**AH-VEST LIMITED**
**("the Company" or "AH-Vest" or "the Group")**

# INTEGRATED ANNUAL REPORT

**FOR THE YEAR ENDED 30 JUNE 2017**

**CONTENTS** **Page**

**CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT**

**COMMENTARY**

The Board of Directors ("the Board") is pleased to present the audited results for the year ended 30 June 2017. Turnover has increased to R165.5 million for the year ended 30 June 2017, compared to R142.3 million for the year ended 30 June 2016, an increase of 16.3%. This can be partly attributed to the fact that the new factory has now started to achieve its production targets and initiatives taken surrounding the Company's relocation together with continued support of the AH-Vest's customers and stakeholders are being realised.

Gross profit margins increased to 34% from 32% in the prior year. This can be attributed to increased production capacity in the factory and increased market share of our added value brands namely our Veri-Peri, All Joy Spaghetti Sauce and the Big Squeeze range. Service levels increased during the year under review.

Operating expenses have decreased marginally to 31.5% of turnover compared to 32% in the prior year.

During the current year, the Company invested a further R10.1 million (2016 – R7.2 million) on new plant and equipment and factory infrastructure as part of the on-going expansion programme. Capacity has been increased on our premier tomato sauce line that is packed in glass bottles, this will add to our production capability. This is in line with the Company's strategy to increase its volumes on added value tomato based products. During the current year, the Company received the balance of the R2.4 million expansion grant from the DTI-MCEP SCHEME.

**TOMATO PASTE PRODUCTION**

The holding company of AH-Vest, Eastern Trading Company (Pty) Limited, ('Eastern Trading") successfully commissioned and launched 36/38% brix bulk tomato paste production in June 2017 at its Tzaneen plant. The new plant has an additional daily processing capacity of 500 tons of fresh tomatoes in the season. This will improve the security of supply of tomato paste and guarantee authenticity of our main raw material, produced in South Africa, a product of Limpopo.

In FY2018, it is expected that the new tomato paste factory will produce bulk paste for the entire tomato season resulting in improved efficiencies and costs. The main objectives of this project are to promote the South African tomato industry and facilitate import substitution, reduce the dependency on imported tomato paste and promote our local tomato farmers. A canning factory has been set up in the same location to further enhance the volumes and take up the production from the farmers in the Limpopo region. These exciting developments will uplift the province that has unacceptably huge levels of unemployment. This new processing plant will increase capacity to 750 tons per day. This will achieve a major mile stone in the government's desire to support the local industry and reduce importing tomato paste.
In this regard, the Company supports the maintenance of the import tariff that was imposed on imported tomato paste to deter dumping by foreign companies and protect local farmers. The new factory has already been accredited as a FSSC 2000 approved factory.

**ENERGY CHALLENGES**

The Company is still experiencing power shortages due to Eskom not being able to supply the additional required power to the Eikenhof site in the foreseeable future. To mitigate this problem management has resorted to running day and night shifts. Eastern Trading has also begun investigating the installation of a 10MW solar farm on the Eikenhof premises. The solar farm has the potential to reduce the Company's electricity expenses by moving the Company's electricity supply requirements off the Eskom grid and to allow the Company to sell its excess electricity to Eskom. The installation of the solar farm will reflect positively on the Company's image and will save the Group long term costs and provide the Group with a sustainable long-term electricity supply. Most importantly, this will make the Company one of the first environmentally friendly factories in Africa.

**FUTURE PROSPECTS**

Despite the industry challenges mentioned above and on-going margin pressure from dominant trade customers, the Board is cautiously optimistic that the new Eikenhof factory will realise the expected volumes going into the summer of 2017, which traditionally has higher demand from our trade customers when consumers increase their consumption of our products. The Company will impress, its strong BEE status to the leading supermarket chain store groups, being one of the leading organically grown black owned and managed businesses in South Africa that offers a wide range of long shelf life, high quality food products packed in environmentally friendly bottles or cans. Eastern trading has five factories on the Eikenhof site and the envisaged benefits of shared services; warehousing and logistics are expected to positively improve competitiveness and the absorption of manufacturing overheads in the year ahead.

The leading supermarket chain store groups must recognise our offering, compliance to food safety, competitiveness and manufacturing capability; this will result in improved shelf space and greater access to market. Our consumers are aligned to our product offerings and our brands like Veri Peri and All Joy have more than 99% of its raw materials and packaging sourced in South Africa.

New plant capacity commissioned in 2017 to produce premium tomato sauce only partially realized revenue in the period under review. The full benefit of additional production capacity will be realized in the year ahead.

A new brand – Earthwise has been developed without added sugar and artificial additives. The first range of products under the Earthwise brand is produced in our holding Company's Modjadjiskloof factory in Limpopo, peeled and diced local tomatoes with onion and local olive oil with a variety of popular herbs and a first, peeled and diced onions in water canned– "No more tears". This brand will be promoted in South Africa and abroad to add to the Veri Peri – African sauce winning strategy.

The Company is now able to offer trade customers a full range of long shelf life quality bottled and canned products that offer authenticity, innovation, diversity, value and social responsibility. Earthwise will offer consumers the natural but not certified organic produce from emerging farmers in Limpopo that deliver fresh South African produce, canned fresh, without any additives.

AH Vest has the benefit of synergies derived from having a tomato processing factory located in Limpopo to produce high quality single strength tomato products that will be launched in 2018. The Company has embarked on its strategy to start exporting its added value authentically South African products into new markets. The Company has set its sights on exports to: -

1. Dubai
2. Mauritius
3. Saudi Arabia
4. Seychelles
5. Russia
6. China
7. 10 African countries

AH Vest started its first factory in 1988 and that 30-year anniversary milestone will be celebrated in 2018, continuing with its credo of "Value makes friends and quality keeps them".

The Company is committed to growing its exports in strategically targeted countries promoting its authentically South African brands and expects the export efforts to gain traction in FY2018. The Company is optimistic about continued growth prospects for the future.

I would like to thank all my fellow Board members, staff suppliers and our valued customers for the continued support to the Company. We would like to strengthen these relationships going forward into the future.

**I E Darsot**
**Johannesburg**
11 December 2017

**SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT**

This sustainability and corporate governance report has been prepared for the period under review and to the date of the finalisation of this Annual Report, including the Annual Financial Statements and related reports, being 11 December 2017.

The directors of AH-Vest are pleased to present the Group's fifth integrated sustainability and corporate governance report to stakeholders since the change in control of AH-Vest. This will be a continuous process to move closer to the goals of sustainable development and to demonstrate AH-Vest's commitment to those goals. As can be expected this is a major task and for this reason AH-Vest has decided to adopt a staggered approach.

Over the next few years the Board will strive to broaden and deepen the contents of this report. This will be done in conjunction with the Group's stakeholders to ensure meaningful, understandable and useful information is available on a timely basis, thus achieving true transparency and building a trusting relationship with all stakeholders. Shareholders are also referred to the Chairman and Chief Executive Officer's Report and the Report from the Social and Ethics Committee for further information on events during the year.

The activities of the operations in which AH-Vest has management control are included in this report.

The Group will adopt the principals of King IV to the extent required by companies listed on the Alternative Exchange ("AltX") of the JSE. Notwithstanding compliance with King IV, the Board still embraces the principles of King III being fairness, accountability, responsibility and transparency and will also apply King IV (together the "King Code") as set out in the JSE Listings Requirements.

The formal steps taken by the Directors in ensuring that King IV is complied with are as follows:

**BACKGROUND, INCORPORATION AND NATURE OF BUSINESS**
AH-Vest was registered and incorporated as a private company in the Republic of South Africa in 1988 under the name All Joy Foods Proprietary Limited and was converted to a public company on 7 December 1998. The Company transferred its listing from the Venture Capital Market to the Alternative Exchange ("Alt$^{X}$") of the JSE Limited in 2004, and the name was changed on 24 December 2008 to AH-Vest Limited.

**INDUSTRY AND BUSINESS OVERVIEW**
AH-Vest is involved in the manufacturing and sale of food products and operates principally in South Africa.

**INTEREST IN SUBSIDIARIES**
The Company has two subsidiaries, namely All Joy Property Holdings Proprietary Limited and All Joy Foods Proprietary Limited. Details of the Company's investment in subsidiaries are detailed in the notes to the Annual Financial Statements. All Joy Property Holdings Proprietary Limited disposed of a property it held two years ago, which property formerly housed the head office of the Company. Both subsidiaries are now dormant shell companies.

**THE STRUCTURE OF THE BOARD**
AH-Vest is governed by a unitary board which is assisted in fulfilling its duties by an audit committee. The audit committee also looks at risk matters.

The Board, which is chaired by an executive chairman, is scheduled to sit at least four times a year, but may meet more frequently if circumstances require it to do so. The Executive Chairman also acts as the Chief Executive Officer, which is permitted in accordance with the JSE Listings Requirements of the AltX. The Company has accordingly appointed a lead independent director.

The directors bring a wide range of experience, diversity, insight and independence of judgement on issues of strategy, performance, resources and standards of conduct, to the Board.

AH-Vest's memorandum of incorporation states that the shareholders shall be entitled, by ordinary resolution, to determine such maximum number of directors as they, from time to time, shall consider appropriate. The names and credentials of the directors in office during the 2017 financial period are detailed in the directors' report as contained in this annual report.

**INDEPENDENCE OF THE BOARD AND BOARD BALANCE**
The Board comprised of 10 directors, comprising seven executive directors and three independent non-executives. Although the Board balance needs to be improved, the independent non-executive directors on the Board help to maintain a balance of power and ensure independent decision making. The independent non-executive directors offer independent judgement and there are no extraneous factors that could materially affect their judgement. Fees earned by the non-executive directors are market-related, albeit on the low end. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the new Companies Act, is excluded from the related decision-making process.

**BOARD RESPONSIBILITIES**
The Board is ultimately responsible for the Company's performance and affairs, which includes protecting and enhancing the Company's wealth and resources, timely and transparent reporting and acting at all times in the best interest of the Company and its stakeholders. In fulfilling this responsibility, the Board oversees the strategy, acquisition and disinvestment policy, risk management, financing and corporate governance policies of the Company.

The Board is responsible for ensuring that controls and procedures are in place to ensure the accuracy and integrity of accounting records so that they provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. The directors' statement of responsibility is set out on pages 28 to 29 of this report.

The Board ensures that the Company complies with relevant laws affecting the Group and the industry in which it operates. The Board of directors have a working understanding of the relevance and implications of non-compliance with the various Acts and JSE Listings Requirements.

**APPOINTMENTS TO THE BOARD**
The Company does not have a nomination committee and thus the formal process for board appointments is by way of board approval after receiving nominations for a board appointment and considering the relevant experience and profile of the nominated person. Any new appointments/delegations are considered by the board as a whole.

New directors appointed to the Board during the year are appointed in accordance with the casual vacancy provisions of the Company's memorandum of incorporation, automatically retire at the next annual general meeting and their re-appointment is subject to the approval of shareholders at such annual general meetings. On appointment, new directors receive an induction pack, consisting of, *inter alia*, the memorandum of incorporation of the Company, Section 3 of the JSE Listings Requirements relating to continuing obligations of listed companies, minutes of board meetings for the prior 12 months, resolutions passed during the prior 12 months, all announcements published on SENS in the prior 12 months and an explanation of and copies of the directors' declarations of interest. In addition, new directors are required to attend the Directors' Induction Program in accordance with the JSE Listings Requirements, which course is run by the Institute of Directors.

One third of the non-executive directors retires by rotation each year and is eligible for re-election by shareholders in accordance with the memorandum of incorporation. The memorandum of incorporation does not specify an age for retirement of directors.

**ADVICE**

The directors all have unlimited access to the Company Secretary who, *inter alia*, advises the Board and its committees on issues relating to compliance with procedures, the JSE Listings Requirements and the King reports on corporate governance. Directors are furthermore, with the prior knowledge of the chief executive officer, entitled to ask any questions of any personnel and enjoy unrestricted access to all Company documentation, information and property.

**BOARD AND COMMITTEE MEETINGS AND ATTENDANCE THEREOF**

The directors are briefed in respect of special business and information is provided to enable them to give full consideration to matters under discussion. Meeting packs are prepared and distributed for each board and sub-committee meeting and minutes of all board and committee meetings are duly recorded.

**CHANGE IN DIRECTORS**

There were no changes in the Company's directors during the year under review to the date of posting of the annual report.

| Director | Date appointed | Role |
|---|---|---|
| MT Pather | 18 March 1989 | Executive director |
| IE Darsot | 17 August 2012 | Chairman and Chief Executive Officer |
| MNI Darsot | 17 August 2012 | Executive director |
| BI Darsot | 17 August 2012 | Executive director |
| SI Darsot | 17 August 2012 | Executive director |
| R Darsot | 17 August 2012 | Executive director |
| H Takolia | 10 December 2012 | Independent non-executive |
| MS Appelgryn | 12 December 2012 | Lead Independent non-executive |
| JJ Du Plooy | 16 October 2013 | Independent non-executive |
| C Sambaza | 21 October 2013 | Financial director |

Three Board meetings were held during the financial year ended 30 June 2017:

| Member | 12/10/2016 | 23/02/2017 | 28/06/2017 |
|---|---|---|---|
| H Takolia | √ | √ | √ |
| MS Appelgryn | √ | √ | √ |
| IE Darsot | √ | √ | √ |
| MT Pather | √ | √ | A |
| MNI Darsot | √ | A | √ |
| BI Darsot | √ | A | A |
| SI Darsot | A | √ | √ |
| R Darsot | A | √ | A |
| C Sambaza | √ | √ | √ |
| JJ Du Plooy | A | √ | √ |
| Designated Advisor | √* | √* | √* |
| Company Secretary | √* | √* | √* |

*√ - In attendance* *A – Absent with apologies tendered* *√* - By invitation*

The December Board meeting was not held due to it being an unusually busy season for the Company. However, the board is committed to holding at least four board meetings per annum going forward.

**BOARD COMMITTEES**

Sub-committees appointed by the Board include the audit committee and the social and ethics committee. These committees meet independently but report directly to the Board and decisions taken by the committees require approval of the Board prior to implementation.

Three audit committee meetings were held during the financial period ended 30 June 2017. The committee operates in terms of an approved audit charter, which defines its role. The committee reviews its charter as and when appropriate, take cognisance of changes to the Companies Act, King Code and the JSE Listings Requirements. Details of the sub-committee, including responsibilities and members, are described further in the annual report.

As the audit committee is a statutory committee under the Companies Act and, in terms of the recommendations set out in the King Code, shareholders are required to elect the members of this committee at each AH-Vest annual general meeting.

**AUDIT COMMITTEE**

The audit committee comprises the following members:

| Member | Role |
|---|---|
| MS Appelgryn | Chairperson |
| H Takolia | Member |
| JJ Du Plooy | Member |

The committee comprised three independent non-executive directors during the year under review. The chief executive officer, the financial director, and the external auditors attend meetings of the committee as invitees or when required. During the period under review, a representative of the designated advisor and the Company Secretary attended all audit committee meetings. The committee acts in accordance with written terms of reference as confirmed by the Board, which terms set out its authority and duties and, which terms were reviewed during the year.

The primary mandate of the committee is to ensure the independence of the external auditors, evaluate the Group's systems of internal financial and operational control, fraud and IT risks as they relate to financial reporting, review accounting policies and financial information to be issued to the public, facilitate effective communication between the board, management and the external auditors, recommend the appointment of, and determine the fees payable to the external auditors and determine and approve the level of non-audit services provided by the external auditors. The committee furthermore approves the audit plan, reviews the interim and annual results before recommending them to the Board for approval, and discusses these results and the audit process with the external auditors.

Three audit committee meetings were held during financial period ended 30 June 2017. The attendance record of members of the audit committee at meetings is shown below:

| Attendees | 12/10/2016 | 23/02/2017 | 28/06/2017 |
|---|---|---|---|
| H Takolia | √ | √ | √ |
| MS Appelgryn | √ | √ | √ |
| IE Darsot | √* | √* | √* |
| MT Pather | √* | √* | A * |
| R Darsot | A * | √* | A * |
| C Sambaza | √* | √* | √* |
| JJ Du Plooy | A | √ | √ |
| Designated Advisor | √* | √* | √* |
| Company Secretary | √* | √* | √* |
| Auditors | √* | √* | √* |

*√ - In attendance*
*A – Absent with apologies tendered*
** – By invitation, not a committee member*

Nexia SAB&T Chartered Accountants Inc. ("Nexia SAB&T"), with Muhammed Fazel Sulaman as the audit partner, was appointed as auditors during the year and acted as the Company's auditors for the period ended 30 June 2017. Mr A Darmalingam has been appointed as the designated audit partner from the financial period ended 30 June 2018 and will continue in office in accordance with section 90 of the Companies Act, 2008 (Act 71 of 2008) ("the Act" or "the Companies Act"), subject to shareholder approval. The audit committee has confirmed that it is satisfied with the independence of the auditors in accordance with section 94(7) (a) of the Act.

**RISK COMMITTEE**
The Company does not currently have a risk committee due to its size. The audit committee currently handles all issues that would have otherwise been handled by a risk committee, and advises the Board accordingly. The Board is responsible for the governance of risk and setting levels of risk tolerance.

**REMUNERATION AND NOMINATION COMMITTEE**
The Company does not currently have a Remuneration and Nomination committee due to the size of the Company. At the request of the Board, the audit committee handles issues that would have otherwise been handled by a Remuneration and Nomination committee, and advises the Board accordingly.

**SOCIAL AND ETHICS COMMITTEE**
In compliance with the Act, one non-executive director, is a member of this committee. The Social and Ethics Committee consisted of the following directors as at 30 June 2017:

| Member | Role |
|---|---|
| H Takolia | Chairperson |
| M Pather | Member |
| BI Darsot | Member |

One Social and Ethics committee meeting was held during financial period ended 30 June 2017. The attendance record of members of the social and ethics committee at meetings is shown below:

| Attendees | 23/02/2017 |
|---|---|
| H Takolia | √ |
| MT Pather | √ |
| BI Darsot | A |
| Designated Advisor | √* |
| Company Secretary | √* |

*√ – In attendance*
*A – Absent with apologies tendered*
** – By invitation, not a committee member*

**PROMOTION OF GENDER AND RACE DIVERSITY**
In terms of paragraph 3.84(k) of the JSE Listings Requirements, the Board is required to have a policy on the promotion of gender diversity at board level. Furthermore, King IV requires a policy on race diversification.

The Board recognises the need for gender and race diversification and has embraced race diversification from date of listing. Currently eight of its ten directors are black. However, there are no female members on the board. A simple policy has been agreed that for future Board appointments, female or black candidates will be preferred where qualifications and/or experience are equal. It is the intention of the Board to appoint a female board member with relevant experiences and skills in the foreseeable future. Shareholders will be advised as soon as such appointments have been made.

**FEES PAID TO NON-EXECUTIVE DIRECTORS**
The fees payable to non-executive directors are structured on a per meeting basis and the proposed fees for the forthcoming year are set out below. Shareholders are required to approve these non-executive directors' fees.

| | Chairman | Member |
|---|---|---|
| Board | N/A | R8 850 (per meeting) |
| Committees | R17 650 (per meeting) | R8 850 (per meeting) |

Details of remuneration, fees and other benefits earned by directors in the past year are disclosed in note 31 to the annual financial statements. The chairman of the board does not receive a fee as he is an executive director.

**ACCOUNTING AND INTERNAL CONTROLS**
The board has established controls and procedures to ensure the accuracy and integrity of the accounting records are enhanced and maintained, and to provide reasonable assurance that assets are safeguarded from loss or unauthorised use, and that the financial statements may be relied upon for maintaining accountability for assets and liabilities and preparing the financial statements. In the past year, there has been a focus on changing and improving the accounting systems and controls.
The directors' responsibility statement is set out on pages 28 to 29 of this annual report.

**INTERNAL AUDIT**
The Company does not currently have an internal audit function but relies on the advice of the external auditors to recognise the internal control risks and to advise management and the board about possible remedies. The internal control environment has been substantially strengthened recently and new, yet standard, software has been introduced, which further reduces the risk of the control environment. The audit committee continues to evaluate the possibility of implementing an internal audit function and internal audit is a standing agenda item for discussion at each audit committee meeting.

**EXTERNAL AUDIT AND AUDITORS**
The Group's auditors, Nexia SAB&T, perform an independent and objective audit on the Group's financial statements. Interim reports are not audited, but are discussed with the auditors. The audit committee approves the audit plan and reviews the audit fees for the audit. The auditors have unrestricted access to the audit committee and are invited to attend all audit committee meetings.

The re-appointment of the auditors is reviewed annually by the audit committee. The audit committee has confirmed that the external auditors are considered to be independent, and the external auditors have confirmed that none of their staff have any conflict of interest with regards to the Company.

**BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)**
The Group supports the principles embodied in the Code of Good Practice on B-BBEE and has focused management effort on achieving alignment with the Code. AH-Vest has undertaken an external B-BBEE rating and has achieved a rating as a Level 3 contributor (2016: Level 3 contributor. The Groups' B-BBEE rating is monitored on a regular basis and management has the authority and responsibility to take the necessary steps to further improve its rating. With various initiatives that are in place the Group is confident of improving its rating.

**INTERESTS OF DIRECTORS AND SHARE DEALINGS**
The register of interests of directors in contracts is available to members of the public on request. The direct and indirect interests of directors as at 30 June 2017 are as follows:

| **Shareholder** | **Beneficially held** | | **Total shares** | **Total** |
|---|---|---|---|---|
| | **Direct** | **Indirect** | | **%** |
| IE Darsot (through Eastern Trading and Farm Foods) | - | 95 283 882 | 95 283 882 | 95.56% |
| **Total** | **-** | **95 283 882** | **95 283 882** | **95.56%** |

The direct and indirect interest of directors as at 30 June 2016 was as follows:

| **Shareholder** | **Beneficially held** | | **Total shares** | **Total** |
|---|---|---|---|---|
| | **Direct** | **Indirect** | | **%** |
| IE Darsot (through Eastern Trading and Farm Foods) | - | 95 283 882 | 95 283 882 | 93.44% |
| **Total** | **-** | **95 283 882** | **95 283 882** | **93.44%** |

There has been no change in the directors' interests since year end to the date of this report.

**TRADING COMPANY SHARES**

The Company enforces a restricted period for dealing in its shares, in terms of which any dealings in shares by all directors and senior personnel is disallowed by the Board from the date of the reporting period to the time that results are released and at any time that such individuals are aware of un-published price sensitive information, whether the Company is trading under cautionary announcement as a result of such information or not.

The policy for and dealing in shares by all directors and senior personnel is that clearance to deal must be obtained from at least one of the following nominated directors, being the Chairman and Chief Executive Officer or the chairman of the audit committee. If any of the above persons requires clearance, one of the other two persons will approve such transactions.

Directors are required to report share dealings to the Company Secretary within the time frames set out in the JSE Listings Requirements and the Company is required to release the details of any such trades on SENS no later than 24 hours after receiving such notification.

**COMPANY SECRETARY**

The Company has appointed Arbor Capital Company Secretarial Proprietary Limited ("ACCS") to act as the Company Secretary. An independent and arm's-length relationship exists due to the fact that ACCS provides outsourced company secretarial services and is not a director or shareholder in AH-Vest. The professionalism and independence of ACCS is thus maintained.

The board of directors has considered and satisfied itself on the competence, qualifications and experience of the Company Secretary. In considering this assessment, the Board considered the experience and qualifications of the employees of the Company Secretary as well as the fact that the Company Secretary provides outsource services to other listed companies. The directors assess the on-going competency of the Company Secretary on an annual basis and in compliance with section 3.84(i) of the JSE Listings Requirements.

It is the responsibility of the Company Secretary to monitor changes and developments in corporate governance and, together with the executive directors, to keep the Board updated in this regard. The Board reviews any changes and appropriate measures are implemented to comply in such a way so as to support sustainable performance.

The Company Secretary is appointed and removed by the Board. All directors have access to the advice and services of the Company Secretary and to company records, information, documents and property in order to participate meaningfully in board meetings.

**CODE OF ETHICS**

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all of its stakeholders.

In adhering to its code of ethics, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of needs; and
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

**KING IV PRINCIPLES**

In terms of introduction of King IV and recent communication from the JSE, all companies listed on the JSE from September 2017 will be required comply with King IV. Companies listed on the AltX are only required to comply with the King Code disclosure and application regime to the principles set out in Part 5.3: Governing Structures and Delegation of the King Code. Where practical, the Board will endeavour to comply with the 17 Principles set out in King IV where, in the view of the Board, they apply to the business. The Principles embody the aspirations of the journey towards good corporate governance.

The 17 King IV Principles and the extent of the company's compliance are set out in the table below:

| Principle | Description | Extent of compliance |
|---|---|---|
| **1** | The governing body should lead ethically and effectively | The Board is of the view that Company's leadership operate in an ethical manner |
| **2** | The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. | The Board supports the establishment of an ethical culture throughout Group and seeks to lead the company in an ethical manner. |
| **3** | The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen. | The Board considers AH-Vest is a responsible corporate citizen and has developed a number of initiatives in this regard including import replacement and ensuring food quality. Other initiatives include the sponsorship of a local soccer team that participates in local league. |
| **4** | The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. | The Board is of fully aware and unreservedly appreciates all the elements of value creation process. This can be seen in the Group's turnaround and improving financial performance over the years, with a focus on sustainability. |
| **5** | The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects. | All reports issued by the company contain sufficient information to enable stakeholders to make informed assessments of the Company's performance and its short, medium and long-term prospects. This approach will apply for all future reports disseminated by the Company. |
| **6** | The governing body should serve as the focal point and custodian of corporate governance in the organisation. | The Board has put together policies throughout the Group which ensure that the Company's corporate governance procedures are consistently adequate. |
| **7** | The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively | All members of the Board have the requisite skills and knowledge from diverse backgrounds. The Board has seven executive directors and three independent non-executive directors. Curriculum Vitae of the Directors are set out on page 118 of this Integrated Annual Report |

| Principle | Description | Extent of compliance |
|---|---|---|
| 8 | The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties. | The independent directors have been appointed to ensure that a greater level of independence is maintained in all business matters of the Board, although the balance of the board is weighted in favour of executive directors. The Company has a lead independent director as the roles of the CEO and Chairman are not separated. |
| 9 | The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness | The Board has sub-committees in place. Each committee has its own charter which sets out rules for the Committee and its members and allows for members to be assessed annually. This assessment process has not yet been undertaken due to the historical focus on turning the company around and the relocation of facilities. However, the restructuring is complete and this will be considered in due course. |
| 10 | The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities. | Service agreements have been signed by all Executive Directors. These agreements set out roles and responsibilities and the effective exercise of authority of each Director. |
| 11 | The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. | The Audit and Risk Committee has undertaken to ensure that all risks pertaining to the business of the Company are continually assessed in a way that supports the Company in setting and achieving its strategic objectives. |
| 12 | The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives. | The board has oversight over the IT function and information and a conversion project to improved (yet standard) software has been undertaken in order to improve the IT environment as well as reporting. |
| 13 | The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. | The Company is primarily governed by the Companies Act, the JSE Listings Requirements for the AltX and a number of other applicable laws. The Board undertakes to comply with and any laws that the company is required to comply with from time to time and is assisted in part by the Social and Ethics Committee. |
| 14 | The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. | AH-Vest Holdings has a remuneration policy in place to ensure that management is appropriately remunerated. The policy will be tabled for shareholder approval at annual general meetings of the Company to ensure further transparency. The Board will assess market trends in remuneration |

| Principle | Description | Extent of compliance |
|---|---|---|
| | | and adjust the Company's remuneration if need be. However, the majority of the executive directors are represented by the controlling shareholder and thus the remuneration is not necessarily a key factor in achieving the strategic objectives. |
| **15** | The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports. | The Audit Committee annually reviews the expertise, resources and experience of the company's finance function, including the chief financial officer. This role is also assessed through the Board and Committee evaluations process. The reports of the external auditor are also considered in assessing the reliance and support of both internal and external reports. |
| **16** | In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. | The Company has a website where all financial reports, business updates and any other information is made available to ensure that stakeholders are kept abreast with the Company's developments. The board understands the risk of reputation, not only of the group but also its products and regularly engages with the various stakeholders in the supply chain |
| **17** | The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests. | AH-Vest does not operate as an institutional investor |

**DESIGNATED ADVISOR**

In accordance with the JSE Limited's Listings Requirements relating to companies listed on the Alt$^{X}$, the Company is required to appoint a designated advisor at all times. The Company's designated advisor is Arbor Capital Sponsors Proprietary Limited.

**RISKS**

The Group implemented a risk matrix that will continue to be improved upon to make it more comprehensive. All potential risks are timeously brought to the Board's attention. The financial director has already implemented a process of updating the comprehensive risk matrix for the Company in order to properly assess and address risks facing the group.

**STAKEHOLDERS**

The Group is committed to on-going and effective communication with all stakeholders, and subscribes to a policy of open and timeous communication. In addition, the Group recognises that there are many varying stakeholders within the business, with differing requirements.

**SOCIAL AND ETHICS COMMITTEE REPORT**

This Committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of section 72(4) of the Companies Act, 2008, read with regulation 43 (2) of the Companies Regulations, 2011 as well as King IV, which states that all listed public companies must establish a Social and Ethics Committee.

AH-Vest values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Company's staff, as well as others acting on the Company's behalf, remain key to maintaining these standards. It is in this regard a Social and Ethics Committee was established by the Board to consider and monitor the moral and ethical conscience of AH-Vest.

**Composition of the Committee**

The Social and Ethics Committee (the "Committee") comprised of Mr Haroon Takolia (Independent Non-executive) as Chairman of the Committee and Messrs Marci Pather and Bilaal Darsot, both executive directors, as members during the year under review. The Committee met once during the year under review. The Committee received feedback from management and reports on any significant matters to the audit committee or the Board in terms of its mandate.

**Role of the Social and Ethics Committee and execution of its mandate**

The Social and Ethics Committee performs an oversight, monitoring and reporting role to ensure that the Group's business is conducted in an ethical and properly governed manner and to develop and review policies, governance structures and existing practices which guide the Company's approach to new and emerging challenges.

To monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

(i) Social and economic development, including the Company's standing in terms of the goals and purposes of:
  - (aa) the 10 principles set out in the United Nations Global Compact Principles (UNGCP);
  - (bb) the Organisation for Economic Co-operation and Development ("OECD") recommendations regarding corruption;
  - (cc) the Employment Equity Act; and
  - (dd) the Broad-Based Black Economic Empowerment Act.

(ii) Good corporate citizenship, including the Company's:
  - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - (cc) record of sponsorship, donations and charitable giving.

(iii) The environment, health and public safety, including the impact of the Company's activities and of its products or services.

(iv) Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and

(v) Labour and employment, including:
  - (aa) the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions;
  - (bb) the Company's employment relationships and its contribution toward the educational development of its employees;
  - (cc) to draw matters within its mandate to the attention of the Board as occasion requires; and
  - (dd) to report, through one of its members, to shareholders at the Company's annual general meeting on the matters within its mandate.

**Procedures and Responsibilities**
The responsibilities and functions of the Committee which are aligned with the Committee's statutory functions as set out in the Companies Act formed the basis of the work plan for 2016/2017. These activities are as follows:

During the year under review the Committee attended to the matters relating to the work plan above and reports to the Board. AH-Vest has realised that the monitoring of the above and conforming to the above will be an on-going work in progress within the Company structure.

However, AH-Vest has also adhered to the following matters, as mentioned above, with formal policies being implemented to address these:

1. **Social and Economic Development**. AH-Vest adheres to the principles set out in the UNGCP and the OECD recommendations on corruption. AH-Vest meets the labour law requirements of the Employment Equity Act (No. 55 of 1988) and has formal policies on bribery and corruption and protected disclosures.

2. **Good Corporate Citizenship and Social Responsibility**. AH-Vest subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act. No incidents have been reported. In addition, management has continued conducting motivational discussions and allowing university students to tour the factory and view the operations. The Company has conducted a number of programmes which accommodate 40 students from first year to fourth year per visit. The Company also encourages graduate students to apply for vacancies/ positions within the Company.

3. **The Environment, Health and Public Safety**. AH-Vest subscribes to and is compliant with the Occupational Health and Safety Act as well as Food Safety Standards. The Company conducted the annual Food Safety Audit ("FSA") during the period under review and achieved 88.6%. The FSA is a general audit which incorporates safety, health and environment. Currently the Company does not have the Hazard Analysis Critical Control Point ("HACCP") certificate but has the local SABS ISO equivalent of HACCP. Going forward the Company aims to acquire FSSC22000 approval. No environment, health and public safety incidents have been reported during the period.

4. **Consumer Relations**. AH-Vest subscribes to and is compliant with the Consumer Protection Act (No. 68 of 2008). No incidents have been reported.

5. **Labour and Employment**. AH-Vest supports and adheres to the terms of the International Labour Organisation Protocol. AH-Vest is compliant with the following Acts, Basic Conditions of Employment Act No. 75 of 1997, Labour Relations Act No. 66 of 1995, Skills and Development Levies Act No. 9 of 1999 and the Unemployment Insurance Act No. 63 of 2001.

6. **B-BBEE**. The Company undertook to study, understand and familiarise themselves with the new BEE codes, which process is now complete. The Company achieved a Level 3 score during the period under review.

**Conclusion**

The committee is of the view that the group takes its environmental, social and governance responsibilities seriously. No substantive non-compliance with legislation and regulation or non–adherence with codes of best practice, relevant to the areas within the committee's mandate, has been brought to its attention. The committee has no reason to believe that any such non-compliance or non-adherence has occurred.

The committee recognises that management will be responding to the increased attention from stakeholders on social and economic development in a responsible, proactive and sustainable fashion.

**Haroon Takolia**
**Chairman**

**11 December 2017**

**AH-VEST LIMITED**

(Registration number 1989/000100/06)

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**

## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | AH-Vest is involved in the manufacturing and sale of food products and operates principally in South Africa |
| **Directors** | IE Darsot<br>MT Pather<br>MNI Darsot<br>SI Darsot<br>R Darsot<br>BI Darsot<br>C Sambaza<br>MS Appelgryn<br>JJ Du Plooy<br>H Takolia |
| **Registered office and business address** | 15 Misgund Road, Eikenhof, Johannesburg, 1872 |
| **Postal address** | P O Box 100, Eikenhof, 1872 |
| **Holding company** | Eastern Trading Proprietary Limited trading as Darsot Food Corporation |
| **Bankers** | Nedbank<br>Standard Bank<br>ABSA Bank |
| **Auditors** | Nexia SAB&T Chartered Accountants (SA)<br>Registered Auditors |
| **Secretary** | Arbor Capital Company Secretarial Proprietary Limited |
| **Level of assurance** | These financial statements have been audited in compliance with the applicable requirements of the Companies Act |
| **Preparer** | C Sambaza, Financial Director (CA) (SA) (CA)(Z) |
| **Published reviewed results on SENS** | 13 October 2017 |

**Index** **Page**



**Preparer**

Mr C Sambaza
Financial Director (CA) (SA) (CA) (Z)

**Report of the Audit Committee**

We are pleased to present our report for the financial year ended 30 June 2017.
The audit committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the audit committee by the board of directors of the group. This report includes both these sets of duties and responsibilities.

## 1. Audit Committee Members

The members of the audit committee are all independent non-executive directors of the group and include:

| Name | Title |
|---|---|
| MS Appelgryn | Independent Non-Executive Director |
| H Takolia | Independent Non-Executive Director |
| JJ du Plooy | Independent Non-Executive Director |

## 2. FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

### 2.1 Statement of audit committee responsibilities for the period ended 30 June 2017

The role of the audit committee is to assist the board by performing an objective and independent review of the functioning of the organization's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The committee is guided by its terms of reference, dealing with membership, structure and levels of authority and has the following responsibilities:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Nominating for appointment a registered auditor who, in the opinion of the audit committee, is independent of the company;
- Matters relating to financial accounting, accounting policies, reporting and disclosure;
- Internal and external audit policy including determination of fees and terms of engagement;
- Activities, scope, adequacy, and effectiveness of the internal audit function, where applicable, and audit plans;
- Review/consideration of expertise and experience of the financial director and financial team;
- Review/approval of external audit plans, findings, reports, fees and determination and approval of any non-audit services that the auditor may provide to the company;
- Compliance with the Code of Corporate Practices and conduct; and compliance with the company's code of ethics

The audit committee addressed its responsibilities properly in terms of the charter during the period under review. The audit committee has established a non-audit services policy as well as an approval process for non-audit services, where utilized. During the period under review and to the date of this report no non-audit work were utilized

## 3. FREQUENCY OF MEETINGS

In accordance with the JSE Listings Requirements, a representative of the designated advisor attends all audit committee meetings.

During the year under review three meetings were held and details of attendance by audit committee members, invitees and the designated advisor at these meetings are set out in the corporate governance report.

The committee met three times during the year ended 30 June 2017.

## 4. EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR

As required by paragraph 3.84(h) of the JSE Listings Requirements, the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

## 5. INTERNAL AUDIT

Based on the size of the company, the accounting packages and systems used in considering information and explanations given by management together with discussion held with the external auditors on the results of their audit, the company has not implemented a separate internal audit function during the 2017 financial period.

The audit committee is of the opinion that AH Vest's system of internal controls is effective and forms a basis for the preparation of reliable financial statements. The consideration of internal audit remains a standing agenda item and is reconsidered at each audit committee meeting. The committee also serves as a link between the board of directors and the auditors. The committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

## 6. FINANCIAL STATEMENTS

Management has reviewed the financial statements with the audit committee and the audit committee has reviewed them without management or external auditors being present. The quality of the accounting policies, as well as accounting systems, is discussed with the external auditors.

**CONCLUSION**

We have confirmed that Nexia SAB&T are independent of the group. The audit committee considers the financial statements of AH-Vest Limited to be a fair presentation of its financial position on the 30 June 2017 and of the results of the operations, changes in equity and cash flows for the period ended then, in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

**MS Appelgryn**
**Chairman Audit Committee**
**10 November 2017**

**Directors' Responsibilities and Approval for the year ended 30 June 2017**

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements for the group ("annual financial statements") and related financial information included in this report.

It is the directors' responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act. The external auditors are engaged to express an independent opinion on the annual financial statements.

The consolidated annual financial statements are prepared in accordance with IFRS and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have reviewed the group's cash flow forecast for the period ended 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

Nexia SAB&T is responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 28 to 31.

The annual financial statements and the consolidated annual financial statements of AH-Vest Limited and its subsidiaries for the year ended 30 June 2017, as set out in pages 35 to 88, which has been prepared on the going concern basis, were approved by the board of directors on 10 November 2017 and signed on its behalf by:

| | |
|---|---|
| **IE Darsot** | **C Sambaza (Preparer)** |
| **Chairman and Chief Executive Officer** | **Financial Director** |

**Johannesburg**
10 November 2017

## Group Secretary's Certification

### Declaration by the Group secretary in respect of Section 88(2) (e) of the Companies Act

In terms of section 88(2) (e) of the Companies Act, we certify that to the best of our knowledge and belief the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act, in respect of the financial period ended 30 June 2017, and that all such returns are true, correct and up to date.

**Arbor Capital Company Secretarial Proprietary Limited**
(Registration Number 1998/025284/07)
**Company Secretary**

10 November 2017

accountants | auditors | consultants

119 Witch-Hazel Avenue
Highveld Technopark
Centurion
P O Box 10512
Centurion
0046
T: +27 (0) 12 682 8800
F: +27 (0) 12 682 8801
www.nexia-sabt.co.za

**Independent Auditors' Report**

**To the Shareholders of AH-Vest Limited**

**Report on the Audit of the Consolidated Annual Financial Statements**

**Opinion**

We have audited the consolidated annual financial statements of AH-Vest Limited and its subsidiary (the group) set out on pages 35 to 88, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Annual Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition** | |
| As disclosed in note 22, the consolidated financial statements include revenue of R165 495 292.<br><br>The Group has a number of clients, with contractual terms, generating revenue on a monthly basis, which increases the risk associated with recognition and measurement of revenue.<br><br>Furthermore, the accuracy, completeness and validity of the revenue recorded are significantly reliant on the efficient and effective operation of the billing system.<br><br>Revenue recognition and measurement is therefore considered to be a key audit matter due to the number of clients with contractual terms and services. | As part of our response to these key audit matters, our audit work included, but was not restricted to, the following:<br><br>• Verified that the revenue recognition and measurement policies adopted and implemented were in terms of IFRS;<br>• Verified that the revenue recognised in the financial system was accurately recognised and measured in terms of the customer contractual agreements;<br>• Verified that where there were customer contracts in place, the customers were invoiced in terms of these contracts; and<br>• We selected transactions before and after the reporting period end, to confirm the transactions were recognised in the correct financial period.<br><br>We found that the recognition and measurement of revenue was appropriate. |

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Consolidated Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of AH-Vest Limited and its subsidiary for 5 years.

Nexia SAB&T

**Nexia SAB&T**
Registered Auditors
Per: M.F Sulaman
Director
10 November 2017

119 Witch-Hazel Avenue
Centurion
0152

**Directors' Report**

The directors present their report for the year ended 30 June 2017.

**1. Review of financial results and activities**

The consolidated annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The consolidated operating results and statement of financial position of the Group are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment.

**Main business and operations**

The principal activity of AH Vest is the manufacture and sale of food products and operates principally in South Africa and there were no changes herein during the year.

**2. Going concern**

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

**3. Events after reporting date**

All events subsequent to the date of the consolidated annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

There is a material legal or arbitration proceeding, which includes a proceeding that is pending or threatening the company which may have, or has had, in the recent past, being at least 12 months from date of this report, a material effect on the group's financial position. This includes:

As reported in the 30 June 2016 annual financial statements the Enforcement Committee of the FSB imposed a penalty of R 1 500 000 on AH Vest Limited. The penalty was levied for an accounting error that occurred in a previous year's annual financial statement. AH Vest Limited prepared an appeal against the findings of guilt and the administrative penalties imposed by the Enforcement Committee of the FSB. No provision had been raised for this penalty as the AH Vest legal representatives and director's best estimates indicated that it was not likely that the penalty would be enforced by the FSB appeal board. After the 30 June 2017 year end the Supreme Court of Appeal ruled against the company and dismissed the case. The company believes that this ruling is unconstitutional and the company is in the process of lodging an appeal in the Constitutional Court. Notwithstanding the proposed appeal a full provision of the penalty has been made amounting to R1 500 000. There are contingent legal fees to settle the other party if the company is not successful in its Constitutional Court bid. At this stage, it is too early to quantify the quantum of the costs.

**4. Directors' interest in contracts**

To our knowledge none of the directors had any interest in contracts entered during the year under review.

**5. Holding company**

The group's holding company is Eastern Trading Proprietary Limited trading as Darsot Food Corporation which holds 95.56% (2016:95.56%) of the group's equity. Eastern Trading Proprietary Limited is incorporated in South Africa.

**6. Authorised and issued share capital**

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

## 7. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the Directors may exercise all the powers of the company to borrow money, as they consider appropriate.

## 8. Dividend

No dividend was declared nor paid to shareholders during the year.

## 9. Directors

The directors of the company during the year and to the date of this report are as follows:

| | Date appointed | Date re-appointed | Position held |
|---|---|---|---|
| IE Darsot | 17 August 2012 | | Chief Executive Officer and Chairman |
| C Sambaza | 21 October 2013 | | Financial Director |
| MS Appelgryn | 12 December 2012 | 19 February 2015 | Lead Independent Non-Executive Director |
| SI Darsot | 17 August 2012 | | Operations Director |
| R Darsot | 17 August 2012 | | Executive Director |
| BI Darsot | 17 August 2012 | | Human Resources Director |
| JJ du Plooy | 16 October 2013 | 23 February 2016 | Independent Non-Executive Director |
| MT Pather | 18 March 1989 | | Business Development Director |
| MNI Darsot | 17 August 2012 | | Sales & Marketing Director |
| H Takolia | 10 December 2012 | 25 January 2017 | Independent Non-Executive Director |

## 10. Secretary

The Group's designated secretary is Arbor Capital Company Secretarial Proprietary Limited.

## 11. Shareholders

There have been no changes in ownership and the shareholders remain:

**Group and company - 2017**

| | Direct | Indirect |
|---|---|---|
| | % | % |
| Eastern Trading Company Proprietary Limited | 72.22 | |
| Farm Foods Holdings Proprietary Limited | | 23.34 |

**Group and company - 2016**

| | Direct | Indirect |
|---|---|---|
| | % | % |
| Eastern Trading Company Proprietary Limited | 72.22 | |
| Farm Foods Holdings Proprietary Limited | | 23.34 |

Eastern Trading Company Proprietary Limited holds 91% of Farm Foods Holdings Proprietary Limited. Mr Ismail Darsot holds a direct interest of 100% of Eastern Trading Proprietary Limited.

**Special resolutions**

Special resolutions passed by AH Vest Limited and its subsidiaries:

- The approval of the remuneration payable for the non-executive directors for the financial year commencing 1 July 2016.
- The company was granted a general approval authorising that the company and or any one or more of its wholly- owned subsidiaries incorporated in the Republic to enter into direct or indirect funding agreements, guarantee a loan or other obligations, secure any debt or obligation, or to provide loans or financial assistance between any one or more of the subsidiaries from time to time, subject to the provisions of the JSE Limited's Listings Requirements, for funding agreements and as the directors in their discretion deem fit.

The above-mentioned authority was given in terms of special resolutions passed at the AGM held on 25 January 2017.

**12. Independent Auditors**

Nexia SAB&T were the independent auditors for the year under review.

## Statement of Financial Position as at 30 June 2017

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Figures in Rands** | **Notes(s)** | **2017** | **2016** | **2017** | **2016** |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 4 | 42 859 433 | 35 545 998 | 42 859 433 | 35 545 998 |
| Intangible assets | 5 | 72 699 | 72 699 | 72 699 | 72 699 |
| Investments in subsidiaries | 6 | - | - | 100 | 100 |
| Deferred tax | 10 | 6 063 869 | 6 955 938 | 6 063 869 | 6 955 938 |
| **Total non-current assets** | | **48 996 001** | **42 574 636** | **48 996 102** | **42 574 736** |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 7 | 12 925 833 | 9 448 247 | 12 925 833 | 9 448 247 |
| Trade and other receivables | 8 | 20 128 924 | 16 424 816 | 20 128 924 | 16 424 816 |
| Loan to shareholders | 11 | 6 178 386 | - | 6 178 386 | - |
| Cash and cash equivalents | 12 | 111 620 | 682 447 | 111 520 | 682 347 |
| **Total current assets** | | **39 344 763** | **26 555 510** | **39 344 663** | **26 555 410** |
| | | | | | |
| **Total Assets** | | **88 340 764** | **69 130 147** | **88 340 765** | **69 130 146** |
| | | | | | |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 13 | 21 293 071 | 21 293 071 | 21 293 071 | 21 293 071 |
| Accumulated loss | | (1 730 909) | (3 048 171) | (1 730 909) | (3 048 170) |
| **Total equity** | | **19 562 163** | **18 244 900** | **19 562 163** | **18 244 902** |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Finance lease and instalment sale obligation | 7 | 4 915 254 | 2 193 313 | 4 915 254 | 2 193 313 |
| Other financial liabilities | 18 | 15 000 000 | - | 15 000 000 | - |
| Loan from shareholders | 21 | - | 9 822 855 | - | 9 822 855 |
| Deferred income | 20 | 6 245 351 | 4 616 299 | 6 245 351 | 4 616 299 |
| **Total non-current liabilities** | | **26 160 605** | **16 632 467** | **26 160 605** | **16 632 467** |
| | | | | | |
| **Current Liabilities** | | | | | |
| Provisions | 14 | 2 229 531 | 500 107 | 2 229 531 | 500 107 |
| Trade and other payables | 15 | 31 406 007 | 29 550 055 | 31 406 007 | 29 550 053 |
| Finance lease and instalment sale obligation | 17 | 2 318 282 | 725 062 | 2 318 282 | 725 062 |
| Other financial liabilities | 18 | 2 943 249 | - | 2 943 249 | - |
| Deferred income | 20 | 405 637 | 338 118 | 405 637 | 338 118 |
| Bank overdraft | 12 | 3 315 291 | 3 139 436 | 3 315 291 | 3 139 436 |
| **Total current liabilities** | | **42 617 996** | **34 252 780** | **42 617 997** | **34 252 776** |
| Total Liabilities | | **68 778 600** | **50 885 247** | **68 778 602** | **50 885 243** |
| | | | | | |
| **Total Equity and Liabilities** | | **88 340 764** | **69 130 147** | **88 340 765** | **69 130 146** |

### Statement of Comprehensive Income

| Figures in Rands | Notes(s) | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|---|
| Revenue | 22 | 165 495 293 | 142 305 259 | 165 495 293 | 142 305 259 |
| Cost of sales | | (108 650 924) | (96 602 988) | (108 650 924) | (96 602 988) |
| **Gross profit** | | **56 844 369** | **45 702 271** | **56 844 369** | **45 702 271** |
| Other income | | 1 458 341 | 3 218 559 | 1 458 341 | 3 175 081 |
| Operating expenses | | (53 776 617) | (45 632 185) | (53 776 617) | (45 625 188) |
| **Profit from operating activities** | 23 | **4 526 092** | **3 288 644** | **4 526 092** | **3 252 164** |
| Investment revenue | 24 | 714 001 | 6 944 | 714 001 | 3 128 264 |
| Finance costs | 25 | (3 030 780) | (1 793 649) | (3 030 780) | (1 793 649) |
| **Profit before tax** | | **2 209 313** | **1 501 939** | **2 209 313** | **4 586 779** |
| Taxation | 26 | (892 070) | 90 804 | (892 070) | 90 804 |
| **Profit for the year and total comprehensive income** | | **1 317 243** | **1 592 743** | **1 317 243** | **4 677 584** |
| **Earnings per share** | | | | | |
| **Basic diluted earnings per share** | | | | | |
| Basic and diluted earnings per share (cents) | 27 | 1.29 | 1.56 | - | - |
| Headline earnings per share (cents) | 26 | 1.29 | 1.56 | - | - |

### Statement of Changes in Equity

| Figures in Rand | Stated capital | Accumulated loss | Total equity |
|---|---|---|---|
| **Group** | | | |
| **Balance at 1 July 2015** | **21 293 071** | **(4 640 912)** | **16 652 158** |
| **Changes in equity** | | | |
| Profit for the period and total comprehensive income | - | 1 592 743 | 1 592 743 |
| **Balance at 30 June 2016** | **21 293 071** | **(3 048 169)** | **18 244 902** |
| **Balance at 1 July 2016** | 21 293 071 | (3 048 166) | 18 244 908 |
| **Changes in equity** | | | |
| Profit for the period and total comprehensive income | - | 1 317 243 | 1 317 243 |
| **Balance at 30 June 2017** | **21 293 071** | **(1 730 916)** | **19 562 157** |
| **Note** | **13** | | |
| **Company** | | | |
| **Balance at 1 July 2015** | **21 293 071** | **(7 725 750)** | **13 567 321** |
| **Changes in equity** | | | |
| Profit for the period and total comprehensive income | - | 4 677 584 | 4 667 584 |
| **Balance at 30 June 2016** | **21 293 071** | **(3 048 166)** | **18 244 904** |
| **Balance at 1 July 2016** | **21 293 071** | **(3 048 166)** | **18 244 904** |
| **Changes in equity** | | | |
| Profit for the period and total comprehensive income | - | 1 317 243 | 1 317 243 |
| **Balance at 30 June 2017** | **21 293 071** | **(1 730 916)** | **19 562 156** |
| **Note** | **13** | | |

## Statement of Cash Flows

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Figures in Rands** | **Notes(s)** | **2017** | **2016** | **2017** | **2016** |
| **Cash flows from operating activities** | | | | | |
| Cash receipts from customers | | 164 670 658 | 150 134 886 | 164 670 658 | 150 091 408 |
| Cash paid to suppliers and employees | | (159 222 295) | (133 054 230) | (159 222 291) | (132 939 269) |
| **Net cash flows from operations** | 21 | **3 054 887** | **10 143 642** | **3 054 888** | **10 215 125** |
| Finance costs | | (2 785 998) | (765 233) | (2 785 998) | (765 233) |
| Investment revenue | | 957 | 6 944 | 957 | 6 944 |
| Income taxes paid | | - | (47 333) | - | - |
| **Net cash flows from operating activities** | | **269 846** | **9 338 020** | **269 847** | **9 456 836** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | | (5 095 409) | (4 367 168) | (5 095 408) | (4 367 168) |
| Loan advanced to shareholder | | (5 465 342) | - | (5 465 342) | - |
| **Cash flows used in investing activities** | | **(10 560 751)** | **(4 367 168)** | **(10 560 750)** | **(4 367 168)** |
| **Cash flows from/ (used in) financing activities** | | | | | |
| Loans received from shareholder | | 244 783 | 4 506 865 | 244 783 | 4 506 865 |
| Proceeds from other financial liabilities | | 17 943 249 | - | 17 943 249 | - |
| Government grant received | | 2 393 483 | 6 842 918 | 2 393 480 | 6 842 918 |
| Finance lease and instalment sale repayments | | (724 869) | - | (724 869) | - |
| Loans repaid to shareholder | | (10 312 421) | (15 606 513) | (10 312 422) | (15 606 513) |
| Loans to group companies repaid | | - | - | - | (118 816) |
| **Cash flows from/ (used in) financing activities** | | **9 544 224** | **(4 256 730)** | **9 544 221** | **(4 375 546)** |
| **Net (decrease) / increase in cash and cash equivalents** | | (746 681) | 714 121 | (746 682) | 714 122 |
| Cash and cash equivalents at beginning of period | | (2 456 990) | (3 171 111) | (2 457 090) | (3 171 212) |
| Cash and cash equivalents at end of period | 12 | **(3 203 672)** | **(2 456 990)** | **(3 203 772)** | **(2 457 090)** |

# ACCOUNTING POLICIES

## 1. Presentation of financial statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the Financial Reporting Guides issued and the Accounting Practices Committee of the South African Institute of Chartered Accountants (SAICA), listings requirements of the JSE and the requirements of the Companies Act of South Africa.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 2.1 Consolidation

**Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

## 2.2 Foreign currency translation

**Transactions and balances**

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

## 2.3 Property, plant and equipment

**Recognition**

Property, plant and equipment is recognised as an asset when:

a) it is probable that future economic benefits associated with the asset will flow to the entity; and

b) the cost of the asset can be measured reliably.

**Property, plant and equipment continued...**

**Initial measurement**
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:
a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Subsequent measurement - Cost model**
After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

**Depreciation**
Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognized.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

**Property, plant and equipment continued...**

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

| Asset class | Measurement base | Useful life | Depreciation method |
|---|---|---|---|
| Leasehold improvements | Cost | Period of lease | Straight Line |
| Plant and machinery | Cost | 10 - 20 years | Straight Line |
| Motor vehicles | Cost | 5 – 8 years | Straight Line |
| Furniture and fittings | Cost | 6 - 12 years | Straight Line |
| IT equipment | Cost | 3 - 6 years | Straight Line |
| Factory Equipment | Cost | 5 - 10 years | Straight Line |
| Lab Equipment | Cost | 5 -10 years | Straight Line |

## 2.4 Intangible assets

**Recognition**
An intangible asset is recognised when:
a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
b) the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

**Amortization**
The amortization period and the amortization method are reviewed every period end.

Changes in residual values and amortization method are treated as a change in estimate and treated in accordance with the relevant accounting policies

**Intangible assets continued...**

The classification of useful lives and amortization methods for the various classes of assets are as follows:

| Asset class | Useful life | Amortization method |
|---|---|---|
| Brand names | 4 years | Straight Line |

### 2.5 Interest in subsidiaries

**Company financial statements**
In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

### 2.6 Financial instruments

**Classification and initial recognition**
The group classifies financial assets and financial liabilities into the following categories:
- Loans and receivables including shareholder loan
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Classification of a financial instrument or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

**Initial measurement**

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

Financial instruments are measured initially at fair value.

**Financial instruments continued...**

**Subsequent measurement**
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 contractual rights to receive the cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged, cancelled or expired.

**Impairment of financial assets**
At the end of each reporting period an assessment is made to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the extent of the impairment is determined.

Impairment losses in financial assets carried at amortised cost 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.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within the 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 to / (from) group companies**
These include loans to and from the holding company and are recognized initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

**Financial instruments continued...**

**Loans to / (from) shareholders**
Loans to shareholders are classified as loans and receivables. 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 shareholder, probability that the shareholder will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The allowance recognized 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.

Loans from shareholders are classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

**Trade and other receivables**
Trade receivables classified as loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized 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 reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized 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 using of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in profit and loss.

**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 recorded at fair value and are subsequently measured at amortized cost.

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

**Bank overdraft and borrowings**
Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

## 2.7 Inventories

**Recognition**
Inventories are recognised as an asset when
a) It is probable that future economic benefits associated with the item will flow to the entity; and
b) The cost of the inventories can be measured reliably.

**Measurement**
Inventories are measured at the lower of cost and net realizable value.

Net realizable 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 raw materials and finished goods held for sale in the ordinary course of business. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized 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 recognized as an expense in the period in which the reversal occurs.

The company uses standard costing formula principles to value its inventory.

## 2.8 Tax

**Current tax assets and liabilities**
Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. The amount already paid in respect of current and prior periods which exceeds the amount due for those periods, is recognized 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 taxation 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 recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or a liability in a transaction which at the time of the transaction, effects neither accounting profit nor taxable profit (tax loss).

---

**Tax continued...**

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

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

**Tax expense**
Current and deferred tax is 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) a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income.
b) a business combination.

**2.9 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees. The Group calculates headline earnings per share (HEPS) date for its ordinary shares in accordance with SAICA Circular 2/2015. Headline earnings is determined by excluding certain items form profit or loss attributable to ordinary shareholders through making use of the table and requirements contained in the circular.

**2.10 Leases**

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

**Finance leases and instalment sale obligations**
Finance leases and instalment sale obligations are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease or an instalment sale obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

---

**Leases continued...**

The lease payments and instalment sale obligations are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate on the remaining balance of the liability.

**Operating leases as lessee**
Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset. The lease asset/liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 2.11 Provisions and contingencies

Provisions are recognised when:

- the group 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.

Provisions are not recognized for future operating losses.

Contingent assets and contingent liabilities are not recognized. Contingencies are disclosed in note 28.

### 2.12 Revenue

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group 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 group; 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. Revenue is shown net of value- added tax, returns, rebates and discounts.

Interest income is recognized, in profit and loss, using the effective interest method.

## 2.13 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 recognized 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 rendered services that increase their entitlement or, in the case non-accumulating absences, when the absence occurs.

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

## 2.14 Government grants

Government grants, including non-monetary grants at fair value, are recognized where there is reasonable assurance that:

a) the entity will comply with the conditions attaching to them; and
b) the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

Government grants related to assets are presented in the statement of financial position by setting up the grant as deferred income.

Grants relating to capital expenditure are subsequently recognized in profit or loss on a systemic basis over the useful life of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

## 2.15 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group 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 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.

**2.16 Segment reporting**

The Group determines and presents operating segments based on the information that is internally provided to the Chairman and CEO, who is the chief operating decision maker. An operating segment is a component of the group that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**3. Changes in accounting policies and disclosures**

**3.1 Adoption of new and revised pronouncements**

In the current year, the company has adopted all new and revised IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2016.

At the date of authorization of these financial statements for the year ended 30 June 2017, the following
IFRSs were adopted:

**3.1.1 Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)**

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. The amendment did not have a significant impact on the group's disclosure for the year ended 30 June 2017.

**Disclosure Initiative (Amendments to IAS 7)**

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

**3.2 New standards and interpretations not yet adopted**

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 July 2017 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The board of directors anticipates that the new standards, amendments and interpretations will be adopted in the company's consolidated financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

### 3.2 New standards and interpretations not yet adopted – continued ……

| Details of Standard / interpretation | Anticipated impact | Mandatory application date and expected implementation date |
|---|---|---|
| **IFRS 9 Financial Instruments (2014)**<br><br>A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:<br><br>• Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk. | It is anticipated that these amendments will be adopted in the group's consolidated financial statements for the period beginning 1 July 2018. Management feels it is currently not practical to provide a reasonable estimate of the effect of implementation of IFRS9. | 01 January 2018 |

## ACCOUNTING POLICIES

**New standards and interpretations not yet adopted - continued...**

| Details of Standard / interpretation | Anticipated impact | Mandatory application date and expected implementation date |
|---|---|---|
| **IFRS 9 Financial Instruments (2014) – continued ......**<br><br>• Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. | | |
| **IFRS 15 Revenue from Contracts with Customers**<br><br>IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers<br><br>The five steps in the model are as follows:<br><br>• Identify with the customer;<br>• Identify the performance obligations in the contract;<br>• Determine the transaction price; | It is anticipated that these amendments will be adopted in the group's financial statements for the period beginning 1 July 2018. Management feels it is not practical currently to provide a reasonable estimate of the effect of the implementation of IFRS15. | 01 January 2018 |

**New standards and interpretations not yet adopted – continued ……**

| Details of Standard / interpretation | Anticipated impact | Mandatory application date and expected implementation date |
|---|---|---|
| **IFRS 15 Revenue from Contracts with Customers – continued ……**<br>• Allocate the transaction price to the performance obligations in the contracts; and<br>• Recognise revenue when (or as) the entity satisfies a performance obligation.<br><br>Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. | | |
| **IFRS 16 Leases**<br><br>IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. | It is anticipated that these amendments will be adopted in the group's financial statements for the period beginning 1 July 2019. Management feels it is not practical currently to provide a reasonable estimate of the implementation of IFRS16. | 01 January 2019 |

**New standards and interpretations not yet adopted – continued ……**

| Details of Standard / interpretation | Anticipated impact | Mandatory application date and expected implementation date |
|---|---|---|
| **IFRS 16 Leases – continued …**<br><br>Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. | | |
| **Disclosure Initiative (Amendments to IAS 7)**<br><br>Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. | It is anticipated that these amendments will be adopted in the group's financial statements for the period beginning 1 July 2019. Management feels it is not practical currently to provide a reasonable estimate of the implementation of IAS7. | 01 January 2017 |

## 4. Property, plant and equipment

### 4.1 Balances at year end and movements for the year

| | Leasehold Improvements | Plant & Machinery | Motor Vehicles | Furniture & Fittings | IT Equipment | Assets Under Construction | Factory Equipment | Laboratory Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Reconciliation for the year ended 30 June 2017 – Group and Company** | | | | | | | | | |
| **Balance at 1 July 2016** | | | | | | | | | |
| At cost | 8 264 795 | 34 540 445 | 3 863 894 | 617 905 | 815 112 | 3 773 650 | 1 950 398 | - | **53 826 199** |
| Accumulated depreciation | (2 748 874) | (13 192 042) | (821 940) | (100 502) | (748 085) | - | (668 757) | - | **(18 280 200)** |
| **Net book value** | **5 515 921** | **21 348 403** | **3 041 954** | **517 403** | **67 027** | **3 773 650** | **1 281 641** | **-** | 35 545 999 |
| **Movements for the year ended 30 June 2017** | | | | | | | | | |
| Additions | 1 308 263 | 8 439 934 | - | 44 796 | 132 371 | - | 165 354 | 44 732 | **10 135 450** |
| Depreciation | (256 010) | (1 985 108) | (346 726) | (56 134) | (45 824) | - | (132 214) | - | **(2 822 016)** |
| Property, plant and equipment at end of period | **6 568 174** | **27 803 229** | **2 695 228** | **506 065** | **153 574** | **3 773 650** | **1 314 781** | **44 732** | **42 859 433** |
| **Closing balance at 30 June 2017** | | | | | | | | | |
| At cost | 9 573 058 | 42 980 378 | 3 863 893 | 662 701 | 947 482 | 3 773 650 | 2 115 752 | 44 732 | **63 961 646** |
| Accumulated depreciation | (3 004 884) | (15 177 149) | (1 168 665) | (156 636) | (793 908) | - | (800 971) | - | **(21 102 213)** |
| **Net book value** | **6 568 174** | **27 803 229** | **2 695 228** | **506 065** | **153 574** | **3 773 650** | **1 314 781** | **44 732** | **42 859 433** |

Balances at year end and movements for the year continued…

| | Leasehold Improvements | Plant & Machinery | Motor Vehicles | Furniture & Fittings | IT Equipment | Assets Under Construction | Factory Equipment | Laboratory Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Reconciliation for the year ended 30 June 2016 – Group and Company** | | | | | | | | | |
| **Balance at 1 July 2015** | | | | | | | | | |
| At cost | 6 226 862 | 33 217 461 | 955 573 | 578 685 | 802 453 | 3 773 650 | 985 971 | - | **46 540 655** |
| Accumulated depreciation | (2 566 707) | (11 416 277) | (678 799) | (51 292) | (711 714) | - | (527 466) | - | **(15 952 255)** |
| **Net book value** | **3 660 155** | **21 801 184** | **276 774** | **527 393** | **90 739** | **3 773 650** | **458 505** | **-** | **30 588 400** |
| **Movements for the year ended 30 June 2016** | | | | | | | | | |
| Additions | 2 037 933 | 1 322 985 | 2 908 320 | 39 221 | 12 659 | - | 964 427 | **-** | **7 285 545** |
| Depreciation | (182 167) | (1 775 766) | (143 141) | (49 211) | (36 371) | - | (141 291) | **-** | **(2 327 947)** |
| Property, plant and equipment at end of period | **5 515 921** | **21 348 403** | **3 041 953** | **517 403** | **67 027** | **3 773 650** | **1 281 641** | **-** | **35 545 998** |
| **Closing balance at 30 June 2016** | | | | | | | | | |
| At cost | 8 264 795 | 34 540 445 | 3 863 893 | 617 905 | 815 112 | 3 773 650 | 1 950 398 | **-** | **53 826 198** |
| Accumulated depreciation | (2 748 874) | (13 192 042) | (821 940) | (100 502) | (748 085) | - | (668 757) | **-** | **(18 280 200)** |
| **Net book value** | **5 515 921** | **21 348 403** | **3 041 953** | **517 403** | **67 027** | **3 773 650** | **1 281 641** | **-** | **35 545 998** |

Assets under construction refers to a distribution warehouse that was being constructed. No construction has happened on this building for about 18 months. Post year end construction has continued. Management performed a test for impairment at 30 June 2017 and no impairment of the asset has been identified.
No depreciation on lab equipment has been provided for as the assets were brought into use and capitalized on 30 June 2017. There were no contractual commitments for the acquisition of property, plant and equipment at 30 June 2017.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

### 4.2 Pledged as security

The group's obligations under finance leases and instalment sale obligations are secured by the relevant purchased assets.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

The carrying amounts of property, plant and equipment under finance and instalment sales agreement is as follows:

| | | | | |
|---|---|---|---|---|
| Property, plant and equipment | 4 943 441 | - | 4 943 441 | - |
| Motor vehicles | 2 695 228 | 3 041 953 | 2 695 228 | 3 041 953 |
| | **7 638 669** | **3 041 953** | **7 638 669** | **3 041 953** |

## 5. Intangible assets

### 5.1 Reconciliation of changes in intangible assets

| | Brand Names | Total Total |
|---|---|---|
| **Reconciliation for the year ended 30 June 2017 – Group and Company Balance at 1 July 2016** | | |
| At cost | 775 458 | **775 458** |
| Accumulated amortization | (702 759) | **(702 759)** |
| **Net book value** | **72 699** | **72 699** |
| **Closing balance at 30 June 2017** | | |
| At cost | - | **-** |
| Accumulated amortization | 72 699 | **72 699** |
| **Net book value** | **72 699** | **72 699** |

**Reconciliation of changes in intangible assets – continued …**

| | Brand Names | Total Total |
|---|---|---|
| **Reconciliation for the year ended 30 June 2016 - Group and company** | | |
| **Balance at 1 July 2015** | | |
| At cost | 775 458 | **775 458** |
| Accumulated amortization | (702 759) | **(702 759)** |
| **Net book value** | **72 699** | **72 699** |
| | | |
| **Closing balance at 30 June 2016** | | |
| At cost | 775 458 | **775 458** |
| Accumulated amortization | (702 759) | **(702 759)** |
| **Net book value** | **72 699** | **72 699** |

The company has no intangible assets whose title has been restricted or is pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

## 6. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries. The carrying amounts of subsidiaries are shown net of impairment losses.

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

### 6.1 Company

| Name of Company | Held by | % voting Rights 2017 & 2016 | % holding 2017 & 2016 | Carrying Amount 2017 | Carrying Amount 2016 |
|---|---|---|---|---|---|
| All Joy Property Holdings (Pty) Limited | AH Vest Limited | 100% | 100% | 100 | 100 |

### 7. Inventories

### 7.1 The balance of inventories is as follows:

| | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|
| Raw materials | 3 788 680 | 3 637 826 | 3 788 680 | 3 637 826 |
| Finished goods | 9 188 331 | 5 810 421 | 9 188 331 | 5 810 421 |
| Impairment of stock | (51 178) | - | (51 178) | - |
| Total current inventories | **12 925 833** | **9 448 247** | **12 925 833** | **9 448 247** |
| | 12 925 833 | 9 448 247 | 12 925 833 | 9 448 247 |

As at 30 June 2017, there were no encumbrances over inventory.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 8. Trade and other receivables

### 8.1 Trade and other receivables comprise

| | | | | |
|---|---|---|---|---|
| Trade receivables | 18 466 404 | 15 553 578 | 18 466 404 | 15 553 578 |
| Provision for bad debts | (351 740) | (111 575) | (351 740) | (111 575) |
| Trade receivables - net | **18 114 664** | **15 442 003** | **18 114 664** | **15 442 003** |
| Other receivables | 109 234 | 150 813 | 109 234 | 150 813 |
| Prepayments | 1 825 026 | 732 000 | 1 825 026 | 732 000 |
| Deposits | 80 000 | 100 000 | 80 000 | 100 000 |
| Total current receivables | **20 128 924** | **16 424 816** | **20 128 924** | **16 424 816** |

**Credit quality of trade and other receivables**

The credit quality of trade and other receivables, which exclude prepayments, that are neither past due nor impaired can be assessed by reference to historical information about counterpart default rates:

**Fair value of trade and other receivables**

| | | | | |
|---|---|---|---|---|
| Trade and other receivables | 18 303 898 | 15 692 816 | 18 303 898 | 15 692 816 |

The carrying amount of trade and other receivables, which excludes prepayments, approximates their fair value due to their short-term nature.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

**8.2 Reconciliation of provision for impairment of trade and other receivables**

| | | | | |
|---|---|---|---|---|
| **At start of year** | 111 575 | 774 226 | 111 575 | 774 226 |
| Provision for impairment raised | 240 165 | - | 240 165 | - |
| Reduction in provision | - | (662 651) | - | (662 651) |
| **At end of year** | **351 740** | **111 575** | **351 740** | **111 575** |

The ageing of these trade receivables of R351 740 (2016: R111 575) were impaired and provided for.

| | | | | |
|---|---|---|---|---|
| 0 to 3 months | - | 31 159 | - | 31 159 |
| 3 to 6 months | 351 740 | 80 416 | 351 740 | 80 416 |

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

As of 30 June 2017, trade and other receivables of R701 161 (2016: R1 122 499) were past due but not impaired. The ageing analysis of these trade and other receivables are as follows:

| | | | | |
|---|---|---|---|---|
| Up to 3 months | - | - | - | - |
| 3 to 6 months | 701 161 | 1 122 499 | 701 161 | 1 122 499 |
| | **701 161** | **1 122 499** | **701 161** | **1 122 499** |

The maximum exposure to credit risk at the reported date is the carrying amount of each class of financial asset mentioned above. The debtors' book has been ceded in favour of Standard Bank of South Africa as well as ABSA Bank for security for the long-term loan as per note 17

## 9. Financial assets by category

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

| Group - 2017 | Loans & receivables | Total |
|---|---|---|
| Trade and other receivables | 18 303 898 | 18 303 898 |
| Cash and cash equivalents | 107 519 | 107 519 |
| | 18 411 417 | 18 411 417 |

| Group - 2016 | Loans & receivables | Total |
|---|---|---|
| Trade and other receivables | 15 692 816 | 15 692 816 |
| Cash and cash equivalents | 682 447 | 682 447 |
| | 16 375 263 | 16 375 263 |

| Company - 2017 | Loans & receivables | Total |
|---|---|---|
| Trade and other receivables | 18 303 898 | 18 303 898 |
| Cash and cash equivalents | 107 519 | 107 519 |
| | 18 411 417 | 18 411 417 |

| Company - 2016 | Loans & receivables | Total |
|---|---|---|
| Trade and other receivables | 15 692 816 | 15 692 816 |
| Cash and cash equivalents | 682 347 | 682 347 |
| | 16 375 163 | 16 375 163 |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 10. Deferred tax

### 10.1 Reconciliation of the movements of deferred tax

| Group and Company | Deferred Tax | Total |
|---|---|---|
| **Opening balance at 1 July 2016** | 6 955 938 | 6 955 938 |
| Originating temporary difference on bad debts | 50 435 | **50 435** |
| Originating temporary difference on settlement discounts | 261 561 | **261 561** |
| Originating temporary difference on leave pay | 74 628 | **74 628** |
| Reversing temporary difference on property plant and equipment | (728 374) | **(728 374)** |
| Reversing temporary difference on prepaid expenses | (511 007) | **(511 007)** |
| Assessed loss | (103 552) | **(103 552)** |
| Originating temporary difference on growth incentive provision | 64 239 | **64 239** |
| **Closing balance at 30 June 2017** | **6 063 868** | **6 063 868** |
| **Opening balance at 1 July 2015** | 6 865 134 | **6 865 134** |
| Reversing temporary difference on bad | (139 156) | **(139 156)** |
| Originating temporary difference on settlement discounts | (204 455) | **(204 455)** |
| Reversing temporary difference on leave pay | 219 599 | **219 599** |
| Originating temporary difference on property plant & equipment | (268 670) | **(268 670)** |
| Originating temporary difference on provision for retrenchments | (90 940) | **(90 940)** |
| Originating temporary difference on prepaid expenses | 34 597 | **34 597** |
| Assessed loss | 544 486 | **544 486** |
| Originating temporary difference on growth incentive provision | 140 030 | **140 030** |
| Reversing temporary difference on rebate accruals | (144 687) | (144 687) |
| **Closing balance at 30 June 2016** | **6 955 938** | **6 955 938** |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

### 10.2 Deferred tax assets where utilization is dependent on future taxable profits

| | | | | |
|---|---|---|---|---|
| Amount of the deferred tax asset raised where utilization is dependent on future taxable profits | 6 063 868 | 6 955 938 | 6 063 868 | 6 955 938 |

**Recognition of deferred tax asset**

Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered, having reviewed the group's financial projections. The are no unrecognized deferred tax assets on assessed losses.

Management believe that there will be sufficient taxable profits in the future which is evidenced in the turnaround of the current year's operations and the resultant centralisation of the operations and the synergies obtained from its shareholder.

The group has the ability and likelihood to recover the deferred tax assets over the foreseeable future based on the above operational plans and profitability forecasts.

### 11. Loan to shareholders

| | | | | |
|---|---|---|---|---|
| Current asset | 6 178 386 | - | 6 178 386 | - |

The maximum exposure to credit risk at the reported date is the carrying amount of the loan to shareholders. The terms are market related and therefore the carrying amount approximates its fair value.

The loan carries interest at prime plus 0.5% and is repayable in full within the next 12 months.

The group does not hold any collateral as security for the shareholder loan.

This loan to shareholder, which is re-payable within the next 12 months, is not considered impaired.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 12. Cash and cash equivalents

### 12.1 Cash and cash equivalents comprise:

| | | | | |
|---|---|---|---|---|
| **Cash** | | | | |
| Cash on hand | 4 100 | 100 | 4 000 | 100 |
| Balances with banks | - | 682 347 | - | 682 347 |
| **Total cash** | **4 100** | **682 447** | **4 000** | **682 447** |
| **Cash equivalents** | | | | |
| Short term deposits | 107 519 | - | 107 519 | - |
| **Total cash equivalents** | **107 519** | **-** | **107 519** | **-** |
| **Total cash and cash equivalents included in current assets** | **111 619** | **682 447** | **111 519** | **682 447** |
| Bank overdrafts | (3 315 291) | (3 139 436) | (3 315 291) | (3 139 436) |
| **Total overdrawn cash and cash equivalents included in current liabilities** | **(3 315 291)** | **(3 139 436)** | **(3 315 291)** | **(3 139 436)** |
| **Net cash and cash equivalents** | **(3 203 672)** | **(2 456 989)** | **(3 203 772)** | **(2 457 089)** |

The bank overdraft has been classified as part of cash and cash equivalents since the bank balance often fluctuates from being positive to overdrawn during the year.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

**Fair value of cash and cash equivalents**

The fair value of cash and cash equivalents approximates the carrying value of cash and cash equivalents due to the short-term nature thereof.

**Credit quality of cash at bank and short-term deposits, excluding cash on hand**

The credit quality of cash and bank, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to historical information about counterpart default rates:

| Credit Rating (Fitch) | | | | |
|---|---|---|---|---|
| F1+(ZAF)/B BB- | **107 519** | **682 347** | **107 519** | **682 347** |

**12.2 Securities provided – ABSA**

**There is a limited suretyship for R5 200 000.00 each dated 10.03.2014 cession of loan accounts, and unlimited suretyships provided, by the following companies:**

- Eastern Trading Company Proprietary Limited
- Darsot and More Chemicals Proprietary Limited
- Tin Can Man Proprietary Limited
- Five Point Steel Proprietary Limited
- Plot 15 Misgund Road Can and Office Proprietary Limited
- Plot 75 Misgund Road DOCM Proprietary Limited
- Plot 18 Misgund Road HH Proprietary Limited
- Plot 81 Misgund Road MM Proprietary Limited

**Cession of debtors dated 08.10.2014**

**Limited suretyship by Truck and Fleet Managements DFC Proprietary Limited for R 5 200 000.00, including the cession of loan account**

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

**The following are the details of pledged/ceded balances**
- Cession of ABSA Fixed Deposit for R30 000 dated 20.03.2014
- Cession of ABSA Fixed Deposit for R40 000 dated 13.02.2015

**Securities provided - Standard Bank of South Africa**

| | |
|---|---|
| Pledge call deposit | R125,000.00 |
| Cession of debtor's books | Unrestricted amount |
| Negative pledge agreement | R5,000,000.00 |

**Suretyship**

AH Vest Limited has access to banking facilities under a Group facility established by its parent, Eastern Trading Company Proprietary Limited, to the value of R147 000 000. The following companies have given omnibus cross suretyship for this Group facility:

- Eastern Trading Proprietary Limited
- Plant and Equipment Hire DFC Proprietary Limited
- Darsot and More Chemicals Proprietary Limited
- Five Point Steel Proprietary Limited
- DFC All Joy Tomato Processors Proprietary Limited
- Tin Can Man Proprietary Limited

Of this facility AH Vest’s portion is limited to:

| | |
|---|---|
| Bank overdraft | R5 000 000.00 |
| Credit Agreement medium term loan | R20 000 000.00 |

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

### 13. Stated capital

### 13.1 Authorized and issued share capital

| | | | | |
|---|---|---|---|---|
| **Authorized** | | | | |
| 500 000 000 Ordinary shares of 1 cent each | 5 000 000 | 5 000 000 | 5 000 000 | 5 000 000 |

The unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

| | | | | |
|---|---|---|---|---|
| **Issued** | | | | |
| 101 973 333 Ordinary shares | 21 293 071 | 21 293 071 | 21 293 071 | 21 293 071 |
| **Share reconciliation** | | | | |
| Shares outstanding - beginning of the period | 101 973 333 | 101 973 333 | 101 973 333 | 101 973 333 |
| Shares outstanding - closing | **101 973 333** | **101 973 333** | **101 973 333** | **101 973 333** |

## 14. Provisions

### 14.1 Other provisions

| | Annual Growth Incentive | FSB Penalty | Legal Fees | Restructuring | Total |
|---|---|---|---|---|---|
| **Balance at 1 July 2016 Group and Company** | **500 107** | **-** | **-** | **-** | **500 107** |
| Increase in provisions | 729 531 | 1 500 000 | - | - | 2 229 531 |
| Provision used | (500 107) | - | - | - | (500 107) |
| Total changes | 229 424 | 1 500 000 | - | - | 1 729 424 |
| **Balance at 30 June 2017** | **729 531** | **1 500 000** | **-** | **-** | **2 229 531** |
| | | | | | |
| **Balance at 1 July 2015 – Group and Company** | **469 800** | **-** | **480 000** | **324 785** | **1 274 585** |
| Increase in provisions | 500 107 | - | - | - | 500 107 |
| Provision used / reversed | (469 800) | - | (480 000) | (324 785) | (1 274 585) |
| Total changes | 30 307 | - | (480 000) | (324 785) | (774 478) |
| **Balance at 30 June 2017** | **500 107** | **-** | **-** | **-** | **500 107** |

### 14.2 Details of provisions

The restructuring provision relates to redundancy and retrenchment costs incurred when the factory relocated from the old premises.

The legal fees provision relates to the ongoing litigation matters described in note 29, contingent assets and contingent liabilities.

**Details of provisions continued...**

**Annual growth incentive**

The annual growth provision relates to the amounts payable to the customers based on current sales by customers as per the trading terms. The rebate is calculated as a percentage of turnover that the customers are invoiced.

The amounts are recognized monthly by applying the rebate percentage to the actual sales in each month. This rebate is payable to the customers within 60 days from 31 December.

There are no uncertainties regarding the timing of the outflow of economic benefit however there is uncertainty on the amount which can only be determined and invoiced by the customers at the end of the calendar year.

**FSB Penalty**

As reported in the 30 June 2016 annual financial statements the Enforcement Committee of the FSB imposed a penalty of R 1 500 000 on AH Vest Limited. The penalty was levied for an accounting error that occurred in the financial statements in a previous financial year. AH Vest Limited prepared an appeal against the findings of guilt and the administrative penalties imposed by the Enforcement Committee of the FSB. No provision had been raised for this penalty as the AH Vest legal representatives and directors' best estimates indicated that it was not likely that the penalty would be enforced by the FSB appeal board. After the 30 June 2017 year end the Supreme Court of Appeal ruled against the company and dismissed the case. The company believes that this ruling is unconstitutional and the company is in the process of lodging an appeal in the Constitutional Court. Notwithstanding the proposed appeal, a full provision of the penalty has been made amounting to R1 500 000.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 15. Trade and other payables

### 15.1 Trade and other payables are made up as follows:

| | | | | |
|---|---|---|---|---|
| Trade creditors | 28 399 512 | 26 397 728 | 28 399 512 | 26 397 727 |
| Other accrued expenses | 192 984 | 69 476 | 192 984 | 69 476 |
| Other payables | 2 671 489 | 2 502 174 | 2 671 489 | 2 502 174 |
| Value Added Tax | 142 030 | 580 677 | 142 030 | 580 677 |
| **Total trade and other payables** | **31 406 015** | **29 550 055** | **31 406 015** | **29 550 054** |
| Current liabilities | 31 406 015 | 29 550 055 | 31 406 015 | 29 550 054 |
| **Fair value of trade and other payables** | | | | |
| Trade payables | **31 406 015** | **29 550 055** | **31 406 015** | **29 550 054** |

The carrying amount of the trade and other payables approximates their fair value due to their short-term nature

## 16. Financial liabilities

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

### 16.1 Carrying amount of other financial liabilities by category

| | At amortized cost | Total |
|---|---|---|
| **Year ended 30 June 2017 - Group and company** | | |
| Finance lease and instalment sale obligation | 7 233 536 | **7 233 536** |
| Other financial liability | 17 943 249 | **17 943 249** |
| Trade and other payables | 31 264 093 | **31 264 093** |
| Bank overdraft | 3 315 291 | **3 315 291** |
| | **59 756 169** | **59 756 169** |
| **Year ended 30 June 2016 - Group and company** | | |
| Finance lease and instalment sale obligation | 2 918 375 | **2 918 375** |
| Loans from shareholders | 9 822 855 | **9 822 855** |
| Trade and other payables | 28 761 677 | **28 761 677** |
| Bank overdraft | 3 139 436 | **3 139 436** |
| | **44 642 343** | **44 642 343** |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 17. Finance lease and instalment sale obligation

### 17.1 Finance lease and instalment sale obligation – lease payment reconciliations

The assets financed by the below mentioned finance leases and instalment sale obligations are detailed in note 4.2.

| | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|
| **Minimum lease payments due** | | | | |
| • within one year | 2 910 209 | 999 928 | 2 910 209 | 999 928 |
| • in second to fifth year inclusive | 5 808 185 | 2 531 030 | 5 808 185 | 2 531 030 |
| | **8 718 394** | **3 530 958** | **8 718 394** | **3 530 958** |
| less: future finance charges | (1 483 948) | (612 583) | (1 483 948) | (612 583) |
| Present value of minimum payments | **7 234 446** | **2 918 375** | **7 234 446** | **2 918 375** |
| **The present value of minimum payments due** | | | | |
| • within one year | 2 318 282 | 725 062 | 2 318 282 | 725 062 |
| • in second to fifth year inclusive | 4 916 164 | 2 193 313 | 4 916 164 | 2 193 313 |
| | **7 234 446** | **2 918 375** | **7 234 446** | **2 918 375** |
| Non-current liabilities | 2 318 282 | 725 062 | 2 318 282 | 725 062 |
| Current liabilities | 4 916 164 | 2 193 313 | 4 916 164 | 2 193 313 |
| | **7 234 446** | **2 918 375** | **7 234 446** | **2 918 375** |

**Additional disclosures**

The average finance lease and instalment sale obligation is five years and the average effective borrowing rate was between 10.5% and 12%.

Interest rates are linked to prime at the contract date. All agreements have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases and instalment sale obligation are secured by the relevant purchased assets.

There are no contingent lease payments as recognised as an expense in the current reporting period.

There are no terms of renewal or repurchase options and there are no escalation clauses.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 18. Other financial liabilities

### 18.1 Other financial liabilities are analysed as follows:

| | | | | |
|---|---|---|---|---|
| Standard Bank of South Africa Limited | 17 943 249 | - | 17 943 249 | - |
| Non-current portion of other financial liabilities | 15 000 000 | - | 15 000 000 | - |
| Current portion of other financial liabilities | 2 943 249 | - | 2 943 249 | - |
| | **17 943 249** | | **17 943 249** | **-** |

The loan is repayable over 7 years and the effective borrowing rate is linked to prime at 11% per annum.

No arrangements have been entered into for contingent rent

The group's obligations are secured by property, plant and equipment as per note 4.

## 19. Loans from shareholders

### 19.1 Loans from shareholders are analysed as follows:

| | | | | |
|---|---|---|---|---|
| Eastern Trading Proprietary Limited | - | 9 822 855 | - | 9 822 855 |
| | **-** | **9 822 855** | **-** | **9 822 855** |
| Non-current assets | - | 9 822 855 | - | 9 822 855 |
| **Fair value of loans from shareholders** | | | | |
| Loans for shareholders | - | **9 822 855** | - | **9 822 855** |

The carrying amount of loans from shareholders approximates their fair value.

### 19.2 Additional disclosures

| | | | | |
|---|---|---|---|---|
| The loan is unsecured; bears interest at a rate linked to prime at 9.75% per annum, and the shareholder has agreed not to call on repayment of this loan for at least 12 months. | - | - | - | - |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 20. Deferred income

### 20.1 Government grants

| | | | | |
|---|---|---|---|---|
| Grant | 6 650 988 | 4 954 417 | 6 650 988 | 4 954 417 |
| | | | | |
| Non-current liabilities | 6 245 351 | 4 616 299 | 6 245 351 | 4 616 299 |
| Current liabilities | 405 637 | 338 118 | 405 637 | 338 118 |
| | **6 650 988** | **4 954 417** | **6 650 988** | **4 954 417** |

### 20.2 Additional disclosures

The group received a total amount of R2 393 481 (2016: R6 842 918) which is the second tranche of the Department of Trade's Manufacturing Competitiveness Enhancement Programme (MCEP), an incentive programme that aims to support manufacturing enterprises with competitiveness improvement interventions.

The capital portion is recognized in profit or loss over the life of the related depreciable assets as other income. An amount of R281 082 (2016: R319 102) relating to assets already acquired and for which depreciation has commenced, has been recognized in other income in the current period. R415 828 (2016: R1 569 397) has been recognised in under income which relates to operating expenditure.

There was no unfulfilled condition and other contingencies attached to the government assistance that has been recognized.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 21. Net cash flows (used in) / from operations

| | | | | |
|---|---|---|---|---|
| **Profit for the year** | **1 317 243** | **1 592 742** | **1 317 243** | **4 677 584** |
| **Adjustments to reconcile profit** | | | | |
| Adjustments expense for income tax | 892 070 | (90 804) | 892 070 | (90 804) |
| Adjustments income for investment | (714 001) | (6 944) | (714 001) | (3 128 264) |
| Adjustments for finance costs | 3 030 780 | 1 729 556 | 3 030 780 | 1 729 556 |
| Adjustments for (increase) / decrease in inventories | (3 477 585) | 5 869 596 | (3 477 585) | 5 869 596 |
| Adjustments for (increase) / decrease in trade accounts receivable | (3 704 108) | 11 441 | (3 704 108) | 11 441 |
| Adjustments for increase in trade accounts payable | 1 855 960 | 1 373 091 | 1 855 962 | 1 481 054 |
| Adjustments for depreciation and amortization expense | 2 822 005 | 2 327 947 | 2 822 005 | 2 327 947 |
| Adjustments for provisions | 1 729 424 | (774 478) | 1 729 424 | (774 478) |
| Income related government grant | (696 910) | (1 569 397) | (696 910) | (1 569 397) |
| Capital portion of government grant amortized | - | (319 102) | - | (319 103) |
| **Total adjustments to reconcile profit** | **1 737 635** | **8 550 906** | **1 737 637** | **5 537 548** |
| **Net cash flows from operations** | **3 054 878** | **10 143 648** | **3 054 880** | **10 215 132** |

## NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

### 22. Revenue

#### 22.1 Revenue comprises

| | | | | |
|---|---|---|---|---|
| Sale of goods | 232 563 920 | 192 133 050 | 232 563 920 | 192 133 050 |
| Less: Rebates | (67 068 628) | (49 827 791) | (67 068 628) | (49 827 791) |
| **Total revenue** | **165 495 292** | **142 305 259** | **165 495 292** | **142 305 259** |

### 23. Operating profit

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

| | | | | |
|---|---|---|---|---|
| Operating lease charges | 3 381 226 | 3 115 379 | 3 381 226 | 3 115 379 |
| Profit on exchange differences | 457 641 | 46 077 | 457 641 | 46 077 |
| Employee costs | 19 435 428 | 17 668 519 | 19 435 428 | 17 668 519 |
| Warehouse and distribution costs | 13 254 889 | 11 933 371 | 13 254 889 | 11 933 371 |
| Defined contribution costs | 172 138 | 267 013 | 172 138 | 267 013 |
| FSB Penalty provision | 1 500 000 | - | 1 500 000 | - |

### 24. Investment revenue

#### 24.1 Investment revenue comprises

| | | | | |
|---|---|---|---|---|
| Interest received – Bank | 958 | 6 944 | 958 | 6 944 |
| Interest received from shareholder loan | 713 043 | - | 713 043 | - |
| Local dividends – All Joy Property Holdings Proprietary Limited | - | - | - | 3 121 320 |
| **Total finance income** | **714 001** | **6 944** | **714 001** | **3 128 264** |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 25. Finance costs

### 25.1 Finance costs included in profit or loss

| | | | | |
|---|---|---|---|---|
| Interest paid - creditors | 207 258 | 283 629 | 207 258 | 283 629 |
| Interest paid - bank loan | 1 657 542 | - | 1 657 542 | - |
| Interest paid - Finance leases and instalment sale obligation | 323 136 | 64 092 | 323 136 | 64 092 |
| Interest paid - Financial liabilities | 244 783 | 964 323 | 244 783 | 964 323 |
| Interest Paid - Bank | 598 061 | 481 605 | 598 061 | 481 605 |
| **Total finance costs** | **3 030 780** | **1 793 649** | **3 030 780** | **1 793 649** |

## 26. Taxation

### 26.1 Income tax expense recognized in profit or loss

| | | | | |
|---|---|---|---|---|
| **Deferred tax** | | | | |
| Originating and reversing temporary differences | 892 070 | (90 804) | 892 070 | (90 804) |
| | 892 070 | (90 804) | 892 070 | (90 804) |
| Total taxation | **892 070** | **(90 804)** | **892 070** | **(90 804)** |

### 26.2 The income tax expense for the year can be reconciled to accounting profit as follows:

| | | | | |
|---|---|---|---|---|
| Profit before tax from operations | 2 209 313 | 1 501 939 | 2 209 313 | 4 586 779 |
| Income tax calculated at 28.0% | 618 608 | 420 543 | 618 608 | 1 284 298 |
| Tax effect of non-taxable government related grant income | (195 135) | (538 994) | (528 780) | (528 779) |
| Provision for FSB penalty | 420 000 | - | 420 000 | - |
| Donations | 40 880 | 24 216 | 40 880 | 24 216 |
| Fines and penalties paid | 7 718 | 3 431 | 7 718 | 3 431 |
| Local dividends received | - | - | - | (873 970) |
| Tax charge | **892 070** | **(954 559)** | **892 070** | **(90 804)** |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 27. Earnings per share

### 27.1 Basic earnings per share

| | | | | |
|---|---|---|---|---|
| **Headline earnings (cents per share)** | | | | |
| From operations (cents per share) | 1.29 | 1.56 | | |

### 27.2 Additional disclosures

**Basic earnings per share**

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Basic earnings per share was based on earnings of R 1 317 243 (2016: R1 592 743) and a weighted average number of ordinary shares of 101 973 333 (2016: 101 973 333).

There are no items required to reconcile earnings per share in terms of IAS 33 to headline earnings per share.

**Dilutive instruments**

There are no dilutive instruments that the company has put in place that could potentially dilute the earnings.

## 28. Segment information

### 28.1 General information

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria.

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

Therefore, the Group determines and presents its operating segments based on information that is internally provided to the Chief Executive Officer, which is the chief operating decision maker.

Furthermore, a segment is a distinguishable component of the Group that is engaged in either providing related products and services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different to those of other segments.
The Group has a single reportable segment which is the sale of sauces to external customers based on a group of similar products.

### 28.2 Segment revenues

| | Total segment revenue | Revenue from external customers |
|---|---|---|
| **Year ended 30 June 2017** | | |
| Total revenue | 165 495 293 | **165 495 293** |
| **Year ended 30 June 2016** | | |
| Total revenue | 142 305 259 | **142 305 259** |

An analysis of the revenue of customers over 10% is set out below:

| **Customer analysis** | **2017** | **2016** |
|---|---|---|
| Customer A | 55% | 52% |
| Customer B | 22% | 21% |
| **Total** | **77%** | **73%** |

The company's overall dependence on its top 2 customers increased by 4 percentage points during the current year due to the growth in the retail customers.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 29. Contingencies

**29.1** There is a material legal or arbitration proceeding, which includes a proceeding that is pending or threatening the company which may have, or has had, in the recent past, being at least 12 months from date of this report, a material effect on the group's financial position. This includes:

**Financial Services Board ("FSB") Supreme Court of Appeal judgement**

As reported in the 30 June 2016 annual financial statements the Enforcement Committee of the FSB imposed a penalty of R1 500 000 on AH Vest Limited. The penalty was levied for an accounting error that occurred in a previous year's annual financial statement. AH Vest Limited prepared an appeal against the findings of guilt and the administrative penalties imposed by the Enforcement Committee of the FSB. No provision had been raised for this penalty as the AH Vest legal representatives and director's best estimates indicated that it was not likely that the penalty would be enforced by the FSB appeal board. After the 30 June 2017 year end the Supreme Court of Appeal ruled against the company and dismissed the case. The company believes that this ruling is unconstitutional and the company is in the process of lodging an appeal in the Constitutional Court. Notwithstanding the proposed appeal a full provision of the penalty has been made amounting to R1 500 000. There are contingent legal fees to settle the other party if the company is not successful in its Constitutional Court bid. At this stage, it is too early to quantify the quantum of the costs.

## 30. Related parties

### 30.1 Group Companies

| | |
|---|---|
| Parent company | Eastern Trading Proprietary Limited trading as Darsot Food Corporation |
| Subsidiaries | All Joy Property Holdings Proprietary Limited |
| Shareholder with significant influence | Eastern Trading Proprietary Limited trading as Darsot Food Corporation |
| | Farm Food Holdings Proprietary Limited |
| Companies owned by members of key Management | Five Point Steel Proprietary Limited |
| | Plant & Equipment Hire DFC Proprietary Limited |
| | Darsot and More Chemicals Proprietary Limited |
| | DFC All Joy Tomato Processors Proprietary Limited |
| | Tin Can Man Proprietary Limited |
| | Plot 15 Misgund Road Can and Office Proprietary Limited |
| | Plot 75 Misgund Road Docm Proprietary Limited |
| | Plot 18 Misgund Road HH Proprietary Limited |
| | Plot 81 Misgund Road M Proprietary Limited |
| | Plot 75 Misgund Road Can and Office Proprietary Limited |
| | Plot 18 Misgund Road Can and Office Proprietary Limited |
| | Plot 81 Misgund Road Can and Office Proprietary Limited |
| | Truck and Fleet Management DFC Proprietary Limited |
| Members of key management | MT Pather |
| | I Darsot |
| | MNI Darsot |
| | SI Darsot |
| | BI Darsot |
| | R Darsot |
| | C Sambaza |

### 30.2 Related party transactions and balances

| | Eastern Trading Proprietary Limited | Total |
|---|---|---|
| **30.2.1 Year ended 30 June 2017** | | |
| **Related party transactions** | | |
| Purchase of goods | 28 031 295 | **28 031 295** |
| Revenue from sale of goods | (12 741 481) | **(12 741 481)** |
| Rent paid | 3 000 000 | **3 000 000** |
| Admin and management fees paid | 4 153 369 | **4 153 369** |
| Transport | 13 080 966 | **13 080 966** |
| Interest paid | 244 783 | **244 783** |
| Interest received | (713 044) | **(713 044)** |
| Shared Cost | 10 102 106 | **10 102 106** |
| **Outstanding balances for related party transactions** | | |
| Amounts receivable | 6 178 386 | **6 178 386** |
| **30.2.2 Year ended 30 June 2016** | | |
| **Related party transactions** | | |
| Purchases of goods | 14 338 865 | **14 338 865** |
| Revenue from sale of goods | (4 883 900) | **(4 883 900)** |
| Purchases of plant and equipment | 4 570 148 | **4 570 148** |
| Administration fees | 4 178 073 | **4 178 073** |
| Interest paid | 964 324 | **964 324** |
| Rent paid | 3 000 000 | **3 000 000** |
| **Outstanding balances for related party transactions** | | |
| Amounts payable | (9 822 855) | **(9 822 855)** |

All related party transactions are entered at arm's length.

## 31. Director's emoluments

### 31.1 Executive

| | Emoluments | Other Benefits* | Pension Paid | Total |
|---|---|---|---|---|
| **2017** | | | | |
| MT Pather | 1 602 144 | 400 705 | 160 214 | 2 163 064 |
| IE Darsot | 301 814 | 19 148 | 15 091 | 336 052 |
| MNI Darsot | 224 971 | 14 727 | 11 249 | 250 946 |
| SI Darsot | 224 971 | 14 727 | 11 249 | 250 946 |
| R Darsot | 224 971 | 14 727 | 11 249 | 250 946 |
| BI Darsot | 224 971 | 14 727 | 11 249 | 250 946 |
| C Sambaza | 1 285 200 | 75 719 | - | 1 360 919 |
| | 4 089 042 | 554 479 | 220 300 | 4 863 819 |

| | Emoluments | Other Benefits* | Pension Paid | Total |
|---|---|---|---|---|
| **2016** | | | | |
| MT Pather | 1 778 034 | 110 528 | 160 214 | 2 048 776 |
| IE Darsot | 295 465 | 19 338 | - | 314 803 |
| MNI Darsot | 219 762 | 14 857 | - | 234 619 |
| SI Darsot | 219 762 | 14 857 | - | 234 619 |
| R Darsot | 219 762 | 14 857 | - | 234 619 |
| BI Darsot | 219 762 | 14 857 | - | 234 619 |
| C Sambaza | 849 600 | 18 012 | - | 867 612 |
| | 3 802 147 | 207 036 | 160 214 | 4 169 667 |

* **Other benefits comprise of short term benefits such as bonus, travel and other expense allowances**

### 31.2 Non-executive

| | Directors' fees | Total |
|---|---|---|
| **2017** | | |
| JJ du Plooy | 45 700 | 45 700 |
| MS Appelgryn | 80 950 | 80 950 |
| H Takolia | 81 198 | 81 198 |
| | 207 848 | 207 848 |

| | Directors' fees | Total |
|---|---|---|
| **2016** | | |
| JJ du Plooy | 107 154 | 107 154 |
| MS Appelgryn | 97 565 | 97 565 |
| H Takolia | 101 914 | 101 914 |
| | 306 633 | 306 633 |

## 32. Events after the reporting date

As reported in the 30 June 2016 annual financial statements the Enforcement Committee of the FSB imposed a penalty of R 1 500 000 on AH Vest Limited. The penalty was levied for an accounting error that occurred in a previous year's annual financial statement. AH Vest Limited prepared an appeal against the findings of guilt and the administrative penalties imposed by the Enforcement Committee of the FSB. No provision had been raised for this penalty as the AH Vest legal representatives and director's best estimates indicated that it was not likely that the penalty would be enforced by the FSB appeal board. After the 30 June 2017 year end the Supreme Court of Appeal ruled against the company and dismissed the case. The company believes that this ruling is unconstitutional and the company is in the process of lodging an appeal in the Constitutional Court. Notwithstanding the proposed appeal a full provision of the penalty has been made amounting to R1 500 000. There are contingent legal fees to settle the other party if the company is not successful in its Constitutional Court bid. At this stage, it is too early to quantify the quantum of the costs.

### 33. Financial risk management

### 33.1 Market risk management

Market risk is the risk that the group's income and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates. The overarching objective of market risk management is to protect the Group's net income against adverse market movements through containing the innate interest rate risks within acceptable parameters, as with all risk management within the Group, the market risk management resided under the authority of the Board incorporating interest rate risk parameters.

### 33.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. At year-end, the Group was in a net cash negative position of R3 203 671 (2016: R2 456 989) which gives rise to a liquidity risk.

In terms of its borrowing requirements, the Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. The group also has access to funding from the controlling shareholder which is used as and when the need arises.

The Group has a detailed cash flow and funding plan and liquidity gap analysis in order to facilitate adequate funding for its operations and to ensure that the Group's funding is at levels that result in an efficient cost of capital, while maintaining an acceptable level of risk.

The Group further manages liquidity risk through an on-going review of future commitments and credit facilities.

There have been no changes in how the risk arises, the managing of the risk and the method used to measure the risk from the previous period.

The table below analyses the group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The tables include both estimated interest and principal cash flows.

**Group and Company**

| At 30 June 2017 | Less than 1 year | Between 2 & 4 years | More than and equal To 5 years |
|---|---|---|---|
| Trade and other payables | 30 880 279 | - | - |
| Bank Overdraft | 3 315 291 | - | - |
| Finance lease and instalment sale obligation | 2 318 282 | 4 915 254 | - |
| Other financial liabilities | 2 943 249 | 8 571 429 | 6 428 571 |

| At 30 June 2016 | Less than 1 year | Between 2 & 4 years | More than and equal To 5 years |
|---|---|---|---|
| Loans from shareholders | - | 9 822 855 | - |
| Trade and other payables | 28 761 677 | - | - |
| Bank overdraft | 3 139 436 | - | - |
| Finance lease and instalment sale obligation | 725 062 | 2 193 313 | - |

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 33.3 Capital Risk Management

The group's objective when managing capital are to safeguard the group'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 group consists of debt, which includes the borrowings disclosed in notes 16 and 17 cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

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

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

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.

## 33.4 Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flow are substantially independent of changes in market interest rates

At 30 June 2017, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, based on year end exposure, post-tax profit would have been - R204 340 (2016: - R38 703).

**Cash flow interest rate risk**

| Financial instrument | Current interest rate | Due in less than 1 year | Due in 2 to 5 years |
|---|---|---|---|
| Overdraft facility used | 10.75% | 3 315 291 | - |
| Finance lease and instalment sale obligation | 10.5%-12% | 2 318 282 | 4 915 254 |
| Other financial liabilities | 11.00% | 2 943 249 | 15 000 000 |

## 33.5 Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents 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 evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering 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 utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash. Credit guarantee insurance is purchased when deemed appropriate.

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

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

| Financial instrument | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|
| Trade and other receivables | 18 303 898 | 15 692 816 | 18 303 898 | 15 692 816 |
| Cash and cash equivalents | 111 619 | 682 347 | 111 519 | 682 347 |
| **Commitments** | | | | |
| Authorized capital expenditure | | | | |
| Already contracted for but not provided for | | | | |
| • Property, plant and equipment | - | 4 740 722 | - | 4 740 722 |

The company entered into a contract for the acquisition of plant and equipment from a foreign supplier. The expenditure has been financed through financing obtained from available bank facilities. Delivery of the equipment is anticipated in the first quarter of the new financial year.

| Figures in R | Group 2017 | Group 2016 | Company 2017 | Company 2016 |
|---|---|---|---|---|

## 33.6 Operating leases - as lessee (expense)

| | | | | |
|---|---|---|---|---|
| **Minimum lease payments due** | | | | |
| - within one year | 3 544 320 | 3 606 816 | 3 544 320 | 3 606 816 |
| - in second to fifth year inclusive | 12 444 360 | 13 382 976 | 12 444 360 | 13 382 976 |
| - later than five years | 46 500 000 | 57 000 000 | 46 500 000 | 57 000 000 |
| | **62 488 680** | **73 989 792** | **62 488 680** | **73 989 792** |

The company did not enter into any non-cancellable subleases at the end of the reporting period and therefore, it has no future minimum sublease payments.

Operating lease payments represent rentals payable by the group for the rental of factory equipment, premises and warehouse. The Eikenhof premises lease has been negotiated for 25 years. Other leases are negotiated for terms of between two and five years. No contingent rent is payable.

There are terms of renewal, no purchase options and escalation clauses. There are no restrictions imposed by lease arrangements.

## 34. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

## 35. Auditors Remuneration

| | | | | |
|---|---|---|---|---|
| Fees | 526 316 | 439 900 | 526 316 | 439 900 |

## SHAREHOLDER ANALYSIS AS AT 30 JUNE 2017

The share analysis has been extracted from the register of shareholders dated 30 June 2017.

### SHAREHOLDERS HOLDING MORE THAN 5%

| Shareholder | No. of Shares | % Holding |
|---|---|---|
| Eastern Trading Company (Pty) Ltd t/a Darsot Food Corporation ("Eastern Trading") | 73 644 168 | 72.22% |
| Farm Food Holdings (Pty) Ltd ("Farm Foods")# | 23 802 500 | 23.34% |
| **Total shareholders** | **97 446 668** | **95.56%** |

# Eastern Trading holds 91% of Farm Foods Proprietary Limited.

### CATEGORIES OF SHAREHOLDERS - PUBLIC VS NON-PUBLIC

| Shareholder | No. of Shareholders | No. of Shares | % Holding |
|---|---|---|---|
| **Public** | 294 | 4 526 665 | 4.44% |
| **Non-Public** | | | |
| Shareholders holding more than 10% of total issued capital | | | |
| Eastern Trading Company | 1 | 73 644 168 | 72.22% |
| Farm Food Holdings (Pty) Ltd | 1 | 23 802 500 | 23.34% |
| **Directors and Associates** | - | - | - |
| **Total shareholders** | **296** | **101 973 333** | **100.00%** |

### SHAREHOLDERS ANALYSIS AND INFORMATION

| | No. of Shares | No. of Holders | % Holding |
|---|---|---|---|
| **Individuals** | 271 | 4 086 781 | 4.01% |
| **Nominees and Trusts** | 4 | 120 816 | 0.12% |
| **Close Corporations** | 3 | 236 298 | 0.23% |
| **Companies, Financial Institutions** | 18 | 97 528 846 | 95.64% |
| **Total shareholders** | **296** | **101 973 333** | **100.00%** |

| Size of Shareholding | No. of Holders | No. of Shares | % Holding |
|---|---|---|---|
| **1 – 1 000** | 135 | 38 204 | 0.04% |
| **1 001 – 10 000** | 104 | 500 909 | 0.49% |
| **10 001 – 100 000** | 42 | 1 593 655 | 1.56% |
| **100 001 – 1 000 000** | 12 | 2 393 897 | 2.35% |
| **1 000 001 and over** | 3 | 97 446 668 | 95.56% |
| **Total shareholders** | **296** | **101 973 333** | **100.00%** |

**AH-VEST LIMITED**
(Incorporated in the Republic of South Africa)
(Registration number 1989/000100/06)
("AH-Vest" or "Company")
JSE code: AHL ISIN code: ZAE000129177

**Directors**

| | |
|---|---|
| IE Darsot (Executive Chairman and Chief Executive Officer) | SI Darsot |
| C Sambaza (Financial Director) | BI Darsot |
| MT Pather | MA Appelgryn# |
| R Darsot | H Takolia# |
| MNI Darsot | JJ Du Plooy# |

# - *Independent non-executive*

**NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY**

Notice is hereby given that the annual general meeting ("AGM") of shareholders of the Company will be held in the boardroom, 15 Misgund Road, Eikenhof, Johannesburg, at 10:00 on Wednesday, 21 February 2018, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions set out below:

**Record Date to Attend and Vote at the AGM**
The board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of this annual general meeting is Friday, 8 December 2017 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Tuesday, 16 January 2018. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 19 January 2018 will be entitled to participate in and vote at the annual general meeting.

**Who May Attend**

1. If you are the registered holder of certificated shares or you hold dematerialised shares with "own name" registration:
   - you may attend the AGM in person; or
   - you may appoint a proxy to represent you at the AGM by completing the attached form of proxy in accordance with the instructions contained therein and by returning it to the transfer secretaries to be received no later than 10:00 on, Monday, 22 January 2018 for administrative purposes or thereafter to the Company by hand by no later than 10:00 on Wednesday, 24 January 2018.

   A proxy need not be a shareholder of the Company.

   Certificated Shareholders or Own-name Dematerialised Shareholders may attend and vote at the AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolutions, vote in their stead by completing the attached form of proxy and returning it to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 22 January 2018 for administrative purposes or thereafter to the Company by hand by no later than 10:00 on Wednesday, 24 January 2018.
2. If you hold dematerialised shares which are not registered in your name:
   - and you wish to attend the AGM in person, you must obtain the necessary letter of representation from your Central Securities Depository Participant (CSDP) or broker or nominee (as the case may be); or
   - if you do not wish to attend the AGM but would like your vote to be recorded at the meeting, you should contact your CSDP or broker or nominee (as the case may be) and furnish them with your voting instructions; and
   - you must not complete the attached proxy form.

**Electronic Participation at the AGM**
In accordance with the provisions of section 61(10) of the Companies Act, the Company intends to make provision for shareholders and their proxies to participate in the AGM by way of telephone conference call. Shareholders wishing to do so:

- must contact the Company Secretary at +27 11 480 8500 (and speak to either Doris Shabangu or Michelle Krastanov) by not later than 10:00 on Monday, 22 January 2018, to obtain a pin number and dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification;
- will be billed separately by their own telephone service providers for the telephone call to participate in the AGM; and
- must submit their voting proxies to the transfer secretaries Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), (Tel: (011) 370 5000) by no later than 10:00 on Monday, 22 January 2018 for administrative purposes on commencement of the AGM on Wednesday, 24 January 2018. No changes to voting instructions after this time and date can be accepted unless the Chairman of the meeting is satisfied as to the identification of the electronic participant.

**Purpose of the AGM**
The purpose of the AGM is to present to the shareholders of the Company:

- the group audited financial statements for the year ended 30 June 2017;
- the directors' report;
- the report of the Audit Committee;
- the report of the Social & Ethics Committee; and
- to deal with any other business that may lawfully be dealt with at the AGM, and to consider and, if deemed fit, to pass, with or without modification, the resolutions set out below:

**ORDINARY RESOLUTIONS:**

**<u>Approval of the annual financial statements – ordinary resolution number 1</u>**

**Ordinary resolution number 1 – Annual financial statements**

**"RESOLVED THAT** the annual financial statements of the Company and its subsidiaries for the period ended 30 June 2017, including the director's report, the reports of the Audit Committee and Social and Ethics Committee thereon be and are hereby received and accepted."

***Explanatory note: Ordinary resolution number 1***
Ordinary resolution 1 is proposed to receive and accept the group audited annual financial statements for the year ended 30 June 2017, including the directors' report, the independent auditors' report and the audit and risk committee report and the social and ethics committee report thereon.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**<u>Approval of retirement of directors – ordinary resolution numbers 2</u>**

**Ordinary resolution number 2 – director retirement and re-election – MS Appelgryn**

"**RESOLVED THAT** Mr MS Appelgryn, who retires in accordance with the provisions of the Company's memorandum of incorporation, but being eligible offers himself for re-election, be and hereby is re-elected as a director of the Company."

Mr MS Appelgryn's Curricula Vitae is set out at the end of this notice of annual general meeting.

***Explanatory note Ordinary resolutions number 2:***
In accordance with the memorandum of incorporation of the Company, one-third of the non-executive directors for the time being are required to retire at each meeting and may offer themselves for re-election.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Approval of appointment of auditors – ordinary resolution number 3**

**Ordinary resolution number 3 – Appointment of external auditors**

**"RESOLVED THAT** the appointment of Nexia SAB&T Chartered Accountants Incorporated Inc. as external auditors of the Company for the ensuing year, with Mr A Darmalingam as the designated auditor at partner status of the Company, and the authorisation of the audit committee to determine the auditors' remuneration be and is hereby approved."

***Explanatory note: Ordinary resolution number 3***
Nexia SAB&T Chartered Accountants Inc. has indicated its willingness to continue as the company's auditor until the next annual general meeting. The group audit committee has satisfied itself as to the independence of SAB&T Chartered Accountants Inc. and Mr A Darmalingam. The group audit committee has the power in terms of the Act, to approve the remuneration of the external auditors. The remuneration and non-audit fees paid to the auditors during the period ended 30 June 2017 are contained in note 35.

Subject to the passing of the resolution, Mr A Darmalingam will be the individual registered auditor who will undertake the audit during the financial year ending 30 June 2018.

Section 90(1) of the Companies Act requires the Company to appoint an auditor each year at its annual general meeting. The group audit committee has satisfied itself as to the independence of Nexia SAB&T Chartered Accountants Inc. and considered whether or not they comply with the requirements of sections 90(2) and (3) of the Companies Act and section 22 of the Listings Requirements of the JSE Limited ("JSE") and the board considered and accepted these findings.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Election of audit committee members – ordinary resolution numbers 4 - 6**

**Ordinary resolution number 4 – Appointment of Audit Committee member – H Takolia**

**"RESOLVED THAT** H Takolia is re-elected as a member of the audit committee of the Company."

**Ordinary resolution number 5 – Appointment of Audit Committee member and chairman – MS Appelgryn**

**"RESOLVED THAT** MS Appelgryn is re-elected as a member and the chairman of the audit committee of the Company."

**Ordinary resolution number 6 – Appointment of Audit Committee member – JJ Du Plooy**

**"RESOLVED THAT** JJ Du Plooy is re-elected as a member of the audit committee of the Company."

***Explanatory note: Ordinary resolutions numbers 4 to 6:***
Ordinary resolutions 4 to 6 are proposed to elect an audit committee in terms of section 94(2) of the Companies Act and the King Report on Corporate Governance for South Africa ("King Code").

Section 94 of the Companies Act requires that, at each AGM, shareholders of the Company must elect an audit committee comprising at least three members to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and in King IV and to perform such other duties and responsibilities as may from time to time be delegated to it by the board.

The board is also satisfied that the proposed members meet the requirements of section 94(4) of the Companies Act and that they possess the required qualifications and experience as prescribed in Regulation 42 of the Companies Act Regulations, 2011, which requires that at least one third of the members of a company's audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Brief Curricula Vitae of each member standing for election are set out at the end of this notice of annual general meeting.

In order for these resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Approval of the general authority to allot and issue shares for cash – ordinary resolution number 7**

**Ordinary resolution number 7 – General authority to allot and issue shares for cash**

"**RESOLVED THAT**, subject to the provisions of the Companies Act, the Listings Requirements of the JSE and the Company's memorandum of incorporation, as a general authority valid until the next annual general meeting of the Company and provided that it shall not extend past 15 months from the date of this AGM, the authorised but unissued ordinary shares of the Company be and are hereby placed under the control of the directors who are hereby authorised to allot, issue, grant options over or otherwise deal with or dispose of these shares to such persons at such times and on such terms and conditions and for such consideration whether payable in cash or otherwise, as the directors may think fit, provided that:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- this authority shall not endure beyond the next annual general meeting of the Company nor shall it endure beyond 15 months from the date of this meeting;
- the shares must be issued only to public shareholders (as defined in the Listings Requirements of the JSE) and not to related parties (as defined in the Listings Requirements of the JSE);
- upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the Company shall by way of an announcement on Stock Exchange News Service ("SENS"), give full details thereof, including the effect on the net asset value of the Company and earnings per share;
- the number of ordinary shares issued for cash shall not, in the current financial year, in aggregate, exceed 50% or 50 986 666 of the Company's issued ordinary shares (including securities which are compulsorily convertible into shares of that class); and

– the maximum discount at which shares may be issued is 10% of the weighted average traded price of the Company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company."

***Explanatory Note: Ordinary resolution number 7***

Subject to the approval of the general authority proposed in terms of this ordinary resolution number 7, and in terms of the Listings Requirements of the JSE, shareholders, by their approval of this resolution, grant a waiver of any pre-emptive rights to which ordinary shareholders may be entitled, in favour of the directors for the allotment and issue of ordinary shares in the share capital of the Company for cash other than in the normal course by way of a rights offer or claw-back offer or pursuant to the Company's share incentive scheme or acquisitions utilising such shares as currency to discharge the purchase consideration.

The proposed resolution to issue up to 50 986 666 (fifty million nine hundred and eighty six thousand six hundred and sixty six) ordinary shares represents approximately 50% (fifty percent) of the issued share capital of the Company at the date of this notice.

In order for this resolution to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution is required.

**<u>Approval of the remuneration policy – ordinary resolution number 8</u>**

**Ordinary resolution number 8 - Non – binding advisory vote on the remuneration policy**

**"RESOLVED THAT** the Company's remuneration policy, as set out below, be and is hereby endorsed by way of a non-binding advisory vote."

***Explanatory note: Ordinary resolution number 8***

The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy of the Company. The remuneration committee assists the board in its responsibility for setting and administering remuneration policies in the Company's long-term interests. The remuneration committee considers and recommends remuneration for all levels in the Company, including the remuneration of senior executives and executive directors, and advises on the remuneration of non-executive directors. King III recommends that every year the Company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The remuneration committee prepared, and the board considered and accepted, the remuneration policy, as set out in the remuneration report in this integrated report, and shareholders are required to vote on it.

This ordinary resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

**Remuneration Policy Summary:**

The executive directors are currently remunerated on a cost to company basis with no incentives or bonuses. Any bonuses are on an ad-hoc basis and are not linked to Key Performance Indicators. Annual increases are considered each year based on the Company's affordability as well as considering inflation and other macro-economic factors. Key performance objectives will be considered as well as incentives for executive directors in the coming year as the company has returned to profitability.

In order for this resolution to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**SPECIAL RESOLUTIONS:**

**Approval of the non-executive directors' remuneration – special resolution number 1**

**Special resolution number 1 – Non-Executive Directors' remuneration**

**"RESOLVED THAT,** subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, the approval of the remuneration payable to the non-executive directors for the financial year commencing 1 July 2017 as follows:

| | Chairman | Other directors/members of committees |
|---|---:|---:|
| **Board Meeting:**<br>Per meeting: | N/A | R8 850 |
| **Audit Committee:**<br>Per meeting: | R17 650 | R8 850 |
| **Social & Ethics Committee**<br>Per meeting | R17 650 | R8 850 |

***Explanatory note: Special resolution number 1***
Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the Company's MOI, the Company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. The Company's MOI does not limit, restrict or qualify the power of the Company to pay remuneration to its directors for their service as directors in accordance with section 66(9) of the Companies Act. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

In order for this resolution to be adopted, the support of more than 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Approval of the authority to allot and issue shares that may exceed 30% of the voting power of the current issued share capital – special resolution number 2**

**Special resolution number 2 – Authority to issue shares, securities convertible into shares or rights that may exceed 30% of the voting power of the current issued share capital**

"**RESOLVED THAT,** the authorised but unissued shares of the Company be and are hereby placed under the control of the directors (to the extent that this is necessary in terms of the Company's memorandum of incorporation) and the Directors be and are hereby authorised, to the extent required in terms of section 41(3) of the Companies Act, to allot and issue such number of shares in the authorised but unissued share capital of the Company as may be required for purposes of issuing shares, securities convertible into shares, or rights exercisable for shares in a transaction or series of integrated transactions notwithstanding the fact that such number of ordinary shares may have voting power equal to or in excess of 30% of the voting rights of all ordinary shares in issue immediately prior to such issue. This authority specifically includes the authority to allot and issue any ordinary shares in the authorised but unissued share capital of the Company to any underwriter(s) of a rights or claw-back offer (whether or not such underwriter is a related party to AH-Vest (as defined for purposes of the Listings Requirements) and/or person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a Director or prescribed officer of the Company or a nominee of any of the foregoing persons."

***Explanatory note: Special resolution number 2***
The reason for special resolution number 2 is to:

a. obtain approval from the shareholders of the Company, in terms of the provisions of sections 41(1) and (3) of the Companies Act (to the extent required), to issue additional ordinary shares in the authorised but unissued share capital of the Company to enable the Company to issue shares, securities convertible into shares, or rights exercisable for shares in a transaction or series of integrated transactions notwithstanding the fact that such number of ordinary shares may have voting power equal to or in excess of 30% of the voting rights of all ordinary shares in issue immediately prior to such issue; and

b. to provide for the possibility of such shares being issued to persons and parties considered to be related and/or inter-related parties as defined in section 2 of the Companies Act, 2008 and the Listings Requirements of the Johannesburg Stock Exchange ("JSE"), which issue will be subject to the JSE Listings Requirements.

In order for this resolution to be adopted, the support of more than 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Approval of the general authority to enter into funding agreements, provide loans or other financial assistance – special resolution number 3**

**Special resolution number 3 – General authority to enter into funding agreements, provide loans or other financial assistance**

"**RESOLVED THAT,** subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, in terms of Section 45 of the Companies Act, No 71 of 2008, as amended, the company be and is hereby granted a general approval authorising that the company and or any one or more of and/or its wholly-owned subsidiaries incorporated in the Republic to enter into direct or indirect funding agreements guarantee a loan or other obligations, secure any debt or obligation, or to provide loans or financial assistance between any one or more of the subsidiaries from time to time, subject to the provisions of the JSE Limited's Listings Requirements, for funding agreements and as the directors in their discretion deem fit.

***Explanatory note: Special resolution number 3***

Section 45 of the Companies Act provides, among other things, that, except to the extent that the memorandum of incorporation of a company provides otherwise, the board may authorise the Company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or inter- related company or corporation, including a subsidiary of the Company incorporated in or outside of the Republic of South Africa, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

In order for this resolution to be adopted, the support of more than 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

**Voting Rights**

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the AGM. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

**By order of the Board**

**Arbor Capital Company Secretarial Proprietary Limited**
(Registration Number 1998/025284/07)
Company Secretary
Date: 11 December 2017

**AH-VEST LIMITED**
(Incorporated in the Republic of South Africa)
(Registration number 1989/000100/06)
("AH-Vest" or "Company")
JSE code: AHL ISIN code: ZAE000129177

**FORM OF PROXY (for use by certificated and own name dematerialised shareholders only)**

For use by certificated and "own name" registered dematerialised shareholders of the company ("shareholders") at the annual general meeting ("AGM") of AH-Vest to be held at 10:00 on Wednesday, 24 January 2018 at 15 Misgund Road, Eikenhof, Johannesburg ("the annual general meeting").

I/We (please print) ____________________________________________

of (address) ____________________________________________

being the holder/s of ____________ ordinary shares of 0.01 cent each in AH-Vest, appoint (see note 1):

1. ____________________________________________ or failing him,

2. ____________________________________________ or failing him,

3. the chairperson of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

| | Number of votes | | |
|---|---|---|---|
| | **For** | **Against** | **Abstain** |
| **Ordinary Resolution Number 1**<br>Acceptance of annual financial statements | | | |
| **Ordinary Resolution Number 2**<br>Director retirement and re-election of MS Appelgryn | | | |
| **Ordinary Resolution Number 3**<br>Auditor's re-appointment of external auditor | | | |
| **Ordinary Resolution Number 4**-<br>Election of audit committee member – H Takolia | | | |
| **Ordinary Resolution Number 5**<br>Election of audit committee member and chairman – MS Appelgryn | | | |
| **Ordinary Resolution Number 6**<br>Election of audit committee member – JJ Du Plooy | | | |
| **Ordinary Resolution Number 7**<br>General authority to allot and issue shares for cash | | | |
| **Ordinary Resolution Number 8**<br>Non–binding advisory vote on the remuneration policy | | | |
| **Special Resolution Number 1**<br>Non-executive directors' remuneration | | | |
| **Special Resolution Number 2**<br>Authority to issue shares, securities convertible into shares or rights that may exceed 30% of the voting power of the current issued share capital | | | |
| **Special Resolution Number 3**<br>General authority to enter into funding agreements, provide loans or other financial assistance | | | |

Signed at ____________________________________ on _______________________ 2018

Signature _____________________________________________________

Assisted by me (where applicable) _________________________________

Name_________________________Capacity__________________Signature________________________

1. **Certificated shareholders and dematerialised shareholders with "own name" registration**
If you are a certificated shareholder or have dematerialised your shares with "own name" registration and you are unable to attend the AGM of AH-Vest shareholders to be held at 10:00 on Wednesday, 24 January 2018 at 15 Misgund Road, Eikenhof, Johannesburg, and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), so as to be received by them no later than 10:00 on Monday, 22 January 2018 for administrative purposes or thereafter received by the Company by hand by no later than 10:00 on Wednesday, 24 January 2018.

2. **Dematerialised shareholders other than those with "own name" registration**
If you hold dematerialised shares in AH-Vest through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat, in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

**NOTES**

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below. **Other shareholders should not use this form.** All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the Meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.
2. This proxy form will not be effective at the meeting unless received at the registered office of the company at 15 Misgund Road, Eikenhof, Johannesburg, 1872, not later than Monday, 22 January 2018 at 10h00.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.

5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
6. If
   6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
   6.2 the shareholder gives contrary instructions in relation to any matter; or
   6.3 any additional resolution/s which are properly put before the Meeting; or
   6.4 any resolution listed in the proxy form is modified or amended,
   the proxy shall be entitled to vote or abstain from voting, as he thinks fit, and in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
   7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   7.2 the Company has already received a certified copy of that authority.
8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:
   10.1 delivers a copy of the revocation instrument to the company and to the proxy or proxies concerned, so that it is received by the company by not later than Monday, 22 January 2018 at 10h00; or
   10.2 appoints a later, inconsistent appointment of proxy for the Meeting; or
   10.3 attends the Meeting in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the company's registered office at 15 Misgund Road, Eikenhof, Johannesburg, 1872, not later than Monday, 22 January 2018, at 10h00.

**Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8) (b) (i)**

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1) (a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1) (b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder 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 (section 58(3) (a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting

(Section 58(3) (c)) and in terms of the memorandum of incorporation ("MOI") of the company at least 48 hours before the meeting commences.

6. Irrespective of the form of instrument used to appoint a proxy:
   6.1 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 (section 58)4)(a));
   6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
   6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. 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 the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).

8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
    10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
    10.2 the invitation or form of proxy instrument supplied by the company must:
        10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
        10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
        10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
    10.3 the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
    10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8) (d)).

**CURRICULA VITAE OF THE DIRECTORS**

**ABRIDGED CURRICULUM VITAE:**

**Marthinus Stephanus"Tony" Appelgryn (50)**

Tony served as an auditor with accounting and auditing firm, Coopers & Lybrand (today known as PriceWaterhouseCoopers) from 1990 to 1992. During this time he was appointed as audit manager on various audits, notably of the Small Business Development Corporation (today known as Business Partners), where he gained valuable experience in assisting, starting up and after caring of businesses. He served as Chairman of The Junior Chamber of The Afrikaanse Sakekamer from 1994 to 1996. In 1993, Tony was one of the founding members of an auditing and accounting practice, which went from strength to strength, and today he is a Senior Partner of the auditing company, ARC Chartered Accountants and Auditors Incorporated.

**Haroon Takolia CA (SA) MBA (WITS) (66)**

Haroon is a qualified chartered accountant and holds an MBA from the University of the Witwatersrand. He completed his articles of clerkship at Fram Cohen Kaplan and Kramer in 1979 and currently heads Takolia and Co., an independent audit practice with several high-profile clients. Haroon is a respected auditor (with clients such as the National Union of Mineworkers and South African Tennis Association) and has varied business interests. He serves on a number of social and educational boards as well as the board and audit committees of Cape Empowerment Limited and Ascension Properties Limited.

**Jacobus Johannes Du Plooy (32)**

Jacobus is a chartered accountant and qualified with ARC Chartered Accountants & Auditors ("ARC") in 2008, passing his qualifying exams first time around. He became an audit manager and remained with ARC until June 2012. Jacobus joined Minaco Group Proprietary Limited in July 2012 where he holds the position of financial manager.

Jacobus was appointed as an independent non-executive to AH-Vest and also appointed as a member to the audit committee.

**Maslamony Theeaagarajan"Marci "Pather (53)**

Marci has been engaged in the food industry for 32 years. He qualified in Food Technology from the Durban University of Technology and he is a professional member of SAAFoST & the IFT. He opened his first factory in 1986, after completing his in-service training at Fine Foods, a subsidiary of Unilever. He jointly founded Gramas Foods, as the operations Director, which was later sold to Bidvest in 1987. In 1988, he founded All Joy Foods Pty Ltd, and started building All Joy Foods first factory in Johannesburg, formulating and developing its products under the All Joy & Veri Peri brand. He served as the operations director until 1990. He was then appointed as the Sales and marketing director until 1996, when he was appointed the Managing Director.

In 1998 the All Joy Foods business was listed on the Johannesburg Stock exchange and he served as CEO, until October 2012. He has presented food sectorials for the DTI on many outward trade missions and has been a key note speaker at several global and local conferences. In 2005 he was a finalist at the entrepreneur of the year by Ernest & Young, and in 2005 he was formally recognized at the opening of the Branson Centre of Entrepreneurship. Currently he is an executive director of Ah-Vest LTD.

**Ismail Ebrahim Darsot (71)**

Ismail is the founder of Eastern Trading Proprietary Limited and has built up a successful business in the manufacturing of food products, particularly canned foods. Eastern Trading has won numerous awards over and number of years and during 2012, Eastern Trading acquired the controlling interest in AH-Vest. Ismail is the Chairman and Chief Executive Officer of AH-Vest Limited.

**Raees Darsot (32)**

Raees gained his financial experience as financial director of Eastern Trading and oversaw the financial side of the business. Raees is an Executive Director of AH-Vest and oversees the treasury and administration of the group.

**Muhammed Naasif Darsot (47)**

Muhammed completed his GCSE (1986) at Bishop Gore Comprehensive School in Swansea, Wales and completed the Islamic Finance Entrepreneurship Programme (GAP) (2011/2012). Muhammed is the Sales & Marketing Director of Darsot Group

Muhammed co-ordinates and implements the larger Group's sales and marketing strategy that delivers against specific strategic objectives of the businesses in line with the Company's, customers and consumer needs.

In addition, he directs and provides leadership to the marketing and sales teams of the businesses, advising on marketing and brand management from a customer perspective with regards to new product innovation and launches arising out of consumer demand and fulfilling that demand and advising sales management from a customer perspective with regards to implementation and execution at store level on existing and new product innovation.

**Bilaal Darsot (44)**

Bilaal gained his experience as Human Resources Director of the Darsot Group and oversees the human resources side of the business. Bilaal is the Human Resources Director of AH-Vest.

**Shuaib Darsot (42)**

Shuaib is the Operations Director of AH Vest Limited and oversees the operations of the larger group as well as seeking to maximise operating efficiencies and synergies.

**Christopher "Chris" Sambaza (46) CA (SA) CA (Z) B. Com (Rhodes)**

Chris is a member of both the Institute of Chartered Accountants Zimbabwe and the South African Institute of Chartered Accountants. He did his articles with Price Waterhouse Coopers Zimbabwe and he left as a manager specialising in information systems audits and financial services.

He worked in various roles in insurance, banking and manufacturing and is an entrepreneur in his own right having founded various companies in financial services and manufacturing in the region and in South Africa. He is the Financial Director of AH Vest Limited.

## SHAREHOLDERS DIARY

For the year ended 30 June 2017

| EVENT | TIMING |
|---|---|
| Financial year-end | End of June each year |
| Publication of year end results | By no later than 30 September each year |
| Interim results | 31 December 2017 |
| Publication of interim results | No later than 31 March 2018 |
| Record date to be recorded on the share register to attend the Annual General Meeting as a shareholder | 16 January 2018 |
| Next Annual General Meeting | 21 February 2018 |

## COMPANY INFORMATION

**Business Address and Registered office**
15 Misgund Road
Eikenhof
Johannesburg
1872

**Designated Advisor**
Arbor Capital Sponsors Proprietary Limited
(Registration number 2006/033725/06)
20 Stirrup Lane
Woodmead Office Park
Cnr Woodmead Drive & Van Reenens Avenue
Woodmead, 2191
(Suite#439, Private Bag X29, Gallo Manor, 2052)

**Company Secretary**
Arbor Capital Company Secretarial Proprietary Limited
20 Stirrup Lane
Woodmead Office Park
Cnr Woodmead Drive & Van Reenens Avenue
Woodmead, 2191
(Suite#439, Private Bag X29, Gallo Manor, 2052)

**Group Auditors**
Nexia SAB&T Chartered Accountants
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0046
(PO Box 10512, Centurion, 0046)

**Transfer Secretaries**
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Bierman Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

**Group Bankers**
Nedbank Limited
Standard Bank Limited
ABSA Bank Limited