabilities		**98 157 971**	**72 905 223**	**56 578 129**
Loans from shareholders	12	46 714	2 615 194	7 968 893
Other financial liabilities	11	1 146 408	775 386	592 460
Current tax payable		2 255 411	883 809	1 474 756
Trade and other payables	13	94 709 438	68 630 834	46 542 020
Total liabilities		**99 562 231**	**74 969 926**	**57 778 877**
Total equity and liabilities		**196 446 428**	**134 875 969**	**91 641 685**

BRAGAN CHEMICALS PROPRIETARY LIMITED
HISTORICAL STATEMENT OF COMPREHENSIVE INCOME for the years ended 30 June

	Notes	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Revenue	15	441 689 342	302 600 717	220 197 957
Cost of sales	16	(368 413 715)	(251 465 487)	(184 477 541)
Gross profit		73 275 627	51 135 230	35 720 416
Other income	17	3 969 469	1 772 233	2 993 870
Operating expenses		(16 831 106)	(16 539 629)	(10 839 929)
Operating profit	18	60 413 990	36 367 834	27 874 357
Investment revenue	19	832 829	225 799	112 323
Finance costs	20	(155 611)	(420 244)	(473 931)
Profit before taxation		61 091 208	36 173 389	27 512 749
Taxation	21	(17 113 054)	(10 130 154)	(8 006 548)
Profit for the year		43 978 154	26 043 235	19 506 201
Other comprehensive income		–	–	–
Total comprehensive income for the year		**43 978 154**	**26 043 235**	**19 506 201**

BRAGAN CHEMICALS PROPRIETARY LIMITED
HISTORICAL STATEMENT OF CASH FLOWS for the years ended 30 June

	Notes	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Cash flows from operating activities				
Cash generated from operations	22	37 824 590	32 343 016	15 654 188
Interest income		832 829	225 799	112 323
Finance costs		(155 611)	(420 244)	(473 931)
Tax paid	23	(14 943 105)	(11 552 453)	(6 621 548)
Net cash from operating activities		**23 558 703**	**20 596 118**	**8 671 032**
Cash flows from investing activities				
Purchase of property, plant and equipment		(26 834)	(862 680)	(167 815)
Proceeds on disposal of property, plant and equipment		–	435 513	118 267
Net cash from investing activities		**(26 834)**	**(427 167)**	**(49 548)**
Cash flows from financing activities				
Repayment of other financial liabilities		(509 403)	(1 256 567)	(838 096)
Repayment of shareholders' loans		(2 568 480)	(5 353 699)	(1 047 121)
Dividends paid	24	(7 000 000)	–	(3 000 000)
Net cash from financing activities		**(10 077 883)**	**(6 610 266)**	**(4 885 217)**
Total cash movement for the year		13 453 986	13 558 685	3 736 267
Cash at the beginning of the year		23 544 357	9 985 672	6 249 405
Total cash at end of the year	8	**36 998 343**	**23 544 357**	**9 985 672**

BRAGAN CHEMICALS PROPRIETARY LIMITED
HISTORICAL STATEMENT OF CHANGES IN EQUITY for the years ended 30 June 2012, 2013 and 2014

	Share capital R	Retained income R	Total equity R
Balance 1 July 2011	**100**	**17 356 507**	**17 356 610**
Profit for the year		19 506 201	19 506 201
Dividends		(3 000 000)	(3 000 000)
Total changes		16 506 201	16 506 201
Balance at 1 July 2012	**100**	**33 862 708**	**33 862 808**
Profit for the year		26 043 235	26 043 235
Balance at 1 July 2013	**100**	**59 905 943**	**59 906 043**
Profit for the year		43 978 154	43 978 154
Dividends		(7 000 000)	(7 000 000)
Total changes		36 978 154	36 978 154
Balance at 30 June 2014	**100**	**96 884 097**	**96 884 197**

ACCOUNTING POLICIES

Bragan Chemicals Proprietary Limited for the years ended 30 June

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value, and incorporate the principal accounting policies set out below. These are presented in South African Rands.

1.1 Significant judgements

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial assets measured at amortised cost

The company assesses its financial assets measured at amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated based on historical cost loss ratios, adjusted for industry-specific economic conditions and other indicators present at the end of the reporting period.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell. The write down is included in the cost of sales note.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the coverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Taxation

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

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.1 **Significant judgements** continued

Taxation continued

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

Depreciation and amortisation

The costs of plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the assets to be between 3 to 5 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

1.2 **Property, plant and equipment**

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	3 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Warehouse equipment	3 years
Delivery vehicles	4 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the initial cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

The depreciation charge for each period is recognised in profit and loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.3 **Financial instruments**

Classification

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

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

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, expect for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

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

The financial instruments are measured initially at fair value.

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

Subsequent measurement

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

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

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

Derecognition

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

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

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.3 **Financial instruments** continued

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

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

Loans from shareholders

These financial liabilities are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 to 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Other financial liabilities

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and future contracts, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value or derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.4 **Tax**

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

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

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

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

1.5 **Leases**

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.6 **Inventories**

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the weighted average cost basis.

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

1.7 **Impairment of non-financial assets**

The company assesses at each end of the reporting period whether there is any indication that the carrying amounts of its tangible and intangible assets may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.8 **Share capital and equity**

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

1.9 **Employee benefits**

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.10 **Provisions and contingencies**

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.11 **Revenue**

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

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

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

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 **Cost of sales**

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

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1. **PRESENTATION OF FINANCIAL STATEMENTS** continued

1.13 **Borrowing costs**

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

1.14 **Translation of foreign currencies**

Foreign currency transactions

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

At the end of each reporting period:

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRSs.

The effective date of the standard is for years beginning on or after 1 January 2013. The company has adopted the standard for the first time in the 2014 financial statements. The impact of the standard is not material.

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements
- Introduce enhanced disclosures about defined benefit plans
- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features

The effective date of the amendment is for years beginning on or after 1 January 2013. The company has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 1 January 2013. The company has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IFRS 1 – Annual Improvements for 2009 – 2011 cycle

The amendment allows an entity to be a first time adopter of IFRS more than once, if its previous financial statements did not contain an explicit unreserved statement of compliance with IFRS. In addition, borrowing costs capitalised in accordance with previous GAAP before the date of transition to IFRS may be applied unadjusted at the transition date.

The effective date of the amendment is for years beginning on or after 1 January 2013. The company has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material. Previously the financial statements were prepared in accordance with IFRS for SME's. Comparatives, in accordance with IFRS, have been prepared for the years ended 31 December 2013 and 31 December 2012. The presentation of three years of financial information is to comply with the JSE Limited listing requirements as the company is being acquired by a listed company and the historical financial information is required in a circular to be issued to members of the listed company.

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 Standards and interpretations effective and adopted in the current year

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The company has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The company has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IAS 32 – Annual Improvements for 2009 – 2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The company has adopted the amendment for the first time in the 2014 financial statements.

The impact of the amendment is not material

2.2 Standards and interpretations early adopted

The company has chosen to early adopt the following standards and interpretations:

Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

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

The company has early adopted the amendment for the first time in the 2014 financial statements.

The impact of the amendment is not material.

2.3 Standards and Interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2014 or later period

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

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

The company expects to adopt the amendment for the first time in the 2015 financial statements. It is unlikely that the amendment will have a material impact on the company's statements.

2. **NEW STANDARDS AND INTERPRETATIONS** continued

2.3 **Standards and interpretations not yet effective**

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

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

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

The company expects to adopt the amendment for the first time in the 2015 financial statements. It is unlikely that the amendment will have a material impact on the company's financial statements.

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

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

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

The company expects adopt the amendment for the first time in the 2016 financial statements.

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

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

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

The company expects to adopt the amendment for the first time in the 2017 financial statements. It is unlikely that the amendment will have a material impact on the company's financial statements.

2.4 **Standards and interpretations not yet effective or relevant**

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2014 or later periods but are not relevant to its operations:

IFRS 9 Financial instruments

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

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the company changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

2. **NEW STANDARDS AND INTERPRETATIONS** continued

2.4 **Standards and interpretations not yet effective or relevant**

- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.
- The new hedging provisions align hedge accounting more closely with the actual risk management approach.
- Certain non-derivative financial instruments are now allowed as hedging instruments.
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.
- The hedge effectiveness criteria have been amended, including the removal of the 80% to 25% "bright line text" to qualify for hedge accounting.
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.
- Additional disclosure requirements have been introduced for hedging.

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the effective date will not be before years beginning on or after 1 January 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations. It is unlikely that the standard will have a material impact on the company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

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

The company expects to adopt the amendments for the first time in the 2015 financial statements.

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

3. **PROPERTY, PLANT AND EQUIPMENT**

2014 Audited	**Cost R**	**Accumulated depreciation R**	**Carrying value R**
Furniture and fixtures	69 978	(50 686)	19 292
Motor vehicles	4 804 956	(2 883 193)	1 921 763
Office equipment	50 303	(38 118)	12 185
IT equipment	40 544	(34 294)	6 250
Warehouse equipment	280 095	(128 131)	151 964
Total	**5 245 876**	**(3 134 422)**	**2 111 454**
2013			
Reviewed			
Furniture and fixtures	69 978	(45 929)	24 049
Motor vehicles	4 559 441	(1 891 180)	2 668 261
Office equipment	50 303	(28 522)	21 781
IT equipment	32 211	(32 211)	–
Warehouse equipment	261 595	(62 699)	198 896
Total	**4 973 528**	**(2 060 541)**	**2 912 987**
2012			
Reviewed			
Furniture and fixtures	47 882	(41 285)	6 597
Motor vehicles	3 128 889	(1 527 667)	1 601 222
Office equipment	30 540	(21 047)	9 493
IT equipment	32 211	(29 953)	2 258
Warehouse equipment	14 400	(5 000)	9 400
Total	**3 253 922**	**(1 624 952)**	**1 628 970**

Reconciliation of property, plant and equipment – 2014

	Opening balance R	**Additions R**	**Depreciation R**	**Total R**
Furniture and fixtures	24 049	–	(4 757)	19 292
Motor vehicles	2 668 261	245 516	(992 014)	1 921 763
Office equipment	21 781	–	(9 596)	12 185
IT equipment	–	8 333	(2 083)	6 250
Warehouse equipment	198 896	18 500	(65 432)	151 964
	2 912 987	**272 349**	**(1 073 882)**	**2 111 454**

Reconciliation of property, plant and equipment – 2013

	Opening balance R	**Additions R**	**Disposals R**	**Depreciation R**	**Total R**
Furniture and fixtures	6 597	22 096	–	(4 644)	24 049
Motor vehicles	1 601 222	2 477 818	(391 221)	(1 019 558)	2 668 261
Office equipment	9 493	19 763	–	(7 475)	21 781
IT equipment	2 258	–	–	(2 258)	–
Warehouse equipment	9 400	247 195	–	(57 699)	198 896
	1 628 970	**2 766 872**	**(391 221)**	**(1 091 634)**	**2 912 987**

3. **PROPERTY, PLANT AND EQUIPMENT** continued

Reconciliation of property, plant and equipment – 2012

	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Furniture and fixtures	21 484	–	–	(14 887)	6 597
Motor vehicles	2 097 188	345 330	(121 290)	(720 006)	1 601 222
Office equipment	17 668	–	–	(8 175)	9 493
IT equipment	7 162	–	–	(4 904)	2 258
Property, plant and equipment	4 600	7 200	–	(2 400)	9 400
	2 148 102	**352 530**	**(121 290)**	**(750 372)**	**1 628 970**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Pledged as security			
Carrying value of assets pledged as security:			
Motor vehicles	1 499 181	2 103 619	1 578 535

Certain motor vehicles have been pledged as security to the bank for financing facilities granted in order to enable the company to acquire assets. Refer to note 9.

4. **TAX**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Deferred tax asset			
Accelerated capital allowances for tax purposes	221 479	1 019 826	188 474
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:			
Deferred tax asset	221 479	1 019 826	188 474
Reconciliation of deferred tax asset/(liability)			
At beginning of year	1 019 826	114 992	122 570
Effects of rental smoothing	(12 366)	109 035	112 708
Leave pay provision	(61 274)	9 754	444
Provision for doubtful debts	(313 335)	313 335	(100 206)
Provision for bonus	11 022	8 316	52 958
Provision for obsolete stock	(422 394)	422 394	–
Provision for audit fees	–	42 000	–
	221 479	**1 019 826**	**188 474**

Recognition of deferred tax asset

The company has recognised the amount of the deferred tax asset in the statement of financial position after assessing future profitability. Management is confident that there will be sufficient taxable profits in the foreseeable future against which the company can utilise the deferred asset.

5. INVENTORIES

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Inventories	56 579 369	38 366 052	26 484 506
Goods in transit	32 757 659	31 355 701	17 288 261
	89 337 028	69 721 753	43 772 767
Inventories (write-downs)	–	(1 508 550)	(1 401 150)
	89 337 028	**68 213 203**	**42 371 617**

6. OTHER FINANCIAL ASSETS

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
At fair value through profit or loss – held for trading			
Forward Exchange Contract Asset	–	377 915	–
Asset in respect of revaluation of open Forward Exchange Contracts at year-end			
Current assets			
Held for trading (fair value through income)	–	377 915	–

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices:

Forward Exchange Contract Asset

Fair value hierarchy of financial assets at fair value through profit or loss

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

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Level 2			
Forward Exchange Contract Asset	–	377 915	–

Financial assets at fair value through profit or loss are dominated in the following currencies:

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
US Dollar	–	377 915	–

7. **TRADE AND OTHER RECEIVABLES**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Trade receivables	67 690 574	38 686 261	37 380 452
Deposits	85 000	85 000	85 000
Other receivables	2 550	36 420	1 500
	67 778 124	38 807 681	37 466 952

Trade and other receivables pledged as security

Trade and other receivables were pledged as security to Nedbank Limited for financing facilities of R25 000 000 (2013: R25 000 000; 2012: R25 000 000).

Fair value of trade and other receivables

Trade and other receivables	67 778 124	38 807 681	37 466 952

The fair value of trade and other receivables approximate their carrying value due to their short-term nature.

Trade and other receivables past due but not impaired

Trade and other receivables which are past due of 60 days are not considered to be impaired. At 30 June 2014, R1 177 308 (2013: R2 286 597; 2012: R952 752) were past due but not impaired.

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

One month past due	1 078 784	907 377	810 983
Two months and more past due	473 596	269 931	141 769

Trade and other receivables impaired

As of 30 June 2014, trade and other receivables of Rnil (2013: R1 447 833; 2012: Rnil) were impaired and provided for.

The amount of the provision was Rnil as of 30 June 2014 (2013: R1 492 073; 2012: Rnil).

The aging of these loans is as follows:

Three to six months	–	1 447 833	952 752

Reconciliation of provision for impairment of trade and other receivables

Opening balance	1 447 833	–	–
Provision for impairment	–	1 447 833	–
Unused amounts reversed	(1 447 833)	–	–
	–	1 447 833	–

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

8. **CASH AND CASH EQUIVALENTS**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Cash and cash equivalents consist of:			
Cash on hand	28 324	131 483	89 895
Bank balances	36 970 019	23 412 874	9 895 777
	36 998 343	**23 544 357**	**9 985 672**
Cash and cash equivalents pledged as collateral			
Total financial assets pledged as collateral for financing facilities granted to the company	67 778 124	38 807 681	37 466 952

The trade debtors of the company have been ceded to the bankers as security for financing facilities granted.

9. **FINANCIAL ASSETS BY CATEGORY**

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

2014 Audited	**Loans and receivables R**	**Total R**
Trade and other receivables	67 778 124	67 778 124
Cash and cash equivalents	36 998 343	36 998 343
	104 776 467	**104 776 467**

2013 Reviewed	**Loans and receivables R**	**Fair value through profit or loss – held for trading R**	**Total R**
Other financial assets	–	377 915	377 915
Trade and other receivables	38 807 681	–	38 807 681
Cash and cash equivalents	23 544 357	–	23 544 357
	62 352 038	**377 915**	**62 729 953**

2012 Reviewed	**Loans and receivables R**	**Total R**
Trade and other receivables	37 466 952	37 466 952
Cash and cash equivalents	9 985 672	9 985 672
	47 452 624	**47 452 624**

10. **SHARE CAPITAL**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Authorised			
1 000 ordinary shares of R1 each	1 000	1 000	1 000
Describe any changes in authorised share capital e.g. Conversion to net present value shares			
Issued			
100 ordinary shares of R1 each	100	100	100

11. **OTHER FINANCIAL LIABILITIES**

At fair value through profit or loss			
Forward Exchange Contract Liability			
Liability in respect of open Forward Exchange Contracts at year-end	261 775	–	88 082
Held at amortised cost			
Instalment sale agreements	1 750 697	2 257 727	1 249 735
Nedbank Limited. Instalment sale agreements secured over certain motor vehicles, bearing interest at current market rates and repayable in monthly instalments over periods extending up to 48 months. Refer to note 3.			
	2 012 472	2 257 727	1 337 817
The fair values of the financial liabilities at amortised cost approximate their carrying values			
Non-current liabilities			
At amortised cost	866 064	1 482 341	745 357
Current liabilities			
Fair value through profit or loss	261 775	–	88 082
At amortised cost	884 633	775 386	504 378
	1 146 408	**775 386**	**592 460**
	2 012 472	**2 257 727**	**1 337 817**

Fair value hierarchy of financial liabilities at fair value through profit or loss

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

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

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

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

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Level 2			
Forward Exchange Contract Liabilities	261 775	–	–

12. LOANS FROM SHAREHOLDERS

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
CJ Taylor	(23 357)	(1 269 597)	(6 100 389)
JV Taylor	(23 357)	(1 345 597)	(1 868 504)
	(46 714)	**(2 615 194)**	**(7 968 893)**
The above loans are interest-free (2013 and 2012: Interest-bearing at market interest rates), unsecured and have no fixed terms of repayment			
Fair value of loans to and from shareholders			
Loans from shareholders	(46 714)	(2 615 194)	(7 968 893)

The fair value of the loans from shareholders approximate their carrying values.

13. TRADE AND OTHER PAYABLES

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Trade payables	92 831 423	67 137 197	45 975 962
VAT	946 098	171 946	138 016
Provision for leave pay	102 798	63 435	28 602
Provision for bonuses	–	218 822	189 131
Accrued expenses	137 897	–	–
Other payables	691 222	1 039 434	210 309
	94 709 438	68 630 834	46 542 020
Fair value of trade and other payables			
Trade and other payables	94 709 438	68 630 834	46 542 020

The fair values of trade and other payables approximate their carrying values due to their short-term nature.

14. FINANCIAL LIABILITIES BY CATEGORY

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

2014 Audited	Financial liabilities at amortised cost R	Fair value through profit or loss – held for trading R	Total R
Loans from shareholders	46 714	–	46 714
Other financial liabilities	2 012 472	261 775	2 274 248
Trade and other payables	93 763 340	–	93 763 340
	95 822 526	**261 775**	**96 084 302**

2013 Reviewed	Financial liabilities at amortised cost R	Total R
Loans from shareholders	2 615 194	2 615 194
Other financial liabilities	2 257 727	2 257 727
Trade and other payables	68 458 888	68 458 888
	73 331 809	**73 331 809**

2012 Reviewed	Financial liabilities at amortised cost R	Fair value through profit or loss – held for trading R	Total R
Loans from shareholders	7 968 893	–	7 968 893
Other financial liabilities	1 249 735	88 082	1 337 817
Trade and other payables	46 404 004	–	46 404 004
	55 622 632	**88 082**	**55 710 714**

15. REVENUE

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Sale of goods	441 689 342	302 600 717	220 197 957

16. COST OF SALES

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Sale of goods			
Cost of goods sold	368 413 715	251 465 487	184 477 541

17. OTHER INCOME

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Profit and loss on sale of assets and liabilities	–	44 292	–
Profit and loss on exchange differences	222 872	803 026	–
Commissions received	2 282 379	942 001	959 076
Rental income	–	60 203	283 334
Insurance refunds	8 284	3 023	1 274 290
Movement in bad debt provision	1 455 934	(88 987)	477 170
Other income	–	8 675	–
	3 969 469	**1 772 233**	**2 993 870**

18. OPERATING PROFIT

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Operating profit for the year is stated after accounting for the following:			
Operating lease charges			
Premises	1 726 928	1 595 076	2 071 607
Property, plant and equipment	–	44 292	(3 023)
Profit (loss) on exchange differences	(222 872)	(803 026)	146 292
Depreciation on property, plant and equipment	1 073 882	1 091 634	750 372
Employee costs	7 957 816	7 835 583	2 264 792
Write-down of inventories	–	1 508 550	1 401 150

19. INVESTMENT REVENUE

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Interest revenue			
Bank	832 829	225 799	112 323

20. FINANCE COSTS

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Shareholders	–	252 233	346 132
Bank and long-term borrowings	155 611	168 011	127 799
	155 611	**420 244**	**473 931**

21. TAXATION

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Major components of the tax expense			
Current			
Local income tax – current period	16 314 707	10 961 506	7 772 453
STC	–	–	300 000
	16 314 707	**10 961 506**	**8 072 453**
Deferred			
Originating and reversing temporary differences	798 347	(831 352)	(65 906)
	17 113 054	**10 130 154**	**8 006 548**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense			
Accounting profit	61 091 208	36 173 389	27 512 749
Tax at the applicable tax rate of 28%	17 105 538	10 128 549	7 703 570
Tax effect of adjustments on taxable income			
Fines	7 516	1 605	2 978
STC	–	–	300 000
	17 113 054	**10 130 154**	**8 006 548**

22. CASH GENERATED FROM OPERATIONS

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Profit before taxation	61 091 208	36 173 389	27 512 749
Adjustments for:			
Depreciation	1 073 882	1 091 634	750 372
Loss on sale of assets	–	(44 292)	3 023
Interest received – investment	(832 829)	(225 799)	(112 323)
Finance costs	155 611	420 244	473 931
Rental smoothing adjustment	(44 166)	126 971	402 533
Motor vehicle expenses	18 633	–	–
Fair value adjustment of forward exchange contract	377 915	(377 915)	88 082
Changes in working capital:			
Inventories	(21 123 825)	(25 841 586)	(14 437 999)
Trade and other receivables	(28 970 443)	(1 068 444)	(19 228 966)
Trade and other payables	26 078 604	22 088 814	20 202 786
	37 824 590	**32 343 016**	**15 654 188**

23. **TAX PAID**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Balance at beginning of the year	(883 809)	(1 474 756)	(23 851)
Current tax for the year recognised in profit or loss	(16 314 707)	(10 961 506)	(8 072 453)
Balance at end of the year	2 255 411	883 809	1 474 756
	(14 943 105)	**(11 552 453)**	**(6 621 548)**

24. **DIVIDENDS PAID**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Dividends	(7 000 000)	–	(3 000 000)

Dividends are from revenue profits

25. **AUDITOR'S REMUNERATION**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Fees	102 200	150 000	73 800

26. **COMMITMENTS**

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Operating leases – as lessee (expense)			
Minimum lease payments due			
Within one year	1 728 000	1 600 000	1 505 801
In second to fifth year inclusive	2 181 168	3 909 164	5 509 164
	3 909 168	**5 509 164**	**7 014 965**

Operating lease payments represent rentals payable by the company for certain of its office properties.

27. RELATED PARTIES

	Audited 2014 R	Reviewed 2013 R	Reviewed 2012 R
Relationships			
Shareholder with joint control – CH Taylor			
Shareholder with joint control – JV Taylor			
Related party balances			
Loan accounts – owing to related parties			
CH Taylor	(23 357)	(1 269 597)	(6 100 389)
JV Taylor	(23 357)	(1 345 597)	(1 868 504)
Related party transactions			
Interest paid to related parties			
CH Taylor	–	123 007	250 775
JV Taylor	–	119 361	95 357

28. DIRECTORS' EMOLUMENTS

	Emoluments R	Total R
2014		
Craig Harold Taylor	1 235 960	1 235 960
Julie Vivien Taylor	1 115 185	1 115 185
	2 351 145	**2 351 145**
2013		
Craig Harold Taylor	1 947 431	1 947 431
Julie Vivien Taylor	1 878 871	1 878 871
	3 826 302	**3 826 302**
2012		
Craig Harold Taylor	1 034 064	1 034 064
Julie Vivien Taylor	855 000	855 000
	1 889 064	**1 889 064**

29. RISK MANAGEMENT

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11 and 12 cash and cash equivalents disclosed in note 8, and equity as disclosed in the statements of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

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

29. **RISK MANAGEMENT** continued

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the company's business whilst managing its credit, liquidity, interest rate, foreign currency and market price risk. The company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the company's financial performance. These market risk management activities are governed by its risk management system.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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

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

	Less than one year R	Between two and five years R
At 30 June 2014		
Other financial liabilities	884 633	1 127 839
Trade and other payables	93 763 340	–
Loans from shareholders	46 714	–
At 30 June 2013		
Other financial liabilities	775 386	1 487 335
Trade and other payables	68 458 888	–
Loans from shareholders	2 615 194	–

	Less than one year R
At 30 June 2012	
Other financial liabilities	504 378
Trade and other payables	46 404 004
Loans from shareholders	7 968 893

Cash flow interest rate risk

Financial instrument	Current interest rate %	Due in less than one year R	Due in two to three years R
Cash in current banking institutions	5.65	36 970 019	–
Instalment sale agreements	9.00	(884 633)	(1 127 839)

29. **RISK MANAGEMENT** continued

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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

No credit limits were materially exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

Financial instrument	2014 R	2013 R	2012 R
Trade receivables	67 690 574	38 686 261	37 380 452
Cash and cash equivalents	36 970 019	23 412 874	9 895 777

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The company treasury's risk management policy is to cover its anticipated cash flows (mainly the purchase of inventory) in each major foreign currency for the subsequent 12 months.

At 30 June if the currency had weakened by a further 1% against the US Dollar and Euro with all other variables held constant, post-tax profit for the year would have been R2 804 670 (2013: R1 996 611; 2012: R1 432 192) lower, mainly as a result of foreign exchange losses on translation of US Dollar and Euro denominated trade payables, financial liabilities at fair value through profit or loss, and foreign exchange losses or gains on translation of US Dollar and Euro denominated borrowings.

Foreign currency exposure at the end of the reporting period

	2014 R	2013 R	2012 R
Commitments			
Forward exchange contracts	(54 670 226)	(14 492 207)	(9 646 066)
Exchange rates used for conversion of foreign items were:			
USD	10.6340	9.9550	8.2881
EURO	14.5335		10.4643

The company reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF BRAGAN CHEMICALS FOR THE YEARS ENDED 30 JUNE 2012, 30 JUNE 2013 AND 30 JUNE 2014

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Old Pretoria Rd
Midrand

Rolfes Holdings Limited ("the Company") is issuing a Circular to its Shareholders ("the Circular") regarding the proposed acquisition of Bragan Chemicals Proprietary Limited ("the Target").

At your request and for the purpose of the Circular to be dated on or about Thursday, 30 July 2015, we present our independent reporting accountant's report on the report of historical financial information of the Target for the three years ended 30 June 2014. The historical information of the Target comprises the statements of financial position at 30 June 2014, 30 June 2013 and 30 June 2012, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising and a summary of significant accounting policies and other explanatory notes (the Historical Financial Information"), as presented in Annexure 1 to the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' responsibility

The Directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the Listings Requirements. The directors of the Target are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards and for such internal controls as the directors of the Target determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an audit opinion on the Historical Financial Information of the Target for the year ended 30 June 2014 based on our audit and a review conclusion on the Historical Financial Information for the two years ended 31 December 2013 based on our review. The Historical Financial Information is included in Annexure 1 to the Circular.

Historical financial information for the year ended 30 June 2014

We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Historical Financial Information is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud and error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies of accounting policies used, and the reasonableness of accounting estimates made by management of the Target, as well as evaluating the overall presentation of the historical financial information.

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

Historical Financial Information for the two years ended 30 June 2013

Our responsibility is to express a review conclusion on the Historical Financial Information based on our review. We conducted our review in accordance with International Standards on Review Engagements ISRE 2400: Engagements to Review Financial Statements.

ISRE 2400 requires that we plan and perform the review to obtain moderate assurance that the Historical Financial for the two years ended 30 June 2013 is free of material misstatement. A review is limited primarily to enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. This standard also requires us to comply with relevant ethical requirements.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Condensed Historical Financial Information.

Opinion on the Historical Financial Information for the year ended 30 June 2014

In our opinion the Historical Financial Information of the Target as set out in Annexure 1 to the Circular, presents fairly, in all material respects, for the purpose of the Circular, the financial position of the Target as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance International Financial Reporting Standards and the JSE Listings Requirements.

Conclusion on the Historical Financial Information for the two years ended 30 June 2013

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Target, as set out in Annexure 1 for the two years ended 30 June 2013 is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Other Matter

This report has been prepared for the purpose of the Circular and for no other purpose.

Horwath Leveton Boner

Partner: S Bloch
Registered Auditor

Sandton
24 July 2015

HISTORICAL FINANCIAL INFORMATION OF BRAGAN CHEMICALS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

The historical information of Bragan Chemicals Proprietary Limited ("Bragan Chemicals") set out below has been extracted from the reviewed financial statements of Bragan Chemicals for the six months ended 31 December 2014. The financial statements were reviewed by Horwath Leveton Boner and reported on without qualification. The aforementioned financial statements were approved by the board of directors of Bragan Chemicals. The extracted historical information is the responsibility of the Directors of Rolfes Holdings Limited.

Commentary on the historical information is provided in Annexure 1.

Condensed statement of comprehensive income for the six months ended 31 December 2014

	Reviewed R
Revenue	**249 902 827**
Cost of sales	**215 883 372**
Gross profit	**34 019 455**
Other income	1 370 745
Operating expenses	(9 484 344)
Income from operations	**25 905 856**
Investment revenue	1 070 546
Finance costs	(53 856)
Profit before taxation	**26 922 546**
Taxation	(7 540 728)
Profit for the year	**19 381 818**
Other comprehensive income	**–**
Total comprehensive income	**19 381 818**

Condensed consolidated statement of financial position at 31 December 2014

	Reviewed R
ASSETS	
Non-current assets	**1 764 054**
Property, plant and equipment	1 595 280
Deferred tax	168 774
Current assets	**212 014 592**
Inventories	92 607 468
Trade and other receivables	67 368 424
Cash and cash equivalents	52 038 700
Total assets	**213 778 646**
EQUITY AND LIABILITIES	
Equity	
Ordinary share capital	100
Retained income	116 258 729
Total equity	**116 258 829**
Liabilities	
Non-current liabilities	**1 035 424**
Other financial liabilities	575 512
Operating lease liability	462 912
Current liabilities	**96 484 393**
Other financial liabilities	756 154
Tax payable	207 532
Trade and other payables	95 520 707
Total equity and liabilities	**213 778 646**

Condensed statement of changes in equity for the six months ended 31 December 2014

	Share capital R	Retained income R	Total equity R
Balances at 1 July 2013	**100**	**96 876 911**	**96 877 011**
Total comprehensive income	–	19 381 818	19 381 818
Total changes	**–**	**19 381 818**	**19 381 818**
Balance at 31 December 2014	**100**	**116 258 729**	**116 258 829**

Condensed statement of cash flows for the six months ended 31 December 2014

	Reviewed R
Cash flows from operating activities	
Cash generated from operations	24 296 778
Interest income	1 070 546
Finance costs	(53 856)
Taxation paid	(9 533 107)
Net cash from operating activities	**15 780 361**
Cash flows from investing activities	
Cash flow to maintain activities	
Property, plant and equipment additions	(9 484)
Net cash flow	**(9 484)**
Cash flows used in financing activities	
Repayments of other financial liabilities	(683 806)
Repayment of shareholders' loans	(46 714)
Net cash used in financing activities	**(730 520)**
Total cash movement for six months	15 040 357
Cash at the beginning of the period	36 998 343
Cash at the end of the period	**52 038 700**

1. **BASIS OF PREPARATION**

The reviewed results of the company are presented for the six months ended 31 December 2014 in accordance with IAS 34: Interim Financial Reporting and the JSE Listings Requirements. The accounting policies adopted for purposes of this report comply, and have been consistently applied in all material respects with International Financial Reporting Standards ("IFRS").

The same accounting policies and methods of computation have been followed as compared to the prior financial year.

2. **PROPERTY, PLANT AND EQUIPMENT**

2014	Cost R	Accumulated depreciation R	Carrying value R
Motor vehicles	4 804 956	(3 366 737)	1 438 219
Furniture and Fittings	69 978	(53 065)	16 913
Office equipment	50 303	(42 916	7 387
IT equipment	50 029	(35 683)	14 346
Warehouse equipment	280 095	(161 680)	118 415
Total	**5 255 361**	**(3 660 081)**	**1 595 280**

Carrying amounts of Property, plant and equipment can be reconciled as follows:

2014	Carrying value opening balance R	Additions R	Depreciation R	Carrying value closing balance R
Motor vehicles	1 921 763	–	(483 544)	1 438 219
Furniture and fittings	19 292	–	(2 379	16 913
Office equipment	12 185	–	(4 798)	7 387
IT equipment	6 250	9 484	(1 388	14 346
Warehouse equipment	151 964	–	(33 549)	118 415
	2 111 454	**9 484**	**(525 658)**	**1 595 280**

3. **SHARE CAPITAL**

	R
Authorised	
1 000 ordinary shares of R1 each	1 000
Issued	
100 ordinary shares of R1 each	100

4. **EVENTS AFTER THE REPORTING PERIOD**

The shareholders of the company have entered into an agreement with Rolfes Holdings Limited ("Rolfes") whereby Rolfes will acquire 100% of the equity. In terms of the agreement the company will have declared a gross distribution in the amount of R36 900 000 and have made payment to the seller as its shareholder, prior to 30 June 2015, net of dividend withholding tax. The dividend may only be declared from cash balances.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF BRAGAN CHEMICALS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

The Directors
Rolfes Holdings Limited
Corporate Park North
404 Roan Crescent
Old Pretoria Rd
Midrand

Rolfes Holdings Limited ("the Company") is issuing a Circular to its Shareholders ("the Circular") regarding the proposed acquisition of Bragan Chemicals Proprietary Limited ("the Target").

At your request and for the purpose of the Circular to be dated on or about Thursday, 30 July 2015, we have reviewed the Condensed Historical Financial Information of the Target which comprise the condensed statement of financial position as at 31 December 2014 and the condensed statement of financial performance, changes in equity and cash flows for the six months then ended, and selected explanatory notes ("the Condensed Historical Financial Information") as presented in Annexure 3 to the Circular, in compliance with the JSE Limited ("JSE") Listing Requirements.

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that the Company complies with the Listings Requirements. The directors of the Target are responsible for the preparation and fair presentation of the Condensed Historical Financial Information in accordance with International Financial Reporting Standards and for such internal controls as the directors of the Target determine is necessary to enable the preparation of the Condensed Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a review conclusion on the Condensed Historical Financial Information based on our review. We conducted our review in accordance with International Standards on Review Engagements ISRE 2400: *Engagements to Review Financial Statements*.

ISRE 2400 requires that we plan and perform the review to obtain moderate assurance that the Condensed Historical Financial is free of material misstatement. A review is limited primarily to enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. This standard also requires us to comply with relevant ethical requirements.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Condensed Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Historical Financial Information of the Target, as set out in Annexure 3 for the six months ended 31 December 2014 is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Other matter

This report has been prepared for the purpose of the Circular and for no other purpose.

Horwath Leveton Boner

Partner: S Bloch
Registered Auditor

Sandton
24 July 2015

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information set out below has been prepared to assist shareholders to assess the impact of the Acquisition on the results of Rolfes for the six months ended 31 December 2014. The *pro forma* statement of financial position at 31 December 2014 and statement of comprehensive income for the six months ended 31 December 2014 of Rolfes have been prepared to illustrate the impact of the Acquisition as if the Acquisition had occurred on 1 July 2014 for purposes of adjusting the *pro forma* statement of comprehensive income, and on 31 December 2014 for purposes of adjusting the *pro forma* statement of financial position of Rolfes.

The *pro forma* financial information has been prepared for illustrative purposes only based on current available information available to management and, due to its nature, may not fairly present Rolfes' financial position, changes in equity, and results of operations or cash flows after the Acquisition. The *pro forma* information is presented in a manner that is consistent with the accounting policies of Rolfes.

The directors of Rolfes are responsible for the preparation of the *pro forma* financial information contained in this Circular.

The *pro forma* financial information of Rolfes should be read in conjunction with the limited assurance report of the Independent Reporting Accountants which is included as Annexure 6.

Statement of Comprehensive Income

	Notes	**Before[1] 6 months ended 31 December 2014 R'000**	[2, 3, 4, 9, 11] **Adjustments R'000**	**After 6 months ended 31 December 2014 R'000**	**Change %**
Revenue		589 284	249 903	839 187	
Cost of sales		(452 683)	(215 883)	(668 566)	
Gross profit		136 601	34 020	170 621	
Other operating income		(1 008)	1 370	362	
Operating expenses		(85 515)	(14 484)	(99 999)	
Operating profit before interest		50 078	20 906	70 984	
Finance expenses		(7 770)	(5 210)	(12 980)	
Finance income		210	1 071	1 281	
Net profit before taxation		42 518	16 767	59 285	
Tax expenses		(9 940)	(4 697)	(14 637)	
Profit for the period		32 578	12 070	44 648	
Attributable to:					
Owners of the parent		24 864	12 070	36 934	
Non-controlling interest		7 714		7 714	
Weighted average number of shares		107 968 135		143 484 802	
EPS [12]	(cents)	23.0	2.8	25.8	12.2
HEPS[12]	(cents)	23.1	2.7	25.8	11.7

Statement of Financial Position

		Before[1] 31 December 2014 R'000	[2, 3, 4, 9, 11] Adjustments R'000	After 31 December 2014 R'000	Change %
Assets					
Non-current assets		**268 866**		**414 371**	
Plant and equipment		77 483	1 595	79 078	
Property		48 495		48 495	
Intangible assets		53 165		53 165	
Goodwill		89 723	133 741	223 464	
Deferred tax			169	169	
Current assets		**516 933**		**687 047**	
Inventories		248 290	92 607	340 897	
Trade and other receivables		236 815	67 368	304 183	
Sundry debtors and deposits		14 858		14 858	
Cash and cash equivalents		16 970	[5]10 139	27 109	
Total assets		**785 799**		**1 091 418**	
EQUITY AND LIABILITIES					
Capital and reserves		**369 673**		**472 623**	
Share capital		1 086	355	1 441	
Treasury shares		(868)		(868)	
Share premium		49 802	[6,7]106 195	155 997	
Retained income		247 717	[10](3 600)	244 117	
Revaluation reserve		5 488		5 488	
Equity holders of the parent		303 225	102 950	406 175	
Non-controlling interest		66 448		66 448	
Non-current liabilities		**82 716**		**176 526**	
Vendor loan		7 811		7 811	
Interest-bearing liabilities		47 373	[6,8]93 347	140 720	
Operating lease liability			463	463	
Deferred tax liability		23 548		23 548	
Provisions for reconstruction		2 719		2 719	
Loss in associate		1 265		1 265	
Current liabilities		**333 410**		**442 269**	
Trade and other payables		194 210	95 521	289 731	
Short term liabilities				0	
Interest bearing		23 788		23 788	
Non- interest bearing		6 922		6 922	
Current portion of long term debt		29 298	14 531	43 829	
Cash and cash equivalents		71 006		71 006	
Tax liability		4 383	(1 193)	3 190	
Sundry creditors and provisions		3 803		3 803	
Total equity and liabilities		**785 799**		**1 091 418**	
Shares in issue		107 968 135		143 484 802	
NAV per share	(cents)	280.8	2.3	283.1	0.8
TNAV per share	(cents)	148.5	(25.2)	90.3	(39.2)

Notes:

1. The amounts set out in the "Before" column above have been extracted from the results of Rolfes for the six months ended 31 December 2014.
2. The amounts set out in the "Adjustment" column illustrates the adjustments relating to both the Acquisition and the Share Placement as detailed further below.
3. The financial information in respect of Bragan Chemicals has been extracted from the reviewed results of Bragan Chemicals for the six months ended 31 December 2014, set out in Annexure 3 to this Circular.
4. It has been assumed, for purposes of the Statement of Comprehensive Income, that the Acquisition was effective 1 July 2014, and for purposes of the Statement of Financial Position, that the Acquisition was effective 31 December 2014.
5. An adjustment has been made for the R36.9 million of cash to be distributed by Bragan Chemicals, in terms of the Acquisition agreement, prior to the Acquisition taking effect.
6. It is assumed that the consideration in respect of the Acquisition amounting to R213.1 million, will be funded in equal parts through debt and equity funding as detailed in paragraph 4.2 of this Circular.
7. The portion of the purchase consideration to be funded from equity, being R106 550 000, will be funded from the issue of 35 516 667 new Rolfes ordinary shares at an issue price of R3 per share, as part of the Share Placement.
8. The portion of the purchase consideration to be funded from debt, being R106 550 000, will be funded from debt facilities bearing interest at a rate of 9.75% p.a. (JIBAR + 350 bps).
9. The net asset value and the net after tax profit of Bragan Chemicals, based on the results of Bragan Chemicals for the six months ended 31 December 2014, amounted to R116.3 million and R19.4 million respectively.
10. Transaction costs amounting to approximately R5 million (R3.6 million after tax) have been expensed.
11. A company tax rate of 28% has been assumed.
12. The adjustments made to the Statement of Comprehensive Income are expected to have a continuing effect, with the exception of the transaction costs of approximately R5 million (R3.6 million after tax). Accordingly the impact on EPS and HEPS of the transaction excluding the transaction costs will be 5.3 and 5.2 cents per share respectively. The resultant EPS and HEPS would therefore be 28.3 cents and 28.3 cents, respectively.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Rolfes Holdings Limited
Corporate Park North
404 Roan Crescent
Old Pretoria Rd
Midrand
1685

23 July 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF ROLFES HOLDINGS LIMITED ("ROLFES" OR "THE GROUP")

We have completed our assurance engagement to report on the compilation of the *pro forma* statement of comprehensive income of Rolfes for the six months ended 31 December 2014 and the *pro forma* statement of financial position of Rolfes at 31 December 2014 and related notes (collectively, "*Pro Forma* Financial Information"), as presented in Annexure 5 of the circular to be dated on or about 30 July 2015 ("Circular").

The *Pro Forma* Financial Information has been compiled by the directors on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements and the SAICA Guide ("**Applicable Criteria**").

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the proposed acquisition by Rolfes of 100% of the issued share capital of Bragan Chemicals Proprietary Limited for a purchase consideration of R213.1 million ("Acquisition"), as described in the Circular, on the Group's financial position as at **31 December 2014** as if the Acquisition had taken place on 31 December 2014 and on the Group's financial performance for the six months ended 31 December 2014 as if the Acquisition had taken place on 1 July 2014. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial records for the period ended 31 December 2014.

Directors' responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the Applicable Criteria and in conformity with the applicable accounting framework, that being International Financial Reporting Standards ("IFRS"), and as described in the notes to the *Pro Forma* Financial Information.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors, on the basis of the Applicable Criteria based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420: *Assurance Engagements to Report on the Compilation of Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria and in conformity with the applicable accounting framework, that being IFRS.

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

As the purpose of *Pro Forma* Financial Information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the Acquisition had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A limited assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

the related *pro forma* adjustments give appropriate effect to those criteria; and

the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of Rolfes, the Acquisition in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria and in conformity with the applicable accounting framework, that being IFRS and as described in the notes to the *Pro Forma* Financial Information.

Aaron Mthimunye
Director

SizweNtsalubaGobodo Inc.
(Registration number M2005/034639/21)
Registered Auditors
Chartered Accountants (SA)
20 Morris Street East
Woodmead
2191

ROLFES' SHARE PRICE HISTORY

The share price history of the company's ordinary shares traded on the JSE up until the last practicable date is given below:

Monthly	High (cents)	Low (cents)	Close (cents)	Volume traded	Value traded (R)
June 2014	428	369	392	2 417 197	615 157
July 2014	393	355	390	22 931 090	5 908 133
August 2014	390	335	360	14 158 510	3 960 230
September 2014	390	389	389	7 943 773	2 343 364
October 2014	389	325	345	3 920 017	1 101 147
November 2014	345	305	315	31 756 063	9 146 142
December 2014	359	310	340	6 339 853	1 891 207
January 2015	345	310	331	3 020 326	919 937
February 2015	380	325	362	21 743 957	6 162 503
March 2015	369	313	319	3 126 192	915 016
April 2015	320	281	294	1 737 319	5 275 677
May 2015	340	282	295	2 266 580	6 823 800

Daily	High (cents)	Low (cents)	Close (cents)	Volume traded	Value traded (R)
25 May 2015	300	293	293	5 501	16 257
26 May 2015	300	299	300	34 848	104 516
27 May 2015	309	286	295	138 327	413 506
28 May 2015	290	290	290	33 305	96 584
29 May 2015	295	285	295	15 761	45 661
1 June 2015	300	290	300	255 525	759 860
2 June 2015	307	300	307	256 091	768 963
3 June 2015	309	293	300	393 996	1 182 628
4 June 2015	305	295	295	208 164	623 718
5 June 2015	300	295	300	46 449	139 328
8 June 2015	300	297	300	85 446	254 921
9 June 2015	299	297	299	42 879	128 100
10 June 2015	300	296	297	124 753	372 803
11 June 2015	305	298	298	150 100	449 092
12 June 2015	299	295	295	56 645	168 296
15 June 2015	299	294	294	23 408	69 669
17 June 2015	299	294	295	80 864	240 520
18 June 2015	300	291	300	47 259	140 197
19 June 2015	300	299	299	13 720	41 100
22 June 2015	300	297	300	85 000	254 610
23 June 2015	300	294	300	82 399	245 775
24 June 2015	300	300	300	88 609	265 827
25 June 2015	301	290	295	46 924	136 667
26 June 2015	299	290	290	9 695	28 546
29 June 2015	295	290	290	57 042	165 768
30 June 2015	299	279	281	50 507	149 176
1 July 2015	298	281	283	17 077	49 183
2 July 2015	299	294	294	7 200	21 223
3 July 2015	290	289	289	20 600	59 605
6 July 2015	300	281	281	77 550	227 231
7 July 2015	301	280	280	10 973	31 926
8 July 2015	280	251	270	26 354	70 424
9 July 2015	290	270	280	70 546	193 203
10 July 2015	298	281	285	18 167	53 387
13 July 2015	282	282	282	11 500	32 430
14 July 2015	299	276	280	393 396	1 101 564
15 July 2015	309	280	309	403 792	1 187 755
16 July 2015	310	300	310	470 857	1 447 044
17 July 2015	320	315	320	108 890	345 403
20 July 2015	360	320	345	495 804	1 714 513
21 July 2015	370	350	370	348 696	1 244 298
22 July 2015	385	363	383	165 640	621 183
23 July 2015	390	378	384	86 949	334 827

MATERIAL BORROWINGS OF ROLFES

Details of Rolfes' and its subsidiaries' material borrowings, pursuant to the Transaction and as at the last practicable date are as follows:

Company	Lender	Loan amount (R'000)	Secured/ unsecured (R)	Interest rate	Terms of loan
Rolfes Holdings[1]	Investec	170 000	secured	Prime + 50bp	three years
Rolfes Holdings[2]	Investec	135 000	secured	Jibar + 350bp	six years
Rolfes Holdings[3]	Blue Strata	30 000	secured	various	Trade facility
Rolfes Colour Pigments International[4]	Nedbank	620	secured	various	various
Agchem Africa (Pty) Ltd	Nedbank	9 207	secured	various	various
Rolfes Chemicals (Pty) Ltd	Nedbank	1 660	secured	various	various
Rolfes Silica (Pty) Ltd	Nedbank	1 948	secured	various	various
Absolute Science (Pty) Ltd	Nedbank	652	secured	various	various
Rolfes PWM (Pty) Ltd	Nedbank	292	secured	various	various

Notes

1. Banking facility raised to settle all overdraft facilities and various term facilities held with Nedbank – facilities subject to certain standard conditions, precedent and the Acquisition.
2. Term facility raised to for various acquisitions, majority being for acquiring Bragan Chemicals – facilities subject to certain standard conditions precedent and the Acquisition.
3. Trade facilities available to fund trading stock
4. Various asset based facilities to purchase vehicles, plant and equipment, etc

Rolfes Holdings Limited

(Incorporated in the Republic of South Africa)

(Registration number 2000/002715/06)

Share code: RLF ISIN: ZAE000159836

("**Rolfes**" or "the **Company**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this notice of general meeting is attached shall bear the same meanings in this notice of general meeting.

Notice is hereby given that a meeting of Rolfes' shareholders will be held at 404 Roan Crescent Road, Midrand at 10:00 on Monday, 31 August 2015 or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11) of the Companies Act, as read with the Listings Requirements, for shareholders to consider and if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

Ordinary Resolution Number 1

"**Resolved that**, subject to the passing of Ordinary Resolution 2 and Special Resolutions 1, 2 and 3, the acquisition by the Company of the entire issued share capital in and all of the shareholders' loan accounts against Bragan Chemicals Proprietary Limited ("Bragan Chemicals") for a purchase consideration of R213.1 million to be settled in cash, on the terms and conditions of the sale agreement, *inter alia*, between the Company and the existing shareholders of Bragan Chemicals, dated 13 July 2015, be and is hereby approved by the Rolfes shareholders."

The reason for Ordinary Resolution 1 is to approve and authorise the Acquisition as a category 1 transaction, as required by the Listings Requirements.

The percentage of voting rights required for the adoption of this Ordinary resolution number 1 is 50% plus one vote, of the voting rights exercised on this ordinary resolution.

Special Resolution Number 1

"**Resolved that**, subject to the passing of Ordinary Resolutions 1 and 2 and Special Resolutions 2 and 3, the Company be and is hereby authorised to allot and issue 48 333 333 new ordinary shares of R0.01 per share and ranking *pari passu* with existing issued ordinary shares in the Company, at an issue price of R3 per share for a total subscription consideration of R145 million, to a subsidiary of Masimong Group Holdings Proprietary Limited (being Ladozest Proprietary Limited, whose name is in the process of being changed to "Masimong Chemicals Proprietary Limited") and Eziko Investments Proprietary Limited, respectively, as detailed in paragraph 4 of the Circular in accordance with the terms and subject to the conditions set out in the subscription agreements, *inter alia*, between Rolfes and respectively, Masimong Group and Eziko Investments, and that all of the ordinary shares referred to above be and are hereby placed under the control of the directors for the allotment and issue as described above."

The reason for Special Resolution 1 is to approve and authorise the Share Placement as a specific issue of shares for cash as required by the Listings Requirements.

In accordance with the Listings Requirements, the approval of this resolution requires at least 75% of all voting rights exercisable by Rolfes shareholders present or represented by proxy and entitled to vote at the general meeting at which this resolution is considered, excluding any existing Rolfes shareholders that are participating in the Share Placement.

Special Resolution Number 2

"**Resolved that**, subject to the passing of Ordinary Resolutions 1 and 2, and Special Resolutions 1 and 3 in accordance with section 41(1) of the Companies Act, the Company be and is hereby authorised to issue 48 333 333 new ordinary shares of R0.01 per share to entities related to Mike S Teke and Dinga M Mncube, being non-executive directors of Rolfes, in terms of the Share Placement as detailed in the Circular."

Special Resolution 2 is required to be approved in terms of section 41(1) of the Companies Act as Rolfes will, in terms of the Share Placement be issuing shares to entities related to directors of Rolfes.

The resolution requires at least 75% of all voting rights exercisable by Rolfes shareholders present at or represented by proxy and entitled to vote at the general meeting to be cast in favour of this resolution.

Special Resolution Number 3

"**Resolved that**, subject to the passing of Ordinary Resolutions 1, and 2, and Special Resolutions 1 and 2, in accordance with section 41(3) of the Companies Act, the Company be and is hereby authorised to issue 48 333 333 ordinary shares of R0.01 per share, representing 44.5% of the issued share capital of the Company prior to the Share Placement, in terms of the Share Placement as detailed in the Circular."

Special Resolution 3 is required to be approved in terms of section 41(3) of the Companies Act if and to the extent that the sum of Rolfes shares to be issued in terms of the Share Placement equals or exceeds 30% of the total issued shares held by shareholders of Rolfes prior to the Share Placement.

The resolution requires at least 75% of all voting rights exercisable by Rolfes shareholders present at or represented by proxy and entitled to vote at the general meeting to be cast in favour of this resolution.

Ordinary Resolution Number 2

"**Resolved that**, subject to the passing of Ordinary Resolution 1 and Special Resolutions 1, 2 and 3, any director of the Company be and is hereby authorised, instructed and empowered to do all such things, sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to Ordinary Resolution 1 and Special Resolutions 1, 2 and 3."

This resolution is necessary to give effect to any of the above resolutions which may be passed by shareholders.

The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is 50%.

Voting

On a show of hands, every Rolfes shareholder who is present in person, by proxy or represented at the shareholders meeting shall have one vote (irrespective of the number of shares held), and on a poll, every Rolfes shareholder shall have one vote for each share held by him.

Masimong Group, Masimong Chemicals, Mike S Teke, Douglas Robert Gain, Dinga M Mncube and Eziko Investments are precluded from voting (where applicable) on Ordinary Resolutions 1, and 2 as well as Special Resolutions 1, 2 and 3 due to their participation in the Share Placement and the ordinary and special resolutions relating to the Acquisition and the Share Placement, being conditional on one another.

Record date

The record date in terms of section 59 of the Act for shareholders to be recorded in the register in order to be able to attend, participate and, in the case of ordinary shareholders only, vote at the general meeting is Friday, 21 August 2015.

The record date in terms of the Regulations, for shareholders to be recorded in the register to be able to receive the Circular is Friday, 24 July 2015.

Identification

Section 63(1) of the Companies Act requires meeting participants to provide the person presiding the meeting with satisfactory identification.

Electronic participation by shareholders

Should any shareholder (or any proxy for a shareholder) wish to participate in the general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the Transfer Secretaries, at their address below, to be received by the Transfer Secretaries at least 5 business days prior to the general meeting in order for the Transfer Secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Companies Act and for the Transfer Secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Proxies

A Rolfes shareholder entitled to attend, speak and vote at the general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy are requested to be received by Rolfes' Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 10:00 on Thursday, 27 August 2015. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

(1) At any time, a shareholder of a Company may appoint any individual, including an individual who is not a shareholder of that Company, as a proxy to:

   (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or

   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60 of the Act.

(2) A proxy appointment:

   (a) must be in writing, dated and signed by the shareholder; and

   (b) remains valid for:

   (c) one year after the date on which it was signed; or

      (i) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in

      (ii) subsection (8)(d) of the Act.

(3) Except to the extent that the Memorandum of Incorporation of a Company provides otherwise:

   (a) a shareholder of that Company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

   (c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:

   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii) of the Act.

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Dematerialised shareholders other than with own name registration who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the general meeting in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the general meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders and the CSDP or broker.

By order of the board

Rolfes Holdings Limited
T Swanepoel
Thursday, 30 July 2015

Company Secretary

Registered office
404 Roan Crescent Road
Midrand
(PO Box 8112, Elandsfontein, 1406)

PRINTED BY INCE (PTY) LTD REF. JOB008280

Rolfes Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 2000/002715/06)
Share code: RLF ISIN: ZAE000159836
("**Rolfes**" or "the **Company**")

FORM OF PROXY – GENERAL MEETING (*BLUE*)

All terms defined in the Circular to which this form of proxy is attached shall bear the same meanings in this form of proxy.

For use by certificated shareholders or own name dematerialised shareholders at the general meeting of the Company to be held at 404 Roan Crescent Road, Midrand, at 10:00 on Monday, 31 August 2015, or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11) of the Companies Act, as read with the Listings Requirements.

If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the general meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised shareholders who are not own name dematerialised shareholders and who wish to attend the general meeting are requested to obtain their necessary letter of representation from their CSDP or broker, as the case may be and submit same to the Transfer Secretaries to be received by no later than 10:00, on Thursday, 27 August 2015. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting.

Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 11 of the overleaf.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) (BLOCK LETTERS PLEASE)

Telephone: (WORK)(   ) Telephone: (HOME)(   )

Email address:

Identity number

being the holder of ______ certificated/own-name dematerialised shares (delete whichever is not applicable) hereby appoint

1 or failing him/her

2 or failing him/her

3 the chairperson of the general meeting

as my/our proxy to vote for me/us on my/our behalf at the general meeting of Rolfes to be held at 10:00 on Monday, 31 August 2015 or any adjournment or postponement thereof as follows:

Resolution	**For**	**Against**	**Abstain**
Ordinary Resolution Number 1 – Conclusion of the Acquisition			
Special Resolution Number 1 – Conclusion of the Share Placement			
Special Resolution Number 2 – Issue of shares to entities related to directors			
Special Resolution Number 3 – Issue of more than 30% of the issued share capital			
Ordinary Resolution Number 2 – Authority to action			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at on this day of 2015

Full name Capacity

Signature(s)

Assisted by (where applicable)

Please see the notes on the reverse side hereof.

A shareholder entitled to attend and vote at the general meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the general meeting. A proxy need not be a shareholder of the company.

On a show of hands, every Rolfes shareholder shall have one vote (irrespective of the number of Rolfes shares held). On a poll, every Rolfes ordinary shareholder shall have one vote for each share held by him.

Notes:

1. A Rolfes shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the Rolfes shareholder. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert the number of shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Rolfes shares exercisable by you, insert the number of Rolfes shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Rolfes shareholder's votes exercisable thereat. A Rolfes shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Rolfes shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Rolfes shareholder or its/his/her proxy.
3. Forms of proxy are requested to be lodged with the Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Thursday, 27 August 2015.
4. Proxy forms not lodged with the Transfer Secretaries may be handed to the chairman of the general meeting before the proxy exercises the rights of the shareholder at the general meeting.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
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 Rolfes' Transfer Secretaries or waived by the chairperson of the general meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant Rolfes shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Rolfes shareholder wish to do so.
8. The chairperson of the general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the Rolfes ordinary shareholder wishes to vote.
9. This form of proxy shall not be valid after the expiration of six months from the date when it was signed.
10. Joint holders – any such persons may vote at the general meeting in respect of such joint shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present or represented at the general meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.
11. Own name dematerialised shareholders will be entitled to attend the general meeting in person or, if they are unable to attend and wish to be represented thereat, they are requested to complete and return the attached form of proxy to the Transfer Secretaries by the time specified on the form of proxy.
12. Rolfes shareholders who hold shares in Rolfes through a nominee should advise their nominee or, if applicable, their CSDP or broker timeously of their intention to attend and vote at the general meeting or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or broker to provide them with the necessary letter of representation to do so or should provide their nominee or, if applicable, their CSDP or broker timeously with their voting instruction should they not wish to attend the general meeting in person, in order for their nominee to vote in accordance with their instruction at the general meeting.