INTEGRATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER
2014

South Ocean Holdings

OVERVIEW

COMMENTARY

GOVERNANCE

ANNUAL FINANCIAL STATEMENTS

ADMINISTRATION

ABOUT THIS REPORT

This Integrated Annual Report covers the activities of South Ocean Holdings Limited for the 12 months to 31 December 2014.

This report is the Group's primary report to its stakeholders and includes the Group's main business units and key functions as outlined on pages 2 to 5 of this report. It provides a concise and balanced account of the Group's performance over the financial year. No comparative information was restated.

Scope

The Group's businesses operate primarily in South Africa, with a small footprint into the rest of Africa and the reporting currency used is South African Rand (ZAR).

The Integrated Annual Report aims to provide concise, relevant and reliable information and has been completed while considering the recommendations of the new Global Reporting Initiative (GRI) guidelines, the King Report on Corporate Governance (King III Code), the South African Companies Act, 2008 as well as the Johannesburg Stock Exchange (JSE) Listings Requirements guidelines.

We have documented our assessment of King III in summary on page 50 to page 51 and mentioned any non-compliance with King III on page 34.

The printed section of the Integrated Annual Report includes the Audited Annual Financial Statements from page 52 to page 104.

Approvals

The Audit and Risk Management Committee is responsible for overseeing the content of this report and recommended the Integrated Annual Report to the Board for its approval on the 24 June 2015. Our independent auditors PricewaterhouseCoopers Inc. issued an audit opinion on the Annual Financial Statements and on the Summarised Annual Financial Statements on 18 March 2015. The unmodified audit opinion on the Group's Financial Statements can be found on page 61 of this Integrated Annual Report. This Integrated Annual Report was prepared by Mr JP Bekker, the Group Chief Financial Officer.

We welcome feedback on our Integrated Annual Report. Please contact us at info@southoceanholdings.co.za.

OVERVIEW

South Ocean Holdings Limited ("South Ocean Holdings") is an investment holding company which is listed on the main board of the JSE.

The Group consists of four operating subsidiaries, South Ocean Electric Wire Company Proprietary Limited ("SOEW"), a manufacturer of low voltage electrical cables, Radiant Group Proprietary Limited ("Radiant"), an importer and distributor of light fittings, lamps, electrical accessories and audio visual hardware and accessories trading under the trade name What 4 Electronics, Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), a property holding company and Icembu Services Proprietary Limited ("Icembu"), a light fittings assembly company.

GROUP STRUCTURE

SOUTH OCEAN HOLDINGS LIMITED

100%	100%	100%	100%
SOUTH OCEAN ELECTRIC WIRE COMPANY PROPRIETARY LIMITED	ANCHOR PARK INVESTMENTS 48 PROPRIETARY LIMITED	ICEMBU SERVICES PROPRIETARY LIMITED	RADIANT GROUP PROPRIETARY LIMITED

GROUP HISTORY

South Ocean Holdings has a short and impressive history. In the 25 years, since SOEW was established in King Williams Town, it has grown to a major force in the low voltage electrical cable market and has been listed on the Johannesburg Stock Exchange, expanded its operations into the lighting market and gained market share in both industries, as well as increasing its workforce and property portfolio.

1989

South Ocean Electric Wire Company ("SOEW") established in King Williams Town

1994

Hong Tai Electrical Industrial Co; Limited (Taiwan) becomes a major shareholder of SOEW

2001

South Ocean Electric Wire Company ("SOEW") relocated to Alrode

2007

South Ocean Holdings listed on the Johannesburg Stock Exchange

2007

South Ocean Holdings purchased Radiant Group

2009

Group turnover exceeds R1 billion

2014

Group turnover at R1.7 billion, highest in the history of the Group

Profitable after two years of losses

SOUTH OCEAN ELECTRIC WIRE COMPANY PROPRIETARY LIMITED (SOEW)

COMPANIES PROFILES

SOEW is a manufacturer and distributor of low voltage electrical cables based in Alrode, south of Johannesburg. SOEW sells to wholesalers and distributors and employs 479 employees. Products include general purpose insulated wires from 1mm^2 to 630mm^2, a range of flexible conductors, steel wire armoured cables, flat twin and earth cables, aluminium conductor steel reinforced (ACSR), aerial bundle conductor (ABC), and surface wire.

Revenue
R1 385.9 million

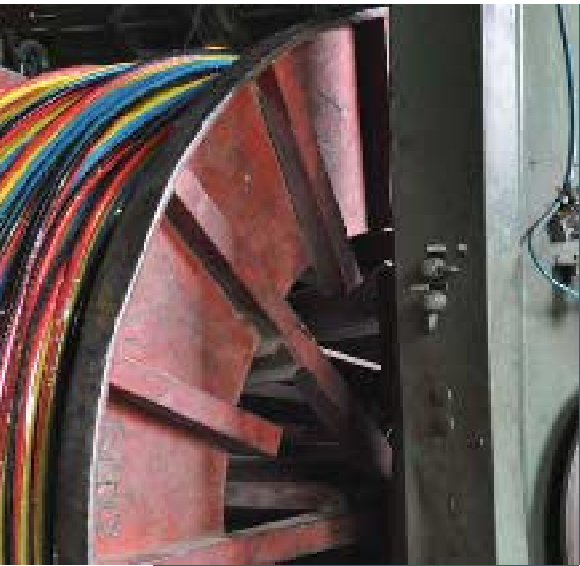
Contribution to Group revenue
80.8%

EBITDA
R107.0 million

ANCHOR PARK INVESTMENTS 48 PROPRIETARY LIMITED (ANCHOR PARK)

ANCHOR PARK

Anchor Park houses the property assets of the Group, consisting of SOEW's Alrode plant and Radiant's warehouses, offices and showrooms in Johannesburg as well the South Ocean Holdings head office located in Alrode. Anchor Park has purchased a new property in Alrode, close to the existing factory, which will be utilised to expand the manufacturing operations.



RADIANT GROUP PROPRIETARY LIMITED (RADIANT)

RADIANT is an importer and distributor of light fittings, lamps, electrical accessories and audio visual equipment, distributing to wholesalers, distributors, retail and lighting consultants. The majority of Radiant's products are imported and distributed to customers in southern Africa. The company operates from offices, warehouses and showrooms located in Johannesburg, Durban and Cape Town and employs 270 full-time employees. Radiant is a significant supplier in the light fittings market and is also a major supplier of lamps and is growing its market share in the electrical accessories market. Radiant also has an electronics accessories division trading under the brand name "What 4 Electronics", which was acquired at the end of 2013 and is increasing its market share.

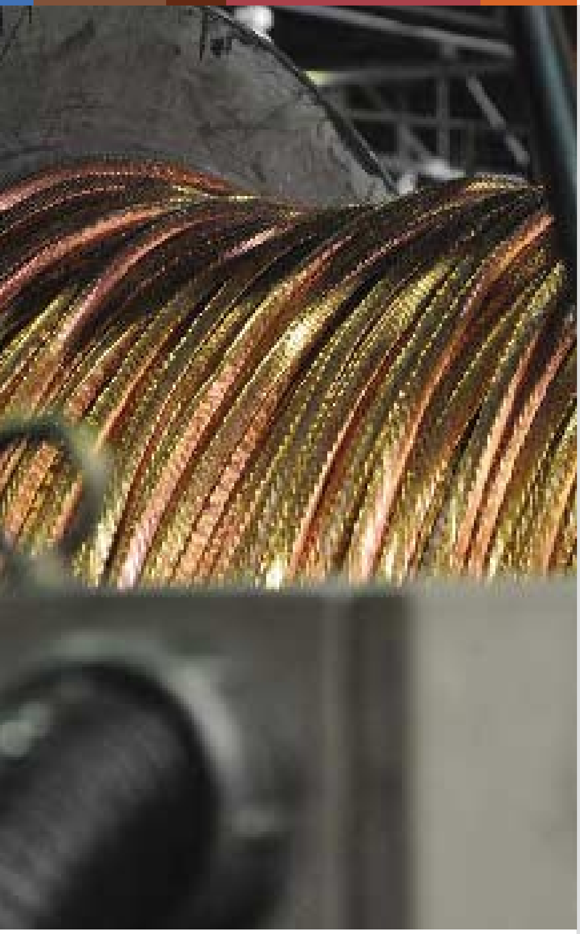
Revenue
R329.3 million

Contribution to Group revenue
19.2%

EBITDA
R8.1 million

ICEMBU SERVICES PROPRIETARY LIMITED (ICEMBU)

ICEMBU is based in Wynberg, in the north of Johannesburg. Its main function is to assemble light fittings and electrical products as per customer requirements, using mainly imported components. The company also repairs light fittings for Radiant. Icembu employed a total of 22 employees at year-end.



OUR PRODUCTS

ELECTRICAL CABLES

Through subsidiary SOEW, we manufacture the full range of low voltage electrical cables, from typical household wiring to industrial steel wire armoured cables. These are sold to electrical wholesalers and distributors who supply the building, construction, mining and retail industries.

The product range includes:

- Bare copper earth wire
- General purpose house wire
- Flat twin and earth
- Surface wiring
- Twin illumination cable
- Cabtyre
- Single core flex
- Solid panel wire
- Flex power
- Ripcord
- Mainscord
- Submersible pump cable
- Nitrile trailing cable
- PVC nitrile welding cable
- Flame retardant (FR) armoured cable
- Low halogen (LH) armoured cable
- Flame retardant (ECC) armoured cable
- Armoured cable (FR) 1.8/3.3kv
- Single core double PVC cable
- Single core double PVC AWA PVC cable
- Aluminium conductor
- Aluminium conductor steel reinforced (ACSR)
- Low voltage aerial bundle conductor (ABC)

LIGHTING, LAMPS AND ELECTRICAL ACCESSORIES

Through subsidiary Radiant, we create lighting and electrical solutions which are beautiful by design and inspired by the environment. Our products include the following:

Lighting solutions

Over 10 000 fittings which include:

- Accessories
- Bulkheads/footlights
- Ceiling lights
- Chandeliers
- Downlights
- Lamps
- Mounting options
- Outdoor
- Pendants
- Spotlights
- Utility lights
- Wall lights

Lamps

Over 1 000 different products which include:

- Fluorescent tubes
- Incandescent
- Halogen lamps
- High intensity discharge (HID)
- Infrared
- Compact fluorescent lights
- Light-emitting diodes (LEDs)
- Miniatures
- Energy saving
- Sealed beam lamps

Electrical solutions

Over 2 000 different products which include:

- Wall extension boxes
- Adaptors
- Multi-plugs and plug tops
- Cable management and accessories
- Dimmers, sensors and timers
- Extension cords and reels
- Office systems
- Tools instruments
- Wiring accessories
- Wireless automation

Audio visual and electronic accessories

Over 1 000 different products across multiple brands which include:

- Home appliances
- Electronics
- Gadgets
- Headphones
- Computers
- Home media
- Home audio

PERFORMANCE HIGHLIGHTS

Increased revenue from R1.690 billion to R1.715 billion

Improved cash flow

Acquired property for expansion of manufacturing operations

VALUES

CUSTOMER EXCELLENCE

- Our customers are our future
- Build long-term relationships, based on mutual respect
- Dedicated to satisfying customer needs

EMPLOYEES

- Support and show concern for our employees
- Involve, develop and advance our employees to their full potential
- Value and encourage diversity
- Promote open and honest debate
- Build awareness of fraud and dishonest conduct
- Individual performance and team work are essential

INTEGRITY AND ETHICS

- Subscribe to sound corporate governance, business ethics and compliance with rules and regulations
- Act with honesty and integrity

CORPORATE RESPONSIBILITY

- Contribute to the improvement of communities in our surrounding areas
- Utilise business practices that minimise any potential harmful impact on the environment

EMPOWERMENT

- Equal opportunities to grow in a supportive environment

Encountered one month's industrial strike action at SOEW

ERP system upgrade issues led to supply chain problems at Radiant

Growth in staff complement

VISION AND MISSION

South Ocean Holdings Limited strives to be the preferred business partner and market leader in South Africa, expanding into Africa and establishing an international footprint, through importing and distributing innovative products, and manufacturing electrical cables.

OUR STRATEGY

South Ocean Holdings' strategy is to deliver sustainable returns for all its stakeholders, excellent service to its customers and to maintain a reputation as the preferred provider of electrical cables, light fittings, lamps, electrical accessories and audio visual and electronic accessories.

Underpinning this commitment to good corporate governance, a responsible approach to risk management and dedication to taking care of its employees. Overall, South Ocean Holdings aims to make a positive contribution to the environment and communities in which it operates.

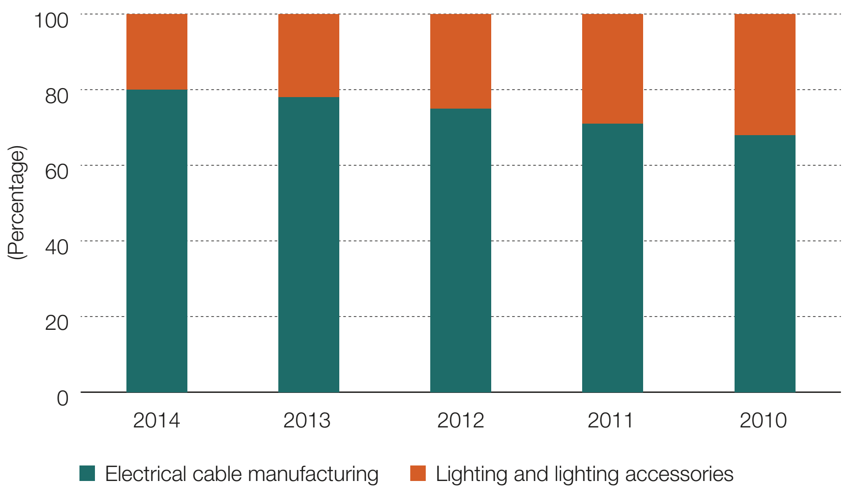
Our top three strategic imperatives

- **Ensuring sustainable returns for our stakeholders**
  South Ocean Holdings is focused on managing its business at a high level of efficiency so as to ensure that it generates sustainable returns over the longer term. This is not only profit maximisation, but includes ensuring that it operates a sustainable business that is beneficial to all its stakeholders.
- **To be a key player in the cable manufacturing, light fittings, lamps, electrical accessories and electronics markets**
  South Ocean Holdings is focused on gaining recognition in its chosen areas of operation by increasing its market share through organic growth. The Group concentrates on organic growth and where possible will look for opportunities for growth through acquisitions.
- **Develop globally competitive businesses**
  In its quest to compete in the rest of Africa, South Ocean Holdings' businesses have been streamlined to ensure that they are competitive within their target markets. The Group continuously strives to find ways to ensure its competitive advantage is maintained at all times.

FINANCIAL CAPITAL

FIVE-YEAR REVIEW	2014	2013	2012	2011	2010
GROUP STATEMENT OF COMPREHENSIVE INCOME					
Net revenue (Rm)	**1 715.2**	1 690.9	1 406.3	1 261.0	1 138.1
Operating profit (loss) (Rm)	**79.6**	(92.7)	(91.1)	75.7	88.5
Net profit (loss) after taxations (Rm)	**37.5**	(121.4)	(118.3)	45.8	52.5
GROUP STATEMENT OF FINANCIAL POSITION					
Shareholders' equity (Rm)	**582.1**	544.2	664.9	783.0	736.9
Non-current liabilities (Rm)	**120.5**	77.4	81.8	105.7	102.5
Net cash and cash equivalents – overdraft (Rm)	**109.7**	137.4	122.1	–	–
Other current liabilities (excluding overdraft) (Rm)	**155.9**	160.0	124.2	179.2	120.5
Total liabilities (Rm)	**386.1**	374.8	328.1	284.9	223.0
Non-current assets (Rm)	**330.1**	294.5	479.1	643.2	603.6
Net cash and cash equivalents (Rm)	**–**	–	–	13.8	34.8
Other current assets (Rm)	**638.1**	624.5	513.9	410.9	321.5
Total assets (Rm)	**968.2**	919.0	993.0	1 067.9	959.9
SHAREHOLDER RETURNS					
Earnings (loss) per share (cents)	**24.0**	(77.7)	(75.6)	29.3	33.6
Headline earnings (loss) per share (cents)	**24.0**	21.0	36.3	30.6	33.4
Dividend per share (cents)	**–**	–	–	–	–
Net tangible asset value per share (cents)	**365.9**	341.3	342.2	285.1	251.2
Total operating profit (loss) margin	**4.6%**	(5.5%)	(6.5%)	6.0%	7.8%
Cash generated/(utilised) for the year	**27.4**	(16.0)	(136.2)	(21.3)	(23.3)
Number of shares in issue (millions)	**156.4**	156.4	156.4	156.4	156.4

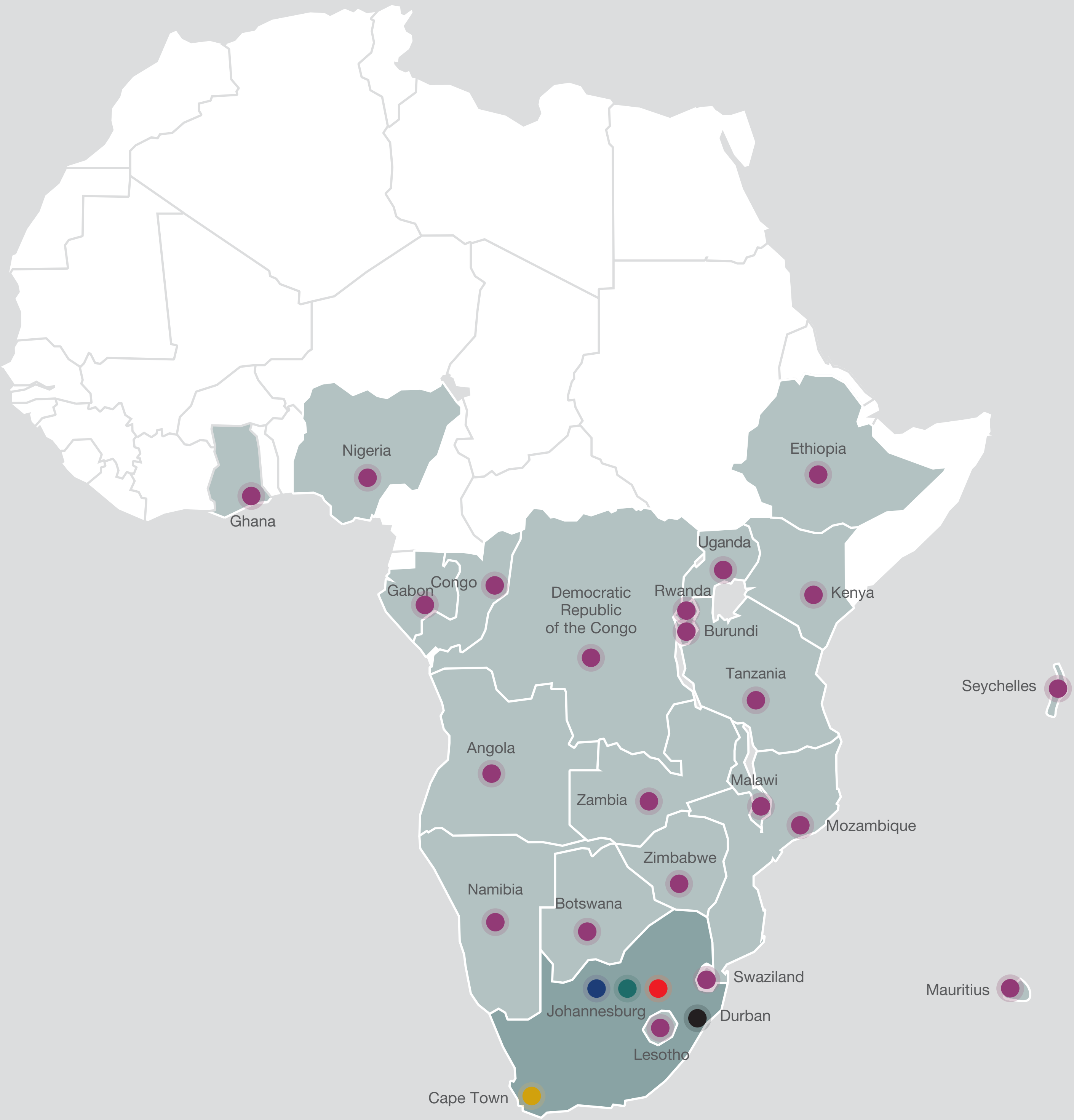
SEGMENTAL CONTRIBUTION TO REVENUE



The underlying reasons for the electrical cable manufacturing segment contribution to revenue outgrowing the lighting and electrical accessories segments are:

- Increase in production tonnage;
- Volatility in the Rand Copper Price in the second half of the year affecting the results of the cable manufacturing segment;
- ERP and supply chain management issues negatively affecting revenue at Radiant; and
- Weakened market conditions and an increase in competitors, affecting the lighting and electrical accessories segment.

AFRICAN FOOTPRINT



South Ocean Holdings head office, Alrode, Gauteng

Distribution centre Briardene, KwaZulu-Natal

SOEW factory Alrode, Gauteng

Offices and distribution centre in Montague Park, Milnerton, Cape Town

Radiant head office and warehouse, Wynberg, Gauteng

Radiant's footprint in African countries

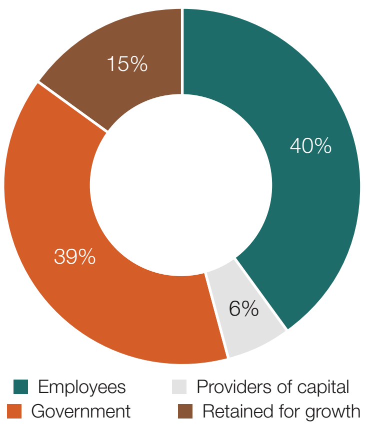
WEALTH CREATION

MAKING A POSITIVE CONTRIBUTION TO SOCIETY

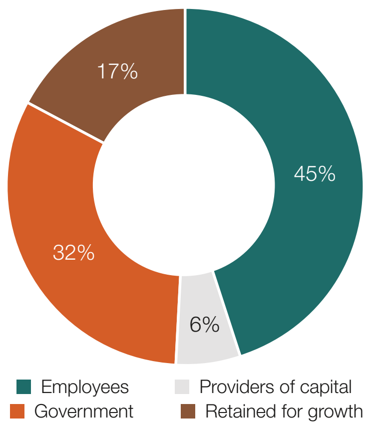
South Ocean Holdings' financial contribution to the society is summarised in the following Group's Value Added Statement. Despite challenging market and trading conditions over the years, the Group has managed to increase its value creation ability with the value added per employee being reported at R500 000 (2013: R414 000). The total value created during the year, however, increased by 27.5% to R393.6 million (2013: R308.8 million).

VALUE ADDED STATEMENT	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Revenue	**1 951 630**	1 912 711	1 573 270	1 414 821	1 286 171
Paid to suppliers and providers of services	**(1 561 460)**	(1 605 380)	(1 231 348)	(1 130 339)	(996 972)
Value added	**390 170**	**307 331**	**341 922**	**284 482**	**289 199**
Passive income	**3 449**	1 468	3 950	2 670	7 630
Total value created	**393 619**	308 799	345 872	287 152	296 829
Distributed as follows:					
Employees	**134 189**	108 208	109 963	91 051	101 734
Providers of capital	**22 036**	18 885	14 788	10 976	18 146
Finance costs	**22 036**	18 885	14 788	10 976	13 455
Dividends	**–**	–	–	–	4 691
Government	**181 550**	133 208	144 027	111 064	105 043
Income taxation	**21 605**	10 154	13 340	13 975	22 519
Rates and taxes	**2 198**	2 355	2 189	1 633	1 562
PAYE SDL and UIF	**19 138**	22 342	20 587	22 848	22 775
VAT	**12 905**	19 750	14 118	18 042	6 930
Customs and excise	**125 704**	78 607	93 793	54 566	51 257
Retained for growth	**55 844**	48 498	77 094	74 061	71 906
Depreciation, amortisation and impairment	**18 355**	168 919	195 635	22 642	18 388
Deferred taxation	**(423)**	203	(417)	5 276	1 748
Retained profit (loss) after tax	**37 912**	(120 624)	(118 124)	46 143	51 770
Total value distributed	**393 619**	308 799	345 872	287 152	296 829
Value added statements ratio analysis:					
Number of employees	**781**	742	813	753	641
Revenue per employee (R'000)	**2 499**	2 578	1 935	1 879	2 007
Value added per employee (R'000)	**500**	414	421	378	451
Average salary per employee (R'000)	**172**	146	135	121	159

Distribution of wealth created 2014



Distribution of wealth created 2013



RISK MANAGEMENT POLICY

The South Ocean Holdings Group, is committed to managing risk in a proactive and effective manner with the purpose of remaining a competitive and sustainable company, enhancing its operational effectiveness and continuing to create wealth for all its employees, shareholders and other stakeholders in pursuance of its long-term strategy and goals. South Ocean Holdings has thus implemented an enterprise-wide risk management system and fosters a risk-aware corporate culture in all decision making. The following principles of risk management apply:

- Although the Board of Directors (Board) is accountable for the entire process of risk management, it is the responsibility of all employees to embed and maintain effective risk management, control and governance processes across the organisation;
- Effective risk management is conducted within the approved risk management framework and structures that have been tailored to the Group's specific circumstances and this forms part of the Group's daily operational activities;
- Risk identification (including safety, health, IT and environmental risks), risk assessment, risk mitigation and risk monitoring are ongoing and evolving processes and form an integral part of the Group's daily decision-making process;
- Risk reporting provides a balanced assessment of the significant risks and the effectiveness of internal control in managing those risks as part of the Group's day-to-day activities;
- The risk management policy is aligned with the King III on Corporate Governance and with current global best practices;
- Through skilled application of high quality, integrated risk analysis and management, our staff will exploit risk in order to enhance opportunities, reduce threats, and sustain competitive advantage. The Group takes calculated risks subject to tolerance limits.

Group management recognises that there are risks associated with achieving our value-based objectives. The enterprise-wide risk management system is managed by the Chief Financial Officer who attends the Audit and Risk Management Committee meetings which is chaired by a suitably qualified Independent Non-Executive Director. The Chief Financial Officer outsources elements of the function to risk management specialists who advise the Group and assist with the maintenance of the risk register on appropriate software specifically designed for this application. Appropriately designed, implemented and functional ERM processes will be used to ensure that:

- Risks that could significantly affect employees, the company, suppliers or clients are suitably managed;
- Risks are properly identified, assessed, managed and reported;
- Each functional and business unit executive takes ownership of risk management within his or her business unit;
- Risks are properly discussed and communicated with and/or to responsible persons; and
- Resources are effectively and efficiently allocated to manage risks.

PRINCIPAL RISKS AND MITIGATION ACTIONS

Risk description	Causes	Effect (impact)	Actions to improve management of the risk
Interruption of electricity supply	Eskom Power load shedding. Electrical supply problems.	Loss of production. Loss of profitability.	Manufacturing plants are supplied from different sources. Generators are installed for office use.
Supply chain breakdown/ disruption for an extended period	Inability to supply customers.	Loss of customers. Loss of market share. Financial loss.	Utilise various transporters to reduce dependence on one service provider. Utilise more than one supplier for raw material.
Stock availability	Procurement may not always order stock on time.	Loss of revenue. Loss of customers.	Adequate planning and inventory management system to manage stock.
Copper supply risk	Inability by the supplier to supply raw material on time.	Loss of revenue. Loss of customers.	Maintain more than one supplier for copper
Industrial action – strikes	Industry strike. General strikes.	Business continuity affected. Increased security costs. Loss of production.	Arrange for temporary staff for manufacturing plant. For a plant level strike utilise non-union members if possible.
Cash flow risk/ Rand Dollar exchange volatility	Volatile exchange rate. Increase in prices. Limitation of cash flow hampers increase in production volume.	Reduced ability to generate cash flows. Lower production affects profitability.	Monitor cash flow daily. Copper stock ordered to match planned production. Keep limited copper bulk stock. Debtor's collections monitored on an ongoing process.
Fraud and sabotage Information technology	Back-up procedures may not be effective. IT security may be ineffective. System failure.	Loss of data. Corrupt information for management decision. Inability to trade.	Good internal controls consistently monitored. Whistle-blowing programme in place. Backups.
Loss of key staff	Working conditions. Competitive market. Skills shortage.	Disruption of delivery on key objectives. Financial loss.	Short and long-term bonus schemes are in place to retain staff.
Quality of products	Poor quality of products.	Loss of customers confidence.	Quality tests are done regularly. Customer complaints are monitored and corrective action taken.

BOARD OF DIRECTORS

Henry Kwok Huen Pon (78)

BCom (Rand), CA(SA)

INDEPENDENT NON-EXECUTIVE CHAIRMAN

BOARD COMMITTEES: AUDIT AND RISK MANAGEMENT, REMUNERATION AND NOMINATION

Henry was appointed to the Board of South Ocean Holdings in November 2007 as an independent non-executive director. He has been in public practice as a Chartered Accountant since 1962 and is still active in the accounting and auditing field. During his many years of practice, Henry had exposure to the different fields of commerce and industry and has gained extensive experience in finance, tax, auditing, accounting and management. Throughout his career he has audited public companies at the highest level. He is a member of the South African Institute of Chartered Accountants and Independent Regulatory Board for Auditors. Henry was appointed Chairman of the Board effective 1 April 2014.

Edward Hwei-Ti Pan (68)

BSc (Eng) (Tri-State University, Indiana, USA)

NON-EXECUTIVE DEPUTY VICE-CHAIRMAN

BOARD COMMITTEES: NONE

Edward founded SOEW in 1989 in King Williams Town and was Chief Executive Officer of South Ocean Holdings until his retirement at the end of September 2011. He was appointed Deputy-Vice Chairman of the Board effective from 1 October 2011. After graduating, he served as plant manager and MD of businesses in Taiwan before settling in South Africa in 1982. In South Africa he founded Dimbaza Fibre and then Cosmic Package, a manufacturer of polypropylene woven bags. He was Chairman of Cosmic Package until 1998 when he resigned and sold his shareholding. Both of these companies continue to be successful businesses today.

Edward was recognised by Asia Inc. Magazine in Hong Kong in 1995 as a successful Taiwanese businessman in Africa and he was awarded the 4th Annual Outstanding Overseas Taiwanese for Small and Medium Enterprises by the Ministry of Economic Affairs in Taiwan in 2002. He was Chairman of the Johannesburg Taiwanese Chamber of Commerce.

Paulo (Paul) Jose Monteiro Ferreira (45)

CHIEF EXECUTIVE OFFICER

BOARD COMMITTEE: SOCIAL AND ETHICS

Paul was appointed Chief Executive Officer of South Ocean Holdings in July 2011. Prior to this he was the Chief Operating Officer of South Ocean Holdings from August 2010. Paul joined SOEW in 1999 as Marketing Operations Manager and was appointed Marketing Director in February 2007 and Chief Executive Officer of SOEW in August 2008. He has pursued a career in marketing electrical wires and cables for the past 22 years.

Jacobus (Koos) Petrus Bekker (58)

BCom (Hons), CA(SA)

CHIEF FINANCIAL OFFICER

BOARD COMMITTEE: SOCIAL AND ETHICS

Koos has been Chief Financial Officer of South Ocean Holdings since February 2007. He was also Chief Executive Officer of Radiant from August 2009 until July 2010. He joined SOEW in July 2001 as Administration and Financial Operational Manager. Koos entered the accounting profession in 1978 and was appointed audit partner in 1986. He served as an audit partner with a medium-sized firm and also one of the big four firms during his career as an auditor. He left the auditing profession in 1997 and opened a stock broking firm in the Eastern Cape. He qualified as a stock broker in 1999 and was a member of the South African Institute of Stock Brokers until 2001. Koos is a member of the South African Institute of Chartered Accountants.

Chi-Yung (Joe) Wu (50)

BSc Business Administration (Montana, USA)

NON-EXECUTIVE DIRECTOR

BOARD COMMITTEES: NONE

Joe was appointed as a non-executive director of SOEW in 2004 and of South Ocean Holdings in January 2007. He is the assistant president of the Development Division of Hong-Tai Electrical Industrial Co. Limited. (Hong-Tai). He has a wide range of experience in accounting, financial, administration and internal control systems. He joined Hong-Tai in 1996, was appointed as the assistant manager of the accounting department in 2002, the manager of the internal audit department in 2005, and the assistant president of the management services department and Principal Financial and Accounting Officer in 2008.

Hung-Lung (Eric) Li (63)

MSc, Industrial and System Engineering (San Jose State University, USA)

NON-EXECUTIVE DIRECTOR

BOARD COMMITTEE: REMUNERATION

Eric was appointed to the South Ocean Holdings Board in March 2008 as an alternate director to Choice Pan and a full non-executive director in August 2009. Eric is the Chief Information Officer at Hong-Tai in Taiwan. Eric joined Hong-Tai in 2004 as the Vice President of the Information Technology Center (aka ITC). In 2008, he was assigned to start and manage Hong-Tai's Photovoltaic Business Division, he returned to ITC in 2014. He was previously involved in the software engineering and semi-conductor manufacturing business in Silicon Valley in the US for more than 20 years. Eric has held positions of General Manager at VLI Communications, Vice president at Everlasting Software Company and Software Engineering Director at Sun Microsystems.

Melanie Chong (38)

BCom (Hons), CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD COMMITTEES: AUDIT AND RISK MANAGEMENT (CHAIRPERSON), SOCIAL AND ETHICS (CHAIRPERSON), REMUNERATION (CHAIRPERSON)

Melanie was appointed to the South Ocean Holdings Board in April 2010 as an independent non-executive director. She was appointed Chairperson of the Audit and Risk Management Committee, as well as the Remuneration Committee on 1 April 2014. Over the past 10 years Melanie has worked predominantly in the financial services sector. She was the corporate governance officer at a listed company. She also started her own business and partnered with other owner-managed businesses in the consulting, accounting, luxury accessories and recruitment industries. Melanie is a Chartered Accountant.

Natasha Lalla (40)

BCom (Hons), CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD COMMITTEE: AUDIT AND RISK MANAGEMENT

Natasha was appointed to the South Ocean Holdings Board in June 2014 as an independent non-executive director. She is a member of the South African Institution of Chartered Accountants and the institute of Internal Auditors South Africa and is still active in the accounting and auditing fields. She started her career as an auditor at a big four accounting firm In January 2004, she left the public accounting profession to work as a finance manager in a treasury environment for one of the big four banks in South Africa and is currently working as a senior manager in the internal audit division specialising in wealth management and investment banking. During her many years of practice and exposure to the financial services industry, she has gained extensive experience in finance, banking, auditing, accounting and risk management practices.

Louisa Stephens (38)

BBusSc (Finance), BCom (Hons) (Accounting), CA(SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BOARD COMMITTEES: NONE

Louisa was appointed to the South Ocean Holdings Board in June 2014 as an independent non-executive director. She is an entrepreneur, independent financial trader and enterprise development specialist. Louisa has been a professional in the financial services industry for over 10 years. She held management positions as Fund Manager of uMnotho Fund at National Empowerment Fund, GM: Finance and Investments at Nozala Investments and Chief Investment Officer at Circle Capital Venture, and also held a position as transactor at Rand Merchant Bank in Acquisitions and Leverage Finance in the investment bank. Louisa is a non-executive director of Royal Bafokeng Platinum and Greymatter & Finch. Louisa is a member of the South African Institution of Chartered Accountants and the Institute of Directors.

Chung-Hsiang (Choice) Pan (60)

BSc (Public Finance) (Feng Chia, Taiwan)

ALTERNATE NON-EXECUTIVE DIRECTOR

Choice was appointed as a non-executive director of SOEW in 2002 and of South Ocean Holdings in January 2007. He resigned as a non-executive director of South Ocean Holdings in August 2009 and was appointed alternate director to Mr Eric Li on the same date. He is the executive president of Hong-Tai and has been an executive director of Hong-Tai since 1990. His experience covers a wide range of cable and electronic material manufacturing and marketing. He joined Hong-Tai in 1982 as Chief of the power cable marketing department. He is also a director of United Electricity Industry Company and an executive director of the Taiwan Electric Wire & Cable Industrial Association.

Wen-Ping (Benjamin) Li (58)

BSc Electrical Engineering (NCKU, Taiwan)

ALTERNATE NON-EXECUTIVE DIRECTOR

Benjamin was appointed as an alternate director of South Ocean Holdings in March 2014, as an alternate to Joe Wu. He is the Assistant President of the Power Cable Division of Hong-Tai since 2006. His experience covers the field of research and development, quality control, manufacturing, marketing and sales relating to the Power Cable Division. He joined Hong-Tai in 1991 as the chief of the Technical Department of the Power Cable Division.

Daphne Joy Chua Pan (31)

BS Hotel and Tourism Management (USA), Certificate in Finance (USA) (Brazilian)

ALTERNATE NON-EXECUTIVE DIRECTOR

Daphne was appointed to the board of South Ocean Holding on 29 August 2014. She started her career in sales at an international hotel chain in Taiwan in 2005. Upon completing further studies in finance in 2009, Daphne joined a real estate firm in New York City and went on to project manage the development of various real estate assets including a hotel and other mix-use properties. She has a wide range of experience in real estate valuation and financing also acting as controller during the development of each project. Simultaneously, Daphne also served as the owner's representative upon completion of a hotel in 2011, overseeing the entire hotel's operations, including its financial performance and sales and marketing initiatives. She is now working as a manager in the area of real estate development and financing at a private investment company. Daphne is the alternate director to Mr EHT Pan.

COMMENTARY

CHAIRMAN'S REPORT

Henry KH Pon

It gives me great pleasure during my first year as Chairman to report that the Group again delivered a good operational performance, despite a number of operational setbacks at both Radiant and SOEW during 2014. Management teams at both Companies were able to focus on increasing efficiencies and productivity, delivering returns in line with the Group's strategic intentions. The company remains committed to the creation of value for all stakeholders.

The Group contributed R181.6 million (2013: R133.2 million) to the national fiscus in direct and indirect taxes. It is also a major job creator, employing on average 735 persons across the Group.

In preparation for the implementation of the new Broad-based Black Economic Empowerment codes, which became effective in May 2015, management continued to work across the scorecard to improve the Group's BBBEE rating across measures such as Enterprise Development and Employment Equity. South Ocean Holdings is currently a Level 5 BEE contributor, with plans in place to improve this to at least a Level 4.

It also remained committed to contributing to the communities in which it operates, having invested R1.2 million in focused corporate social investment interventions over the past year. A further R1.3 million was allocated to enterprise development initiatives, including small and medium enterprises.

The Group's safety record across both its Radiant and SOEW divisions improved dramatically, with 18 minor safety incidents recorded in the past year. Investigations were undertaken in each case and corrective actions taken showing the seriousness with which management views workplace safety. A number of safety initiatives were implemented and are discussed in more detail in the sustainability section of this report.

The Group has always conducted its business transparently, providing proactive communication with all stakeholders. A special mention must be made to thank the Chairperson of the Audit and Risk Management Committee, Melanie Chong, for ensuring the Group meets the highest standards of good corporate governance.

Significant events

On 13 November 2014, the Competition Commission referred a complaint to the Competition Tribunal in which it alleged that SOEW, 11 other cable companies and the Association of Electric Cable Manufacturers of South Africa (AECMSA) had contravened the Competition Act by fixing the prices of power cables, alternatively the trading conditions relating to the sale of power cables. The Commission asked the Tribunal to impose an administrative penalty on AECMSA and each company (except Aberdare Cables which had been granted conditional immunity) not exceeding 10% of their respective turnovers. The Commission subsequently withdrew its referral against one of the respondents.

This referral is related to the Commission's earlier referral of a complaint to the Tribunal on 19 March 2014 in which the Commission alleged that SOEW and three other companies had fixed prices and allocated markets in contravention of the Competition Act. In this complaint the Commission also asked the Tribunal to impose an administrative penalty of 10% of the annual turnover of each of the Companies except Aberdare Cables which had been granted conditional immunity. These referrals arise from a complaint that the Commission first initiated on 16 March 2010 and which was referred to in the SENS announcement dated 6 May 2010.

SOEW has engaged the services of specialist competition lawyers and economists to advise the Company in respect of the Commission's referral. SOEW has cooperated with the Commission during its investigation of the complaint and continues to do so now that the complaint has been referred to the Tribunal. In terms of IAS 37 no further disclosures are made as this would unfairly prejudice SOEW in its current dealings with the Commission.

THE GROUP AGAIN DELIVERED A GOOD OPERATIONAL PERFORMANCE, DESPITE A NUMBER OF OPERATIONAL SETBACKS AT BOTH RADIANT AND SOEW DURING 2014.

Looking forward

Economic growth of the country has been predicted to be around 2%. However, with the increases in the prices of electricity, fuel and food as well as the new e-toll taxes, household disposable income is expected to decrease and the inflation rate is breaching the upper limit of 6%, I expect these events to impact adversely on our operating subsidiaries companies, both as an increase in expenditure and will limit revenue growth.

Another area of concern is the risk of industrial strike actions, which have affected us in the past. Management continues to engage with trade unions, organisational bodies, government and regulators to try to minimise the impact of industrial action on operations.

Market conditions remain challenging. Increase in competition by importers on the retail side, importing and selling lower quality products, with some not SABS approved and on the manufacturing side, electricity supply problems, outages and load shedding, all contribute to the adverse market conditions. We have no doubts that our management teams are properly focused and would meet all the challenges positively.

Changes in directorate

Mr EG Dube resigned as Chairman on 31 March 2014 and was replaced by me, Henry KH Pon. Ms M Chong was appointed as Chairperson of the Audit and Risk Management Committee from 1 April 2014. Ms M Chong also replaced me as Chairperson of the Remuneration Committee as from 1 April 2014.

Ms L Stephens and Ms N Lalla were appointed as independent non-executive directors on 23 June 2014. Ms DL Pan, alternate non-executive director to Mr EHT Pan, resigned on 29 August 2014 and on the same date, Ms DJC Pan was appointed as alternate non-executive director to Mr EHT Pan.

Dividend

The Group requires capital to fund increased stockholding at SOEW as well as to fund its debtor's book. As a result no dividend is declared. The resumption of the dividend at the earliest possible time remains a priority for the Group.

Appreciation

I wish to thank the directors for their valuable contribution and on behalf of the Board, I would like to express our appreciation to management and staff as well as all our valued customers, suppliers, advisors, business partners, shareholders, and stakeholders for their continued support.

Henry KH Pon
Chairman

24 June 2015

CHIEF EXECUTIVE OFFICER'S REPORT

Paul Ferreira

The Group reported improved financial results for the 2014 year despite the many adverse conditions that affected the Group including: industrial strike action at SOEW, disruptions to the supply chain caused by the upgrade of the enterprise resource planning system (ERPS) and the implementation of the warehouse management system (WMS) at Radiant, as well as the weakening Rand and increased competition in all sectors. Management believes the benefits of the new IT systems will result in improved customer service, higher sales and improved revenues for Radiant in the year ahead. Management has employed very stringent controls on costs and a cost reduction year-on-year, was achieved. The Group's earnings are affected by seasonality as earnings for the second half of the year are historically higher than the first six months.

Financial and segmental review

The operating environment for the Group remained challenging. South Africa's economy grew by 1.5% in 2014, down from 2.2% in 2013, on account of widespread industrial action and electricity supply constraints. While eight of the 10 main industry groups experienced some growth during the year, industries key to SOH's business, such as the mining and construction industries decreased, while manufacturing showed very little change for the year as a whole.

Group revenue for the year ending 31 December 2014 increased by 1.4% (2013: 20.2%) to R1.715 billion (2013: R1.691 billion). The Group's gross profit increased by 21.9% (2013: 5.2% decrease) to R262.2 million (2013: R215.0 million) and operating profit increased by 185.9% (2013: 1.8% decrease) to a profit of R79.6 million (2013: R92.7 million loss) compared to the prior year.

Group profit before tax increased by 152.8% (2013: 5.4%, decrease) to a profit of R58.7 million (2013: R111.1 million, loss) compared to the prior year. Basic earnings per share increased by 130.9% (2013: 2.8%, decrease) to a profit of 24.0 cents (2013: 77.7 cents, loss) compared to the prior period with the headline earnings per share increasing by 14.3% (2013: 42.1%, decrease) to 24.0 cents (2013: 21.0 cents) compared to the prior year.

Capital investment was made to improve efficiencies and increase capacity, and new property was acquired to increase production capacity, which was funded by long-term borrowings. This has led to an increase in finance costs. Additional working capital was required to finance the increase in inventory at Radiant due to logistic problems experienced related to the system upgrade and implementation of WMS and trade receivables relating to the increase in Rand copper price (RCP), and this was funded from normal credit facilities.

Revenue in the electrical cable manufacturing segment increased by 4.0%, which resulted from RCP increasing by 6.5%, and also affected by the decline in volumes due to the month long wage strike.

Revenue in the lighting and lighting accessory segment, decreased by 10.1% as a result of the ERP system and supply chain issues mentioned above. These issues led to a decrease in consumer confidence and consequently impacted revenue.

The property segment's revenue is derived from Group companies, as it leases its properties to fellow subsidiaries. A total of R22.2 million was invested in a property for expansion purposes at the cable plant, which was financed by long-term borrowings. The increase in interest expense is due to the increase in interest-bearing debt.

Cash flow and working capital management

Cash generated during the year amounted to R43.0 million (2013: R16.0 million), improving by R27.0 million compared to the prior year. The trade receivables book continued to be well managed in an increasingly challenging credit environment. The net working capital investment was at 29.6% (2013: 28.8%) of revenue.

The Group invested R49.9 million (2013: R26.1 million) in capital expenditure. The Group utilised R36.8 million (2013: R33.9 million) to repay its long-term interest-bearing borrowings.

Net cash generated during the year totalled R27.4 million (2013: R16.0 million, utilised) decreasing the net overdraft balance as at the beginning of the year from R137.4 million to an overdraft balance of R109.7 million at year-end.

SOUTH OCEAN HOLDINGS REPORTED IMPROVED FINANCIAL RESULTS FOR THE 2014 YEAR DESPITE CHALLENGING CONDITIONS WHICH INCLUDED ONE MONTH'S INDUSTRIAL STRIKE AND INTERNAL DISRUPTIONS TO THE SUPPLY CHAIN BUT STILL INCREASED REVENUES.

Sustainability and integrated reporting review

The Group recognises its responsibility to report on non-financial information that is relevant and material to stakeholders. The Group commits to incorporating social, environmental, and economical factors into its decision-making process, in pursuit of addressing sustainability targets as part of its business strategy.

The Group understands that corporate citizenship, transformation, sustainable development and regulatory imperatives add to the cost of running a business but recognises this as an investment which is necessary for enhancing and meeting strategic objectives.

The Social and Ethics Committee handles the transformation, social, and environmental factors of the Group and has done exceptionally well. We are proud to announce improved Black Economic Empowerment levels. The Group also assisted Opelweg Primary School and New Beginnings Care Centre with donations of fittings and lamps to the value of R1.2 million to assist with their development. The number of Safety, Health, Environmental and Quality ("SHEQ") related incidents was reduced, as well as a reduction on waste disposed.

Listed on pages 30 to 51 is the Group's policy on corporate governance and adherence to King III principles and where deviations have occurred.

Prospects

Market conditions are expected to remain challenging during 2015 and the Group's results are expected to be under pressure for the year.

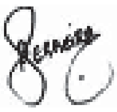
Management will continue to focus on cost-efficiency programmes, gaining market share and using its increased capacity to its full advantage.

Management is also in the process of refocusing on the lighting and electrical accessories segment to regain lost market share and improve customer service delivery expectations. Cost control and an improving working capital position will continue to be a focal point, as well as leveraging operational efficiencies and capitalising on existing marketing opportunities. The implementation of the new warehouse management system and enterprise resource planning system upgrade, are set to enable a turnaround in revenues and profitability.

Electricity remains a pivotal point of our businesses, with both segments highly reliant on a consistent electrical supply. Steps have been taken to mitigate losses, if load shedding and power outages continue into the year.

Appreciation

I would like to express my heartfelt appreciation to our valued shareholders, staff, partners, suppliers and customers for your support of SOH this year. Your partnership has enabled us to take significant steps towards the Group's future growth.

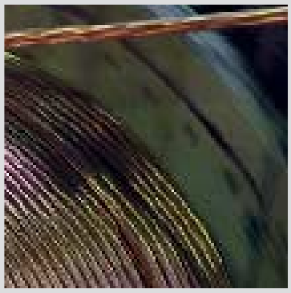


PJM FERREIRA
Chief Executive Officer

24 June 2015

SOEW – REVIEW OF OPERATIONS



Revenue
R1 385.9 million

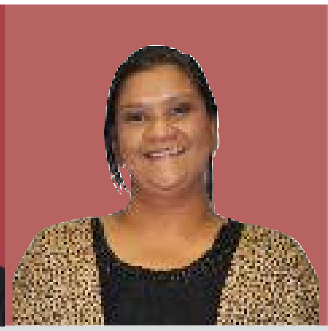
EBITDA
R107.0 million

KEY MANAGEMENT

Paul Ferreira (45)

CHIEF EXECUTIVE OFFICER

Paul has been the Chief Executive Officer of South Ocean Holdings since July 2011. He was Chief Operating Officer of South Ocean Holdings prior to this. Paul joined SOEW in 1999 as Marketing Operations Manager and was appointed Marketing Director in February 2007 and Chief Executive Officer of SOEW in August 2008. He has pursued a career in marketing electrical cables for the past 21 years.



Yasmin Mohamed (48)

EXECUTIVE DIRECTOR

Yasmin was appointed Sales Director of SOEW in March 2010. She joined SOEW in October 2002 as a sales consultant. She was appointed Sales Manager in 2007 and she was in the cable industry for 13 years before joining SOEW. She started her working career in 1987 at a large cable manufacturer in South Africa.

Johan Prinsloo (41)

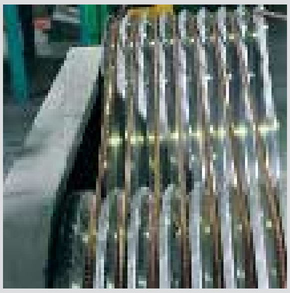
DIVISIONAL DIRECTOR: FACTORY OPERATIONS

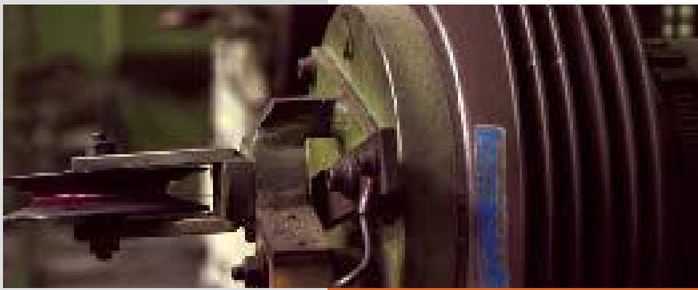
Johan was appointed Divisional Director of Factory Operations at SOEW in 2010. He joined SOEW in 1999 as an electrician. He was appointed Technical Manager in 2006 and Production Manager in 2009. He is a qualified millwright by trade. Johan has 12 years' cable and technical experience.

Dean Johnson (48)

DIVISIONAL DIRECTOR: FINANCE

Dean was appointed Divisional Director of Finance at SOEW in 2010. He joined SOEW in May 2009. After qualifying as a Chartered Accountant, Dean was appointed as Financial Manager for a manufacturing business in 1993 and was later appointed as Financial Directors of that Group. He has also worked in the FMCG and IT industries. Dean is a member of the South African Institute of Chartered Accountants.





SOEW ACCOUNTED FOR 80.8% (2013: 78.1%) OF GROUP REVENUES AND 93.0% (2013: 71.9%) OF GROUP EBITDA FOR 2014.

SOUTH OCEAN

SOEW's competitive advantage remains its excellent customer service, enabling it to be competitive in current market conditions in the South African market.

A tribute to its resilience, in a highly competitive market, SOEW managed to increase turnover for the year, despite a month-long strike which forced the Alrode operation to shut down. During this time, expenses were reduced and management focused on preventative maintenance of the plant, ultimately benefiting the bottom line. A more stable Rand Copper Price (RCP) also helped performance during the second half of the year.

Performance

The Rand Copper Price ("RCP") reached a peak of R79 316 (2013: R72 443) per tonne, with the average RCP for the year of R74 458 (2013: R70 060) per tonne representing an increase of 6,3%. Stability in the RCP benefits the business as a volatile price leads to customers placing orders ahead of a price increase and cancelling orders when the price goes down, leading to a knock-on effect on margins. The stability in price in the second half of the year enabled better demand and supply management.

Turnover increased 4% over the prior year as a result of a higher RCP, which was partially offset by the decline in production volumes. Operational expenses were in line with the overall increase in production volumes and the subsidiary benefited from economies of scale as each tonne manufactured costs less to produce. SOEW also invested R21 million in capital expenditure, mostly machinery. Ongoing efforts to streamline production processes helped to achieve more throughput.

In addition, Anchor Park bought another property in Alrode, Johannesburg in the same street as the current factory, in line with strategic targets to expand production over the next five years. The new facility is expected to come on stream during 2015.

Operations

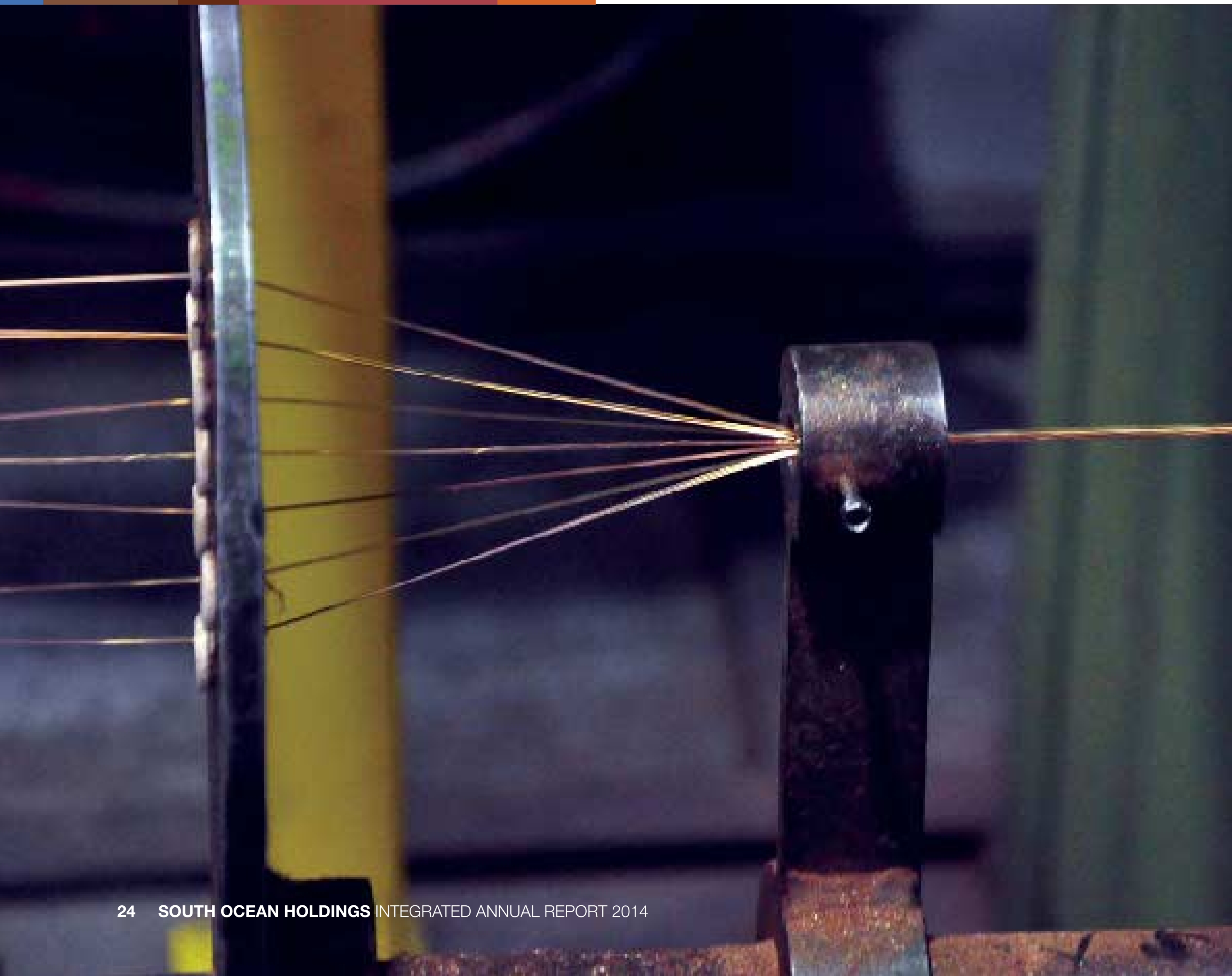
SOEW's investment in stock management processes and systems over the past few years has enabled it to differentiate itself through its service, with quick turnaround times alongside high-quality products. Management focuses on entrenching a service-minded culture, backed by its own fleet of delivery vehicles, enabling efficient delivery to customers.

An in-house maintenance team comprising mechanics, electricians, engineers and millwrights ensures its production facility remains operational twenty four hours a day, seven days a week.

Risk mitigation processes have also been put in place to deal with the potential impact of load shedding and power outages. Load shedding is taken into account in the production plans to ensure scrap is minimised and diverse sources of electric supply are used at different plants.

SOEW continued to provide quality products to its customers, using its quality control facilities and testing laboratory to ensure all products comply with SABS standards and the ISO 9001:2008 quality management system.

The subsidiary worked progressively towards improving its environmental performance, limiting scrap and managing waste disposal, as well as looking for opportunities to save energy. All electrical panels were upgraded during the year to assist with these efforts.



People

The total staff complement for SOEW was 479 (2013: 446) at the end of the reporting period, a 7.4% increase from the prior year.

Employees from a variety of levels of the organisation attended various training courses, including health and safety workshops as well as industrial relations training at a total cost of R494 000.

The company continued to work towards ensuring that it meets the requirements of the revised BBBEE codes. A focus during the 2015 period will be the employment of the disabled, particularly the deaf.

Ongoing education around health and safety ensured an improved safety record, with a 39% reduction in incidents. The subsidiary continued to operate a world-class facility that meets the highest health and safety standards and environmental legislation requirements. SOEW complies with all relevant legislation, regulations, codes of practice and industry standards. The subsidiary aims to constantly improve its health and safety performance and considers safety a critical element in manufacturing process.

In an effort to improve workplace relations, SOEW has established a number of participative structures where management and employees are able to engage and discuss matters of mutual interest. SOEW recognises the right of all its employees to freedom of association, and supports the rights of its employees to join a trade union and to be represented by it for collective bargaining purposes.

Prospects

Over the next five years, SOEW will target volume growth. An expansion in the range of products is also a strategic priority, including more specialised cabling.

Eskom's power supply crisis is likely to negatively affect investment and capital expansion projects in South Africa for some time. However, there are opportunities for SOEW in the area of supplying cabling to alternative power producers, such as wind and solar farms. Electrical cabling is an essential input, connecting these independent power producers to the national grid.

Eskom will also require electrical cabling to continue maintaining and servicing its existing infrastructure. However, with tender processes being delayed, any tenders awarded would be considered additional to existing anticipated revenue streams.

SOEW will continue to explore export opportunities outside of South Africa's borders, following local construction companies as they deliver infrastructure projects within the SADC.

The local construction sector is likely to be subdued for at least the next 12 – 18 months, with load shedding expected to further impact market confidence.

Over the next five years, SOEW will target volume growth. An expansion in the range of products is also a strategic priority, including more specialised cabling.

In the year ahead, management will continue to focus on cost containment, sustaining production growth and providing an excellent end-to-end service experience to SOEW's loyal customers.

RADIANT – REVIEW OF OPERATIONS

Revenue

R329.3 million

EBITDA

R8.1 million

KEY MANAGEMENT

Farhad Ally (41)

EXECUTIVE MANAGING DIRECTOR

Farhad was appointed Managing Director of the Radiant Group with effect from 1 February 2013. He was previously appointed as General Manager: Finance and IT in 2010 and as Executive Financial Director in August 2011. Prior to this he was employed as an audit manager at a firm of public accountants and auditors. Thereafter he moved to an FMCG company and financial services company. Farhad has experience in internal and external audit, finance, taxation and business analysis. He is a member of the South African Institute of Directors in Southern Africa and the South African Institute of Professional Accountants. He has completed the John Maxwell 21 irrefutable laws of Leadership Programme during 2014.

Ebrahim Surtee (30)

FINANCIAL MANAGER

Ebrahim was appointed Financial Manager of the Radiant Group with effect from 18 May 2015. He joined Radiant Group as the Assistant Accountant in September 2010 and was then promoted to Financial Manager in April 2011. In May 2012, he progressed to General Manager of Middle East and North Africa and Special Projects in a strategic role and has now been promoted to the role of Financial Manager of Radiant Group. He obtained his BCom Accounting degree from the University of Johannesburg. He completed his articles at a firm of public accountants and auditors, where he served as an articles clerk and senior accountant.

RADIANT ACCOUNTED FOR 19.2% (2013: 21.9%) OF GROUP REVENUES AND 7.0% (2013: 24.9%) OF GROUP EBITDA FOR 2014.

The light fitting, lamps and accessories business experienced a tumultuous year. The implementation of a new warehouse management system and ERP system upgrade impacted service delivery. This has contributed to an attrition of market share, while increased competition from new entrants importing cheaper, low-quality products eroded margins. This, combined with a sluggish economy and lower disposable income, required Radiant to realign its strategy and ongoing efforts to further strengthen the company's position. Radiant's strategic aim remains to differentiate its products based on quality, affordability and excellent service to customers.

Performance

Radiant's financial performance was directly impacted by both micro and macro factors.

At a macro level, changes in customer buying patterns, increased competition and the weakening of the Rand led to higher import costs alongside lower selling prices, with costs not being passed onto customers.

At a micro level, the implementation of a warehouse management system impacted logistics and service delivery. However, once the system was bedded down, Radiant was able to perform reasonably well and improved its delivery by year-end.

The strategy of targeting certain sectors of the market contributed positively to the company's bottom line during the rest of the period. By the end of the fourth quarter, turnover had recovered and Radiant had regained some of its lost market share. Review of product ranges remains a key focus to help drive sales and improve profitability. National promotions on key lines with large retailers proved successful not only from a sales perspective, but also in terms of brand awareness.

To grow its wholesale business, Radiant focused on delivering the best value to its clients. On the retail side, management is aware that shrinking disposable income necessitates the need to import quality products at more competitive prices under the 'Econo Range'. A strong drive from the sales team helped drive new products and attractive promotions to enable Radiant to finish the year on a strong note.

Although there was minimal growth on the export side of Radiant's business, there continues to be keen interest in Radiant products across key regions and emerging markets in Africa. Selected partners have been identified to drive Radiant's growth up the continent. Export opportunities remain an exciting growth prospect for the company.

What4 Electronics, the consumer electronics division, experienced healthy growth year-on-year. However, the division came under pressure with the moderation in consumer income growth. What4 Electronics continues to improve its product offering and make inroads with new lines into the bigger retail stores.

Radiant awaits confirmation on past tenders quoted with national electricity provider, Eskom. The compact fluorescent lamps ("CFL") mass roll-out programme was again extended.

Operations

After initial implementation challenges, the Warehouse Management System began working effectively towards the end of the year and was in full operation to capture sales, pick stock and dispatch for collection, local and courier deliveries. Continuous consultation with management and software developers will ensure further effective implementation of the developments and is set to optimise the system, improve operations and reduce cost.

People

Radiant's staff are central to Radiant's sustainability over the longer term. The subsidiary continued to invest in the development of its staff.

Encouraging diversity and equality in the workplace remains a priority for management and Radiant continues to work towards achieving employment equity targets as outlined in the revised BBBEE Codes.

The SHEQ officer ensures compliance at all times, with risk assessments and internal audits conducted according to an audit plan on a weekly basis.

Looking forward

Key themes for the year ahead will be improving customer service, enhancing logistics functions, increasing sales and positioning the subsidiary as a supplier of choice in a busy marketplace.

Radiant is poised for growth in the year ahead, with a range of new products lined up. Effective planning and attractive product offerings will continue to help Radiant grow its market share and improve profitability.

Strong relationships with suppliers, with local testing capabilities, will enable Radiant to import both high-quality and affordable light fittings, lamps and accessories. The benefit of new procurement policies and expanding product range and optimising the product mix.

GOVERNANCE

SUSTAINABILITY REPORT

INTRODUCTION

South Ocean Holdings regards sustainability as the cornerstone of a successful business. Sustainable development is an integral and essential part of conducting business. The role of the Social and Ethics Committee is to assist the Group with its responsibilities towards sustainable social, ethics, health and safety and transformation initiatives. The Board through its management always strive to inform our stakeholders in terms of the pillars of sustainability namely, economic, social, environment and human rights.

This report deals with the recommended sustainability reporting aspects as recommended by the GRI Framework. These are in addition to any standard items the Group wants to disclose to the stakeholders which have an impact on sustainability. Some of the requirements are contained in the Corporate Governance report which deals mostly with the governance aspects of the Group.

HUMAN CAPITAL

South Ocean Holdings' long-term success depends on our ability to attract, retain and develop our employees. Recruitment and management of employment processes has always been a key focus for management as they strive to recruit and retain talented and experienced employees with a true potential.

The management of the workforce is also dependent on the demographics within the country and the requirements of the various legislations that affect this aspect of the Group. The Group always endeavours to ensure a working environment that is favourable for its employees to engage and contribute their best efforts to the achievement of the organisational goals.

The Group increased its workforce by 5.3% in the current year to 781 employees, due to increases in production capacity. The Group believes in optimising its current staff and adding into the workforce where required in order to improve the efficiencies and services to its stakeholders. It also believes in the principle of job creation in order to assist and develop the economy. The Group is also one of the few companies in the industry that did not lay off personnel during the tough economic conditions.

Training and development

Employee development is not only vital for the benefit of the staff, it is taken as a key strategic imperative for the continued survival of the Group. In addition to planned training opportunities, management does look favourably to any suggestion brought to its attention by employees, and encourages self-development by offering financial support where necessary and in certain instances providing a venue for the provision of funded training for employees. In many instances, the Group funds learnerships, ABET courses and other SETA approved training. During the 2014 year, initiatives were put into place to start various learnerships. Forty-four learners were signed into learnership agreements that commenced in late 2014. The learnership programmes not only included members from the current staff complement, but an additional programme was initiated to assist disabled individuals from the community, who needed to be upskilled and brought into the workforce. As a result, 12 unemployed people with various disabilities were employed for a period of 12 months. These people will not only receive the training, but are also paid a monthly stipend in order to sustain themselves while in the learnership. The learnerships consists of 23 males and 21 females who meet the definition of previous disadvantaged individuals. The total cost of the learnerships was R1.2 million, excluding salaries and staff welfare considerations.

The Group also spend an additional R600 000 on various training courses, in-house and external, as well as student fees in developing some of its employees that were not on learnerships. Various personal development training courses were sponsored by the Group, ranging from certificates, diplomas and seminars and were attended by 154 employees. In addition, 228 employees within the Group were trained in various job-related and third-party in-house supported development.

Employment incentives

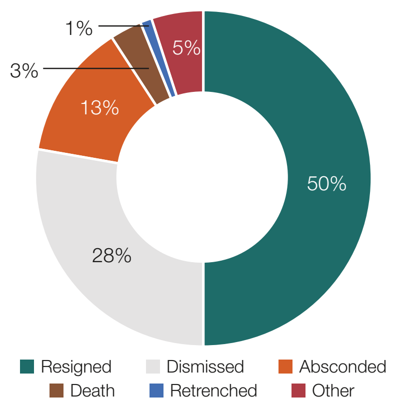
All employees within the Group are remunerated based on properly structured salary scales which are continuously being benchmarked against the market on a periodic basis. To encourage employees to put an above average effort and as a tool to retain staff, the Group pays incentives depending on the profitability and achievement of its set target.

The details of the short and long-term incentives in place are fully set out in the Remuneration Committee report on page 42. There is also an attendance bonus scheme which is payable to employees that have not taken any sick leave during the year and is paid to employees at year-end.

Staff-turnover

The Group's employment processes are geared towards recruiting talented employees and those with high potential. Depending on the level of skill required, leadership capabilities are also considered together with the employment equity plans of the group. South Ocean Holdings strives to maintain low staff turnover levels without compromising on the performance levels and the delivery of its workforce. The employee turnover rate for the organisation, based on average headcount is at 1.2%, in line with the Group's policy for employee retention and growth. The Group's workforce has remained relatively stable and management continues to position the Group for an upturn in the market. During the year, 110 employees had left the organisation, for various reasons as tabulated below. The Group also hired 135 new employees, as replacements and as a stepping stone towards the strategic growth that we are expecting.

Reason for staff turnover



Reason for staff turnover	Number of employees
Resigned	55
Dismissed	31
Absconded	14
Death	3
Retrenched	1
Other	6
	110
New employment	**Number of employees**
Replacements and growth	135

Absenteeism

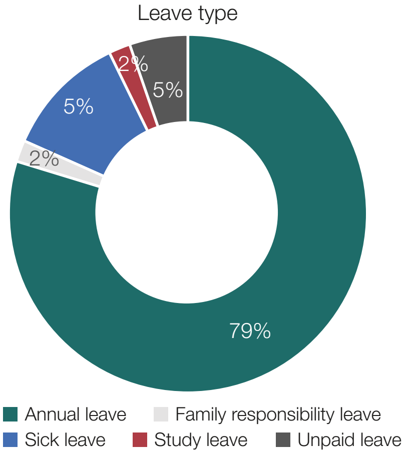
The Group encourages employees to take annual leave, maintain a healthy work-life balance, recover if ill and spend time with their families. Leave is generally termed as paid leave, as the employees are paid if they are away for a certain period. The following table indicates the average leave allowance employees are entitled to:

Leave type	Number of days
Annual leave (general employees)	15 days per annum Additional five days for longer than four year service
Annual leave (directors)	20 days per annum Additional five days for longer than four year service
Sick leave	30 days over a three-year period
Maternity leave	Up to three months unpaid
Family responsibility leave	Three days (Metal and Engineering Industries Bargaining Council members can accumulate up to nine days)
Study leave (approved course)	Two days per paper

GOVERNANCE

While the Group expects and understands, that our employees need adequate leave to feel rejuvenated and relaxed and remain productive, or deal with their personal circumstances, excessive absences can equate to decreased productivity and can have a major effect on the Group's financial performance, employee morale and other factors.

The following is the number of days lost due to leave taken.



Leave type	Days taken
Annual leave	10 895
Family responsibility leave	300
Maternity leave	30
Religious leave	22
Sick leave	1 516
Study leave	216
Unpaid leave	733
Total number of leave days taken	**13 712**
Average number of leave days taken per employee	17.7 days

Freedom of association

The Group recognises trade unions that are sufficiently representative of employees at the appropriate organisational level. South Ocean Holdings gives its formal assurance that employees may associate or not with employee representative organisations and trade unions. There were no violations of freedom of association and collective bargaining during the year. In line with its Code of Conduct, employees are encouraged not to perform any acts that conflict with freedom of association. SOEW's employees at the cable plant belong to the National Union of Metalworkers of South Africa (Numsa) and Solidarity. The rest of the Group's employees are not unionised. The Group does not place any restrictions on any of its employees regarding their need to belong to a trade union. During the year, the number of employees belonging to trade unions was split as follows:

Trade union	2014	2013
Numsa	**224**	186
Solidarity	**8**	9
Total unionised employees	**232**	195
Percentage of unionised employees	**29.7%**	26.3%

Security practices

In its effort to improve the understanding of human rights by its staff, the Group needs to ensure that its security personnel has been trained in the Group's human rights policies and also to ensure that the third-party security personnel is clear and understands the Group human rights policy. The Group has ensured the policy is developed and understood by all its employees. To date, there have been no incidents of human rights violations that have been reported to the Group or about its security personnel during the year. The Group has also not done any human rights reviews on its operations to establish their impact on human rights.

STAKEHOLDERS

Engaging our stakeholders

Continuous engagement with various stakeholders is an important part of South Ocean Holdings' sustainability strategy. It gives the Group an opportunity to evaluate plans and align them with the respective needs and expectations of the stakeholder groups. In addition to legal communication requirements of a listed entity, the Group continuously communicates as appropriate, depending on relevant stakeholder needs.

South Ocean Holdings aims to engage regularly, openly and honestly with stakeholders involved in and affected by its operations. This gives the Group an opportunity to evaluate plans and align them with the respective needs and expectations of the stakeholder groups. In addition to the legal communication requirements of a listed entity, through these relationships the Group is able to identify and report on any issues that may arise as a result of these interactions. A stakeholder engagement map as indicated below gives a summary of some of the communication channel and strategies employed by the Group in its stakeholder management.

Through these relationships we are able to identify and report on any issues that may arise as a result of these interactions.

Stakeholder	Method of communication
Customers	■ Advertisements ■ Corporate website ■ Integrated annual report
Shareholders, investors and analysts	■ Annual General Meeting ■ Bi-annual results presentations ■ Integrated annual report ■ Investor relations ■ Corporate website ■ Investment updates on SENS
Industry	■ Illumination Engineering Society of South Africa (IESSA) Meetings
Government and regulators	■ Specific meetings ■ Industry forums ■ Adherence to legal reporting requirements
Employees	■ Intranet ■ Union meetings ■ Shop steward meetings ■ Face-to-face meetings ■ Communication boards ■ Internal newsletter
Business organisations	■ Face-to-face meetings
Suppliers and service providers	■ Regular meetings ■ Attending industry shows ■ Period communication from the respective business managers
Media	■ Press releases ■ Presentations

PRODUCT QUALITY

The Group operating companies are certified compliant with ISO 9001:2000 and ISO 9001: 2008 Quality Management Standards. There are quality control facilities and a testing laboratory located at both Radiant and SOEW to ensure quality products and standards. All products are certified compliant with the standards as approved by SABS.

CORPORATE GOVERNANCE

SOUTH OCEAN HOLDINGS' CORPORATE GOVERNANCE PROVIDES THE FRAMEWORK FOR EFFECTIVE, ETHICAL LEADERSHIP TO INTEGRATE STRATEGY, GOVERNANCE AND SUSTAINABILITY.

Introduction

The South Ocean Holdings' Board of directors ("Board") recognises that sound corporate governance practices are essential to the success and sustainability of the Group, and is committed to applying the recommendations of the King Report on Governance for South Africa 2009 (King III) where relevant. An assessment of the company's compliance with the principles contained in the King III was undertaken during the year under review and areas of non-compliance are explained in this report.

South Ocean Holdings' commitment to compliance with effective corporate governance is unquestionable as the Board feel it is a prerequisite to ensuring long-term sustainable business that creates value for stakeholders. The Group therefore embraces the principles of integrity, transparency and accountability in its dealings with all its stakeholders.

Executive management, with the guidance of the Board and the Company Secretary, continue to occupy the centre stage in ensuring existence of adequate and effective governance framework. The Board is accountable and responsible for the Group's corporate governance system and its performance and has therefore considered and reviewed the King III and its application to governance processes at various intervals. Board reporting processes regularly involve compliance issues with the applicable laws as prescribed by the King III, JSE Listings Requirements, Companies Act and any other applicable legislation.

The Board places corporate governance at the forefront of its responsibilities and the Group has established a corporate culture of compliance with the King III, the JSE Listings Requirements, other applicable laws, regulations and internal policies and procedures.

Endorsement and compliance with King III

The King III requires the Board to consider the interests of the Group and shareholders, taking into account the concerns and issues of its wider stakeholders which include suppliers, customers, employees and the environment. The Group understands the importance of balancing long-term social, environmental and economic interest with the principal need to secure sustainable returns and maximise profits. As a result, the Group is governed appropriately and conducts its affairs with prudence, transparency, accountability, fairness and in a socially responsible manner.

Exceptions to King III

King III has been substantially applied within the Group governance processes since its implementation.

The following key principles have not been fully implemented with explanation of reasons for non-compliance given below:

- An external assurance provider to provide assurance over material elements of the sustainability section of the integrated annual report has not been appointed.
  - The entire integrated report is reviewed by the Audit and Risk Management Committee and recommended to the Board. The Board has not found it necessary to obtain independent assurance for sustainability reporting as it is comfortable with the accuracy of the sustainability reporting.
- The Group does not have an independent compliance function and the responsibility for compliance rests with the Company Secretary, Compliance Officer and the internal audit function and consultation with our legal advisors where necessary.
  - There is no intention to establish an independent compliance function, as it not economically viable due to the size of the Group.
- The Group has not adopted formal dispute resolution processes for internal and external disputes.
  - The adoption of a formal dispute resolution mechanism is in process.
- The remuneration of each individual director and each prescribed officer is disclosed, names of the prescribed officers who are not directors and who received the highest salaries of directors have not been disclosed.
  - The Board does not consider it appropriate to disclose the names of the prescribed officers who are not directors and who received the highest salaries. Legal opinion was obtained confirming the Group's view. The salaries of directors have been disclosed in note 20 to the financial statements.

Board of directors

Board composition

The Board consists of three non-executive directors and four independent non-executive directors and two executive directors namely, the Chief Executive Officer and the Chief Financial Officer, during the year under review.

Director	Independent non-executive	Non-executive	Executive
Henry KH Pon *(Chairman)*	✔		
EHT Pan *(Deputy-Vice Chairman)*		✔	
CY Wu		✔	
HL Li		✔	
M Chong	✔		
L Stephens	✔		
N Lalla	✔		
DJC Pan *(Alternate)*		✔	
CH Pan *(Alternate)*		✔	
WP Li *(Alternate)*		✔	
JP Bekker			✔
PJM Ferreira			✔

Mr EG Dube resigned as Chairman on 31 March 2014 and was replaced by Mr Henry KH Pon. Ms M Chong was appointed as Chairperson of the Audit and Risk Management Committee from 1 April 2014. Ms M Chong also replaced Mr Henry KH Pon as Chairperson of the Remuneration Committee as from 1 April 2014. Ms L Stephens and Ms N Lalla were appointed as independent non-executive directors on 23 June 2014. Ms DL Pan, alternate non-executive director to Mr EHT Pan, resigned on 29 August 2014 and Ms DJC Pan was appointed as alternate non-executive director to Mr EHT Pan on 29 August 2014.

The Board is authorised to appoint new directors between Annual General Meetings with the appointees required to retire and stand for re-election at the subsequent Company's Annual General Meeting.

The Board takes initiative to ensure that all its members are of the highest ethical standards, and they take the lead in directing the activities of the Group in a manner consistent with these ethical standards. The Board views its standing as a corporate citizen in the same manner as the Group's financial performance, as such it takes care to ensure it occupies the centre stage in its review and oversight of the operating environment.

The directors are experienced business people and are required to exercise leadership, integrity and judgement based on the principle of good governance. The Board is committed to guiding and monitoring these high standards.

Board Charter

The Board operates in terms of a formally adopted Board Charter, which sets out all activities, roles and responsibilities of the Board confirming that directors are accountable to shareholders. The main elements of the charter are:

- the Chairman of the Board must be an independent, non-executive director;
- a formal orientation programme for new directors must be followed;
- specific policies, in line with King III, must exist with regard to conflicts of interest and the maintenance of a register of directors' interest;
- the Board must conduct an annual self-evaluation;
- directors must have access to staff, records and the advice and services of the Company Secretary;
- succession planning for executive management must be in place and must be updated regularly;
- overseeing relationships with stakeholders of the Company along sound governance principles;
- strategic plans and an approvals framework must be in place and must be reviewed regularly;
- overseeing that the strategy results in sustainable outcomes;
- considering sustainability as a business opportunity that guides strategy formulation;
- ensuring that the Company is playing its role as a responsible corporate citizen by taking into account the impact of the business operations on society and the environment;
- providing oversight of performance against targets and objectives;
- assessing the Group as a going concern;
- approving the annual and interim financial statements;
- providing effective leadership on an ethical foundation;
- overseeing key performance and risk areas;
- policies to ensure the integrity of internal controls and risks management must be in place;
- social transformation, ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly;
- overseeing information technology (IT) governance;
- overseeing legislative, regulatory and governance compliance; and
- matters considered crucial for business success.

This review of the charter is done annually and it is evaluated in line with the changes in legislation and governance guidelines. The Board Charter does not provide for any specific maximum number of Board members, but allows the Board to continuously evaluate itself as to the sufficiency given its duties and responsibilities at any stage.

Meetings

The directors are requested to table their interest in any material contracts and shareholding in outside companies at every director meeting. Where conflict of interest is a possibility, the affected directors are requested to excuse themselves from discussions in meetings where these conflicts exist. The Board is required to meet at least four times per year.

During Board meetings the directors review operational performance; strategy; planning; empowerment; compliance; acquisitions; disposals; review of risks applicable to the business; budgets and other material aspects pertaining to the achievement of the Group's objectives.

Non-executive directors

Non-executive directors do not have fixed terms of appointment, but are required to retire by rotation and are eligible for re-election by shareholders at the Annual General Meeting of the Company.

All the directors retire at their first Annual General Meeting of the Company and a third of the directors retire annually. The directors to retire are those that have been longest in office since the last election and are eligible for re-election at that meeting.

Non-executive directors are of suitable calibre and their views carry significant weight in Board decisions. The director's review performed during the year on directors has confirmed their suitability to continue in office and their ability to add value to the oversight of the Group operations.

Executive directors

The executive directors are permanent employees of the Company with a three months' notice period. The Chief Executive Officer and Chief Financial Officer serve as executive directors on the Board and are responsible for the day-to-day running of operations.

The Chairman of the Board

The Chairman, Mr Henry KH Pon, is an independent non-executive Board member. Separation of responsibilities between those of the Chairperson and the Chief Executive Officer are enforced by the Board Charter and it does not allow for these two positions to be filled by the same individual.

The Board elects the Chairperson based on his experience and potential contribution to the achievement of its objectives as stated in the Board Charter. The Board succession planning process provides for the Deputy-Vice Chairperson to take over from the Chairperson should there be any need. The existing independent non-executive directors are also of sufficient calibre and experience to step in should the need arise.

The Chairperson presides over meetings of the Board, guiding the integrity and effectiveness of the Board's governance process. This includes ensuring that no individual dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that the Board discussions lead to appropriate discussions.

Chief Executive Officer

The Chief Executive Officer, PJM Ferreira, is responsible for the operational management of the Group. His responsibilities include, among others:

- developing and recommending to the Board a long-term strategy and vision that will generate satisfactory stakeholder value;

- developing and recommending to the Board annual business plans and budgets that support the long-term strategy; and
- managing the affairs of the Group in accordance with its values and objectives, as well as the general policies and specific decisions of the Board.

To effectively execute the activities assigned to him by the Board, the Chief Executive Officer facilitates and chairs the Executive Committee meetings.

The Chief Executive Officer is not a member of the Remuneration and Audit and Risk Management Committees, but attends the committee meetings by invitation.

The Company Secretary

Mr WT Green is the Company Secretary and he provides the entire Board with detailed guidance on matters related to the discharging of their responsibilities. He is suitably qualified and experienced to act in this position.

The Company Secretary duties include:

- providing guidance to directors regarding their duties, responsibilities and powers;
- ensuring that Board and Board committee procedures are followed;
- keeping records of Board and Board committee minutes and resolutions, attendance registers, directors declarations of interest and notices and announcements made by the Company;
- maintaining statutory records and submitting statutory returns;
- advising the Board on corporate governance and regulatory changes;
- ensuring compliance with the JSE Listings Requirements and statutory requirements;
- ensuring that the Board and Board committee charters and terms of reference are kept up to date; and
- assisting the Board in conducting annual evaluations of the Board, Board committees and individual directors.

The appointment and removal of the Company Secretary is a matter for determination by the entire Board. All directors have access to the advice and the services of the Company Secretary and, in appropriate circumstances, are entitled and authorised, at the Group's expense, to obtain independent professional advice concerning the affairs of the Group.

The certificate required to be signed in terms of section 88(2)(e) of the Act appears on page 57 on this report.

The Company Secretary is not a director of South Ocean Holdings or any of its subsidiaries and, accordingly, maintains an arm's length relationship with the Board and its directors.

Directors' evaluation and development

Induction

On the appointment of a new director, the Board has a process that provides for the induction of new directors. After an evaluation has been made to establish the developmental needs of the relevant director, the Company arranges for the director to be provided with the necessary training at the Company's expense.

Where it is considered that the new director has the necessary experience, obtained from being a member of various other companies' boards, a Company-specific development is provided. A periodic update of legislative changes is an integral part of the quarterly reporting to the Board. Site visits are also arranged to enable new directors to familiarise themselves with all aspects of the Group and its operating businesses.

Director evaluation

The South Ocean Holdings Board has implemented a Board self-evaluation system which it uses to evaluate the performance of the individual directors and the Board as a whole. During the year a

Whitney Green, Company Secretary

Board self-evaluation was performed by the members of the Board and this confirmed the suitability of all the directors to continue adding value to the Group.

Attendance of meetings

A minimum of four Board meetings are scheduled per financial year. Additional Board meetings may be convened when necessary. During the past year, five Board meetings were held. The accompanying table details the attendance by each director at Board meetings held during the year under review:

Director	7 March	28 May	17 June	6 Aug.	19 Nov.
Henry KH Pon *(Chairman)*	✔	✔	✔	✔	✔
EHT Pan *(Deputy-Vice Chairman)*	✔	✔	✔	✔	✔
HL Li	✔	✔	✔	✔	✔
CY Wu	✔	✔	✔	✔	✔
M Chong	✔	✔	✔	✔	✔
N Lalla	❇	❇	❇	✔	✔
L Stephens	❇	❇	❇	✔	✔
JP Bekker	✔	✔	✔	✔	✔
PJM Ferreira	✔	✔	✔	✔	✔

✔ = Present

❇ = Appointed 23 June 2014

Board committees

To enable the Board to discharge its responsibilities and duties, during the year under review, certain of the Board responsibilities were delegated to the Executive Committee, Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and the Social and Ethics Committee, the activities of which are dealt with more fully below. The Board is satisfied that all committees have met their respective responsibilities for the year under review.

All these committees operate in terms of established and approved terms of reference which act as a guide for their activities. With the exception of the Executive Committee chaired by the Chief Executive Officer, all other committees are chaired by an independent non-executive director.

Particulars of the composition of the Board of directors and committees appear on pages 37, 39 and 40 of this report. The charters of the Board committees are reviewed on an annual basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and comply with all new developments.

The Audit and Risk Management Committee is the Statutory Committee which complies with the Companies Act requirements and the recommendation set out in the King III. The shareholders elect the members of this committee annually at the Annual General Meeting.

Ethical leadership and corporate citizenship

Code of Ethics

The Code of Ethics which was formally adopted by the Board is made available to all senior executives and employees within the Group. All Group employees are expected to conduct themselves with integrity in their internal and external dealings and are expected to adhere consistently and uncompromisingly to the highest standards of ethical behaviour.

The Group management works hard to ensure that the principles enshrined in the Code of Ethics are upheld and entrenched as an integral part of the corporate culture. The essential principles of ethical behaviour feature regularly in training sessions and a summary is displayed prominently in work areas to encourage top-of-mind awareness. Our intention is that our business actions and dealings should be wholly governed by these ethical principles.

The Group has a whistle-blowing process in operation which all employees are encouraged to utilise. This is operated by an independent company in a confidential and safe manner that ensures that the employees and other parties that report unethical behaviour are not compromised.

The code of ethics deals with:

- compliance with laws and regulations;
- conflict of interest;
- employment equity;
- environmental responsibility;
- political support;
- protection and use of company assets;
- integrity of financial information;
- employment matters;
- dealing with outside persons and organisation;
- privacy and confidentiality; and
- obligations of employees.

In terms of accountability, all employees must perform their duties diligently, effectively and efficiently, and in particular:

- support and assist the Group to fulfil its commercial and ethical obligations and objectives as set out in this code;
- avoid any waste of resources, including time;
- be committed to improve productivity, achieve the maximum quality standards, reduce ineffectiveness, and avoid unreasonable disruption of work activities;
- commit to honouring their agreed terms and conditions of employment;
- not act in any way that may jeopardise the shareholders' rights to a reasonable return on investment;
- act honestly and in good faith at all times and report any harmful activity they observe in the workplace;
- recognise fellow employees' rights to freedom of association and not intimidate fellow employees;
- pay due regard to environmental, public health and safety conditions in and around the workplace; and
- act within their powers and not carry on the business of the Group recklessly.

The Board has no reason to believe that any material contravention of the code of ethics took place during the year under review.

Audit and risk management committee

Composition of committee

Members of the Audit and Risk Management Committee during the year were:

Member	Independent non-executive
M Chong *(Chairperson)*	Yes
Henry KH Pon	Yes
N Lalla	Yes

The Audit and Risk Management Committee consists of only independent non-executive directors in compliance with the requirements of the King III. The Audit and Risk Management Committee is fully mandated by the Board by means of written terms of reference as to its membership, authority and duties.

Meetings

This Audit and Risk Management Committee meets periodically, at least four times per year. The non-executive directors that are not members of the Audit and Risk Management Committee, executive management and the external auditors and internal auditors are also invited to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee and its Chairperson, thus ensuring their independence and the impartiality of their reports.

Responsibility

The Audit and Risk Management Committee reviews the annual financial statements and interim financial statements, monitors the appropriateness of accounting policies and the effectiveness of the systems of internal control and considers the findings of the external and internal audit. Review of the Group's reporting processes is undertaken to ensure that they are aligned and are not conflicting.

The Audit and Risk Management Committee is also responsible for the review and ensuring that management has processes, strategies and systems in place for the identification, management and control of Group risks.

The appointment, management and monitoring of the work of both the external and internal auditors are amongst the responsibilities of the Audit and Risk Management Committee.

The Board is confident that the members of the committee are properly qualified and experienced in finance, accounting and risk management and are knowledgeable about the affairs of the Group.

Audit and Risk Management Committee Charter

The Audit and Risk Management Committee Charter sets out the responsibilities of the committee, which include:

- the preparation of financial reporting and statements in compliance with all required legislation, accounting standards and corporate governance;
- the Group's compliance with legal and regulatory requirements;
- overseeing the internal and external auditors' function;
- evaluating the risk profile and risk management of the Group; and
- assisting the Board relating to the safeguarding of assets and operation of effective internal control systems and compliance with the ethical standards adopted.

The Audit and Risk Management Committee also attends to the following responsibilities required by the King III and the JSE Listings Requirements:

- evaluating and confirming the independence of the external auditors; and
- reviewing the expertise, resources and the experience of the Group's Chief Financial Officer.

Re-appointment of the independent auditors

The Audit and Risk Management Committee considered the independence of the external auditors, PricewaterhouseCoopers Inc. ("PWC") in accordance with section 90(1) of the Companies Act. The committee considered the following aspects to satisfy itself that PWC is independent:

- identifying the potential threats to the audit independence of any non-audit work which PWC undertakes and, if any, what safeguards PWC has put in place;
- determining whether PWC, engagement partner or staff directly or indirectly hold any shares in South Ocean Holdings; and
- assessing any other factors which could impact or be considered to impact their independence.

Having considered all facts the Audit and Risk Management Committee is satisfied that PWC is independent and nominated PWC to be re-appointed as the registered auditor for the 2015 financial year. The Board re-appointed PWC and Mr Wikus Roos, the audit partner, as the independent auditors of South Ocean Holdings. The appointment is subject to shareholders' approval at the Annual General Meeting.

PWC is accredited in terms of the JSE list of accredited auditors as contemplated in paragraph 3.86 of the JSE Listings Requirements.

Internal audit

The Audit and Risk Management Committee has recommended the appointment of BDO Advisory Services Proprietary Limited ("BDO") as independent internal auditors to fulfil the Group's internal audit function.

The Audit and Risk Management Committee has considered the independence of the internal auditor, BDO.

The Audit and Risk management Committee considered the following aspects to satisfy itself that BDO is independent:

- identifying the potential threats to the internal audit independence of each area of non-internal audit work which BDO undertakes and, if any, what safeguards BDO has put in place;
- determining whether BDO directly or indirectly holds any shares in South Ocean Holdings; and
- assessing any other factors which could impact or be considered to impact their independence.

The role of the internal audit is to review the internal controls, systems and procedures. The Audit and Risk Management Committee is satisfied that the internal controls are adequate in safeguarding the assets, preventing and detecting errors and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements.

The internal auditor reports to the Audit and Risk Management Committee and has unrestricted access to the Chief Executive Officer and the Chairperson of the Audit and Risk Management Committee.

The internal audit programme is approved by the Audit and Risk Management Committee and the internal auditors report to the Audit and Risk Management Committee on their findings after completion of their audit. Their reporting meeting is also attended by the external auditors. External auditors place reliance on the work of the internal auditors where possible.

Risk management

Risk management is the responsibility of the Audit and Risk Management Committee. The development, implementation and maintenance of strategies to minimise Group risk, is geared towards achieving the Group's strategic, operations, reporting and compliance objectives and ensuring value creation for our shareholders.

The Audit and Risk Management Committee is responsible for:

- reviewing, on behalf of the Board, the effectiveness and integrity of systems and controls relating to risk management, and the associated monitoring processes and procedures;

Melanie Chong
Audit and Risk Management Committee (Chairperson)
Remuneration Committee (Chairperson)
Social and Ethics Committee (Chairperson)

- reviewing the approach through which risk management is conducted and the effectiveness of these processes and systems;
- receiving reports from the Compliance Officer on the adequacy and effectiveness of risk management arrangements;
- ensure that the disclosure regarding risk is comprehensive, timely and relevant; and
- reviewing reports from management and the internal auditors on the effectiveness and integrity of risk management systems.

Risk management is a dynamic process and the Group has accepted the challenge and responsibility to address it comprehensively and has set the following objectives:

- recommend policies, processes, systems and procedures to manage the risk;
- create a culture of risk awareness and ownership through communication and education;
- clarify the roles, responsibilities and accountabilities for identification, assessment, and management, monitoring and reporting of all financial and non-financial risks;
- guide the establishment and maintenance of a robust and measurable approach for risk identification and assessment;
- assist management to identify, assess, manage, monitor and report effectively on the risks;
- establish a process that requires all material changes to the business to be subject to adequate risk assessment and due diligence prior to commencement; and
- enable effective and comprehensive independent and ongoing assessment to be provided by internal audit around the appropriateness and adequacy of risk management.

Integrated reporting

The committee oversees integrated reporting and in particular:

- reviews for reliability, disclosures of sustainability in the integrated annual report;
- recommends to the Board whether or not to engage an external assurance provider on material sustainability issues;
- recommends the integrated annual report for approval by the Board; and
- considers whether the external auditors should perform assurance procedures on interim results or be engaged for any non-audit assignments.

The committee recommended to the Board to continue not to publish a summarised integrated annual report or engage an external assurance provider to confirm material elements of the sustainability part of the integrated annual report.

Attendance of meetings

The committee met five times during the year. Attendance at meetings was as follows:

Director	5 March	21 May	5 Aug.	2 Oct.	19 Nov
M Chong *(Chairperson)*	✔	✔	✔	✔	✔
Henry KH Pon	✔	✔	✔	✔	✔
N Lalla	❇	❇	✔	✔	✔

✔ = Present

❇ = Appointed 23 June 2014

EXECUTIVE COMMITTEE

Composition of committee

The Executive Committee consists of the Chief Executive Officer, Chief Financial Officer, Managing Director and Divisional Financial Directors of the subsidiary companies. All matters of policy and strategy are referred to the Board.

Meetings

The Executive Committee meets on a monthly basis, except for the month of December, to plan, review, and manage the day-to-day activities of the Group.

Responsibility

The Executive Committee is responsible for:

- implementation of strategies and policies of the Group;
- monitoring the business and affairs of the Group;
- prioritising the allocation of capital, technical and human resources;
- establishing the best management practices and functional standards of the Group;
- senior management appointments and monitoring the performance of senior management;
- ensuring that regular, detailed reports on the Group's activities and performance against strategies and operational plans are received and submitted to the Board; and
- ensuring that regular, detailed reports on the Group's financial performance and forecasts against budgets are received and submitted to the Board.

REMUNERATION COMMITTEE

Composition of committee

Members of the Remuneration Committee during the year were:

Member	Independent non-executive
M Chong *(Chairperson)*	Yes
Henry KH Pon	Yes
HL Li	No

The majority of the Remuneration Committee Members are independent non-executive directors.

The Remuneration Committee, comprising three members, two of which are independent non-executive directors and one non-executive director, is responsible for ensuring that the Group's directors and senior executives are fairly remunerated.

Meetings

The Remuneration Committee meets periodically, at least twice per annum.

Responsibility

The Board has established a Remuneration Committee to advise the Board on all the remuneration-related matters. In addition to ensuring the fair remuneration of the senior management of the Group, the committee also evaluates and reviews the performance of the senior Group executives.

The committee has, during the year, reviewed all the Group remuneration policies to ensure that these are aligned with the Group strategy and are linked to individual performance.

Remuneration Committee Charter

The Remuneration Committee's responsibilities include the following:

- overseeing the setting and administering of remuneration at all levels in the company;
- overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- reviewing the outcomes of the implementation of the remuneration policy as to whether the set objectives are being achieved;
- ensuring that the mix of fixed and variable pay, in cash, short and long-term incentives and other elements, meets the company's needs and strategic objectives;
- considering the results of the evaluation of the performance of the Chief Executive Officer and other executive directors, both as directors and as executives in determining remuneration;
- regularly reviewing incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of rules; and
- advising on the remuneration of non-executive directors.

Remuneration to directors and senior management consists of:

- a total-cost-to-company package determined on position, qualification and experience which is divided into:
  - fixed monthly guaranteed remuneration calculated as a percentage of the total-cost-to-company package;
  - performance bonus equal to the balance of the total-cost-to-company package payable annually after performance assessment is done;
- short-term incentives, aim to motivate management to maximise results on the short term, and are paid annually if management meet certain financial targets which relate to profit before tax (PBT);
- long-term incentives, which is a share appreciation scheme, aim to retain senior management, and the main elements are:
  - allocations to key staff to ensure retention;
  - allocations are done annually;
  - payments are due three years after allocation was made, but can be extended for one more year;
  - maximum value of allocation is calculated at between 33% and 83% of guaranteed pay; and
  - paid in cash after the specified period.

Attendance of meetings

The committee met two times during the year. Attendance at meetings was as follows:

Director	5 March	19 Nov
M Chong (Chairperson)	✔	✔
Henry KH Pon	✔	✔
HL Li	✔	✔

✔ – *Present*

SOCIAL AND ETHICS COMMITTEE

Composition of the Social and Ethics Committee

Members of the Social and Ethics Committee during the year were:

Member	Independent non-executive
M Chong *(Chairperson)*	Yes
PJM Ferreira	No
JP Bekker	No

Meetings

The Social and Ethics Committee will meet at least three times per year.

Attendance of meetings

The committee met three times during the year. Attendance at meetings was as follows:

Director	11 Feb	21 July	4 Nov
M Chong *(Chairperson)*	✔	✔	✔
PJM Ferreira	✔	✔	✔
JP Bekker	✔	✔	✔

✔ – *Present*

Social and Ethics Committee Charter

The Social and Ethics Committee has the following functions:

- to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - social and economic development, including the Group's standing in terms of the goals and purposes of:
    - the 10 principles set out in the United Nations Global Compact Principles;
    - the Organisation for Economic, Cooperation and Development ("OECD") recommendations regarding corruption;
    - the Employment Equity Act; and
    - the Broad-Based Black Economic Empowerment Act.
  - good corporate citizenship, including the Group's:
    - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
    - record of sponsorship, donations and charitable giving;
    - the environment, health and public safety, including the impact of the Group's activities and its products or services.
    - consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws.
  - labour and employment, including:
    - the Group's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
    - the Group's employment relationships and contribution toward the educational development of its employees.
- to draw matters within its mandate to the attention of the Board as occasion requires.
- to report, through one of its members, to the shareholders at the Group's Annual General Meeting on the matters within its mandate.

Henry KH Pon
Chairman of the Board
Nomination Committee (Chairman)
Audit and Risk Committee (Member)
Remuneration Committee (Member)

NOMINATION COMMITTEE

Composition of committee

Members of the Nomination Committee during the year were:

Member	Independent non-executive
Henry KH Pon *(Chairman)*	Yes
M Chong	Yes

Meetings

The Nomination Committee has met twice during the year, to interview and propose candidates to fill the two vacancies on the Board. All the Nomination Committee members attended the meetings.

Nomination Committee Charter

The Nomination Committee is responsible for finding suitable candidates for any vacancies on the Board. The Nomination Committee will make use of an executive search firm to find suitable candidates who will be short listed and interviewed. The Nomination Committee will then recommend the best qualified candidate to the Board for approval.

The Board has established a Nomination Committee to advise the Board to:

- ensure the establishment of a formal process for the appointment of directors, including:
  - identification of suitable persons to be appointed;
  - performance of reference and background checks of candidates prior to nomination; and
  - formalising the appointment of directors through an agreement between the company and the director;

- oversee the development of a formal induction programme for new directors;
- ensure that inexperienced directors are developed through a mentorship programme;
- oversee the development and implementation of continuing professional development programmes for directors;
- ensure that directors receive regular briefings on changes in risks, laws and the environment in which the companies operate;
- consider the performance of directors and take steps to remove directors who do not make an appropriate contribution; and
- ensure that formal succession plans for the Board, Chief Executive Officer and senior management appointments are developed and implemented.

All tasks allocated to this committee were attended to by the Board.

Information technology

The Group has a policy in place regarding the safeguarding and management of the information technology systems and network environments.

The risks associated with the information technology environment are continually being evaluated as to whether they are properly identified, managed and reported. This is to establish whether the information technology systems can be relied upon to produce a functional environment for the management of the enterprise data. Proper security controls, backup procedures and access controls are in place for the management of the information technology and its associated data.

Disaster recovery plans are being implemented for any unforeseen circumstances to ensure minimum disruption as any interruption in the information technology system can have a material impact on the business.

Dealing in company securities

No employee or director may deal, directly or indirectly, in South Ocean Holdings' shares on the basis of unpublished price-sensitive information regarding the business or affairs of the Group during the closed periods. These closed periods include the period from the last day of the interim period results, 30 June, and final period results, 31 December, to publication of the relevant interim and year-end results on the Stock Exchange News Services (SENS) and include any other period during which the company is trading under a cautionary announcement.

All directors are required to obtain written approval from the Chairman of the Board or the Chief Executive Officer, in the case of subsidiary companies' employees, before dealing in South Ocean Holdings' shares to protect themselves against any possible and unintentional contravention of the insider trading laws and stock exchange regulations.

In terms of the JSE Listings Requirements, dealings in the Company's securities by directors of South Ocean Holdings and subsidiary companies, their immediate family and associates are to be announced on SENS. The Group strictly adheres to the code relating to insider trading as set out in terms of the JSE Listing Requirements. The Group also ensures that all its policies are aligned to the Financial Markets Act, 2012, which regulates such activities.

Mr PJM Ferreira and Mr F Ally purchased South Ocean Holdings securities during the financial year.

Relationship with stakeholders and investors

The Group continues to promote dialogue with its shareholders, business analysts, business advisers and all other stakeholders. These include timeous, honest, relevant and accessible announcements and circulars to the shareholders in accordance with the JSE Listings Requirements. All shareholders are encouraged to attend the Annual General Meeting and to ask questions about the Group, its results and prospects.

The Group encourages stakeholders to approach executive directors whenever they wish.

The Group also subscribes to the principle of fair communication and disclosure. There are ongoing interactions between the executive management team and a wide range of institutional investors and analysts and potential investors during the open periods. These interactions include one-on-one meetings and presentations at institutional road shows. The Group presents results to the investor community in Johannesburg and Cape Town twice a year. The interim and final results are also published in one English newspaper, on the company's web site and on SENS. There are regular engagements with the media in various methods to ensure fair communication through media liaison.

Employment equity

The Group is an equal opportunity employer and will not countenance discrimination on the basis of ethnicity or gender. A number of programmes are in place to ensure that the Group's employee profile will become more representative of the demographics of the region in which it operates while maintaining the Group's high standards.

Corporate social investment

The Group aims to contribute to the economic wellbeing and social development of the communities in which it operates through job creation, donations and educational and cultural contributions. The Social and Ethics Committee addresses these areas.

Whistle-blowing measures

In accordance with the provisions of the Protected Disclosures Act, No. 26 of 2000, management will ensure that no employee who has made a protected disclosure shall be subject to any occupational detriment and shall be afforded anonymity without fear of consequential victimisation.

Preferential procurement

In terms of discretionary spend, the Group seeks to secure products and services from black-owned and managed enterprises as far as it is commercially viable.

Worker participation

The Group employs a variety of participative structures to deal with issues that affect employees directly and materially. These include collective bargaining mechanisms, regular shop steward and trade union meetings, as well as equity skills and development meetings, structures to drive productivity improvements, safety committees and other participative forums. These structures are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

Going concern

The directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue to operate effectively for the foreseeable future. Accordingly, the Board is satisfied that it is appropriate to adopt the going-concern basis in preparing the financial statements.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee operates under a mandate from the Board and written terms of reference approved by the Board.

The Board assesses the composition of the Remuneration Committee annually to ensure that it is appropriate in terms of the necessary skills, knowledge and experience to operate effectively.

The Remuneration Committee strives to comply with all governance matters and legal requirements.

The Remuneration Committee does not provide relief to Board members for their joint and several responsibilities regarding their fiduciary duties and they must continue to exercise due care and judgement in accordance with their legal obligations.

Composition

The Remuneration Committee consists of two independent non-executive directors and one non-executive director.

Collectively, members of this Remuneration Committee must have the appropriate mix of qualifications and experience in order to fulfil their duties adequately.

Meetings

The Remuneration Committee meets at least twice a year, unless additional meetings are required.

The Chief Executive Officer and the Chief Financial Officer attend the meetings by invitation, but does not participate in discussions on their own remuneration.

Reporting

The Remuneration Committee Chairperson reports formally to the Board on its proceedings after each meeting and attends the Annual General Meeting to respond to any questions from stakeholders regarding the Remuneration Committee's areas of responsibility.

Remuneration Committee's roles and responsibilities

The Remuneration Committee does not assume the functions of management, which remain the responsibility of the executive directors and senior management.

The Remuneration Committee's main task is to assist the Board in ensuring that the remuneration to directors and executives is fair and market related.

The Remuneration Report provides an overview and understanding of the Group's remuneration philosophy and practices. It deals mostly with the remuneration of the executive directors and senior management.

Remuneration policy

South Ocean Holdings has an integrated approach to remuneration strategy based on ensuring that an appropriate balance is achieved between the interests of shareholders and the strategic and operational requirements of the Group by providing attractive and market-related remuneration to the executives.

Remuneration philosophy:

- plays an integral part in supporting the implementation of business strategies;
- motivates and reinforces individual and team performance;
- is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

The Group's application of remuneration practices in all businesses and functions:

- aims to be market competitive in specific labour markets in which people are employed;
- determines the value proposition of the various positions within job families or functions;
- ensures that performance management forms an integral part of remuneration, thereby influencing the remuneration components of guaranteed packages and incentives; and
- applies good governance to remuneration practices within approved structures.

The alignment of these remuneration principles aims to meet the strategic objectives of:

- attracting, retaining and motivating key and talented people;
- competing in the marketplace with the intention of being a preferred employer; and
- rewarding individual and business performance and encouraging superior performance.

Remuneration to non-executives and executives is determined as follows:

Non-executive director remuneration

The Group's philosophy in respect of non-executive remuneration is to pay market-related fees, as determined by market surveys, while taking into account the contribution of the individual directors to the Group and the demands placed on them in respect of Board and committee work.

Non-executive directors' remuneration is subject to shareholder approval at the Annual General Meeting.

Executive directors and senior management remuneration

The remuneration philosophy of the Group is to pay executive directors and senior managers and staff a market-related remuneration aimed at encouraging sustainable performance by employees and providing incentives to achieve motivation and retention. In principle, and in terms of the remuneration policy in place in all Group companies, above-average remuneration is only earned by employees who demonstrate a preparedness to accept the challenges of the enterprise and who excel in the achievement of the objectives of the enterprise.

Remuneration package

Senior executives' remuneration mix comprises four components;

- a guaranteed package;
- a performance-linked bonus;
- short-term profit sharing bonus; and
- a long-term incentive scheme.

The guaranteed package

An all-inclusive total cost-to-company package is determined for each employee based on annual market-worth of the required position, assuming that performance targets are met and that the targets are at a higher level than in the previous year. The guaranteed pay is calculated at between 75% and 80% for directors and 92.4% for senior management of total cost-to-company package.

The performance bonus

Each senior executive is required to enter into a performance contract with the manager to which he or she reports. These performance contracts define individual key performance areas that are linked to the strategic objectives of the business unit. The contracts and the performance ratings are reviewed by executive directors and reported to the Remuneration Committee, giving it better insight into how risks are being managed and controlled internally within each business unit, and into succession planning at both the holding company and subsidiary levels. The performance ratings in terms of this performance management system will be the basis for an annual performance bonus. The performance bonus amount is calculated for directors at between 20% and 25% and for senior management at 7.6% of total cost-to-company package.

The profit-sharing bonus

Senior executive and senior line managers employed by the Group will share in profit share pools in the event that earnings (profit before taxation), exceed the target earnings as proposed by the Remuneration Committee and approved by the Board for the financial year.

The target earnings as defined will be the inflation-adjusted three-year-moving average of earnings for the past three years multiplied by the growth factor equal to expected inflation as defined. For the purposes of the profit-sharing bonus scheme, a nominated percentage of excess earnings for the holding company and for each subsidiary company, ranging between 10% and 20% in 2014, is allocated to profit-share pools and shared by eligible senior executives in the subsidiary company and holding company in proportion to their respective guaranteed remuneration for the year.

The long-term incentive scheme

A long-term incentive plan is in place with effect from 1 January 2009. The objective of this plan is to both align the interest of top management with those of shareholders and to retain the key people in top management who are responsible for leading the enterprise towards the achievement of organisational goals.

The plan is a share appreciation rights scheme in terms of which participants will receive a cash bonus on equity growth. The scheme does not confer any rights on employees to acquire, hold or subscribe for shares at any time, and does not in any way dilute the shareholdings of existing or future shareholders.

The following are the main features of this long-term incentive scheme:

- separate schemes have been established for the holding company and for each subsidiary company;
- share appreciation rights have been defined for the holding company and for each subsidiary company in relation to the issued shares of that company at the commencement of the financial year, each right relating to one issued share of that company;
- in the case of the holding company scheme, eligible participants were allocated rights in relation to a certain value of ordinary shares, based on the volume-weighted quoted share price of the holding company during the month preceding the allocation. They will receive a cash bonus at the end of a defined holding period equal to the difference between the value of those shares at the beginning and end of the holding period;
- in the case of each subsidiary company, eligible participants will be allocated rights as follows:
  - in relation to a certain value of shares, to the extent of 75%, based on the shares of that subsidiary company;
  - in terms of a valuation of the shares of that subsidiary company which is in turn based on its financial results in its last three financial years;
  - as to 25%, based on the shares of the holding company, in terms of the volume-weighted quoted share price during the month preceding the allocation;
  - a cash bonus at the end of a defined holding period equal to the difference between the value of those shares at the beginning and end of the holding period; and
- the holding period of allocations will be three years, which may be extended to four years, at the third year of each allocation at the option of the participant.
- The quantum of the allocations will be in the range between 33,3% and 83,3% of the annual guaranteed pay of each participant in the years following.

Annual review by the Remuneration Committee

In relation to all Group executive directors, including the executive directors of each subsidiary company, the total cost-to-company package is reviewed annually by the Remuneration Committee based on market information and individual competency assessments.

In addition, the Remuneration Committee is mandated to annually review the remuneration policy which affects all Group senior executives and senior line managers, being the members of an executive committee or management committee.

Executive directors' remuneration from related companies

Executive directors' remuneration paid for 2014 was as follows:

Company	2014 R'000	2013 R'000
South Ocean Holdings Limited	**8 337**	6 769

Details of the remuneration of individual directors are listed in note 20 in the financial statements section of this report.

Non-executive director's remuneration

The fees for non-executive directors during 2014 were as follows:

	Fixed fee per annum 2014 R
Chairman of the Board	**409 006**
Deputy Vice-Chairperson	**235 956**
Member of the Board	**136 335**
Chairman of the Audit and Risk Management Committee	**204 503**
Member of the Audit and Risk Management Committee	**44 183**
Chairman of the Remuneration Committee	**62 882**
Member of the Remuneration Committee	**44 183**
Chairperson of the Social and Ethics Committee	**62 882**
Chairperson of a Special Committee	**R2 650/hour**
Member of a Special Committee	**R1 590/hour**

Interest of directors in share capital of the company

The details of the individual directors' interest in share capital of the company are disclosed in the Directors' Report on page 60.

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the company or any of its subsidiaries.

Share appreciation scheme

Details of the share appreciation scheme are set out in note 14 of the financial statements.

Prescribed officers of the Group who are not executive directors

King III recommends that the salaries of the prescribed officers, excluding executive directors, should be disclosed. These officers were identified and their earnings were disclosed including any bonus and share appreciation rights paid out. Remuneration and benefits paid and incentives paid in respect of 2014 and 2013 are set out in note 20 to the financial statements.

Service contracts and severance pay arrangements

We have entered into formal contracts with our non-executive directors.

Executive directors, top and senior management are subject to South Ocean Holdings' standard terms and conditions of employment where notice periods varies between 30 to 90 days. In line with Group policy, no director is compensated for loss of office and none of the directors have special termination benefits.

South Ocean Holdings' policy when terminating the services of an individual for operational reasons is to pay a minimum of one week of the annual cost of employment for each completed year of service. We aim to apply this policy.

Provident fund and group life cover

Employees who are not members of the Numsa union are contributing to the Alexander Forbes Access Retirement fund. Contributions vary between 13.2% and 15% of basic salary. Numsa union members belong to the Metal Industries Pension Fund or the MEIBC Provident fund and contributions amounts to 13.8% of basic salary.

The Alexander Forbes Access Retirement fund levels of funding and benefits were assessed by the Provident Fund Committee assisted by the insurance broker, and the committee satisfied itself that the fund was solvent and did not pose a risk to any of the Group's employees.

Employees are further contributing to a funeral policy which covers funeral costs of the member and close family members in case of death. Employees are also covered by a risk policy which payout between three and five times gross salary in case of death. Some employees do have disability cover.

Remuneration Committee members

The Remuneration Committee members during the year were:

Director	Capacity
M Chong	Chairperson
Henry KH Pon	Member
HL Li	Member

Ms M Chong replaced Mr Henry KH Pon as Chairperson of the Remuneration Committee effective from 1 April 2014.

SOCIAL AND ETHICS COMMITTEE REPORT

Melanie Chong
Audit and Risk Management Committee (Chairperson)
Remuneration Committee (Chairperson)
Social and Ethics Committee (Chairperson)

The Social and Ethics Committee was established in terms of section 72 of the Companies Act, 2008 and operates under a mandate from the Board and within terms of reference approved by the Board.

The Social and Ethics Committee is a formal sub-committee of the Board.

As required by the Act, the Social and Ethics Committee shall monitor the activities of the Group and the relevant subsidiaries having regard to any legislation, other legal requirements or prevailing codes of the best practice, in the area as prescribed by law.

The Social and Ethics Committee will continue to focus on ensuring sustainable social, ethics, health and safety and transformation initiatives with a specific emphasis on transformation in respect of ownership, procurement, employment equity and skills development improving the leadership skills of employees.

Composition

The committee comprised

Director	Capacity
M Chong	Chairperson
PJM Ferreira	Chief Executive Officer
JP Bekker	Chief Financial Officer

Meetings

The Social and Ethics Committee meets at least three times a year unless additional meetings are required.

During the year under review, the Social and Ethics Committee met three times and all members attended all the meetings.

Reporting

The Social and Ethics Committee Chairperson reports formally to the Board on its proceedings after each meeting and attends the Annual General Meeting to report and respond to any questions from stakeholders regarding its functions and activities.

Responsibilities

The mandate of the Social and Ethics Committee is to assist the Board in, inter alia, monitoring of the Group's Activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development, relating to the Group's standing in terms of the goals and purpose of:
  - the 10 principles set out in the United Global Compact Principles;
  - the Organisation for Economic, Cooperation and Development ("OCED") recommendations regarding corruption;
  - the Employment Equity Act; and
  - the Broad-Based Black Economic Empowerment Act
- Good corporate citizenship, in terms of the:
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of communities in which the Group's activities are predominately conducted to of within which its products and services are predominately conducted; and
  - sponsorship and donations.
- The environment, health and public safety and the impact of the Group's activities and of its products or services.
- Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including:
  - the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - the Group's employment relationships and its contributions towards the educational development of its employees.

GOVERNANCE

- Drawing matters within its mandate to the attention of the Board as required,
- Reporting to shareholders at the Group's Annual General Meeting on the Matters within its mandate, and
- The Sustainability numbers are monitored by the Social and Ethics Committee.

Scorecard summary on mandated tasks of employment equity

	2014	2013
Employment equity		
Total number of employees	**781**	742
Percentage of employees from designated groups	**76.4%**	81.2%
Senior management	**50.0%**	38.9%
Number of learnerships	**44**	39
Disabled learnerships	**12**	0
CCMA complaints	**14**	29
BBBEE level	**4**	5
Donations and sponsorships (Rm)	**2.5**	2.9
Number of work-related injuries	**18**	36

EMPLOYMENT EQUITY

Legislation affects the employment profile as well as the recruitment and the staffing needs of the Group. To comply with the requirements of the employment equity legislation management continuously monitors its compliance and adjusts its staffing requirements to fall within the required areas. Management has to ensure a representative workforce in various occupational levels in accordance with the Employment Equity Act requirements.

During the year under review the categorisation of employees according to their workforce profile was as follows:

	White		ACI#		Non-resident		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Total workforce	**141**	104	**595**	601	**45**	37	**781**	742
Less: non-executive directors and non-permanent staff	**0**	0	**(4)**	(4)	**(3)**	(3)	**(7)**	(7)
	141	104	**591**	597	**42**	34	**774**	735
Gender profile								
Male	**110**	75	**487**	474	**31**	25	**628**	574
Female	**31**	29	**104**	123	**11**	9	**146**	161
	141	104	**591**	597	**42**	34	**774**	735
Occupational level								
Executive directors	**2**	2	**0**	0	**0**	0	**2**	2
Male	**2**	2	**0**	0	**0**	0	**2**	2
Female	**0**	0	**0**	0	**0**	0	**0**	0
Senior management	**7**	18	**8**	14	**1**	2	**16**	34
Male	**7**	14	**5**	9	**1**	2	**13**	25
Female	**0**	4	**3**	5	**0**	0	**3**	9
Professional qualified and middle management.	**24**	14	**17**	18	**2**	4	**43**	36
Male	**20**	10	**13**	16	**2**	3	**35**	29
Female	**4**	4	**4**	2	**0**	1	**8**	7
Skilled and technical	**53**	42	**175**	43	**10**	13	**238**	98
Male	**28**	30	**119**	32	**6**	8	**153**	70
Female	**25**	12	**56**	11	**4**	5	**85**	28
Semi-skilled and unskilled	**55**	28	**391**	522	**29**	15	**475**	565
Male	**53**	19	**350**	417	**22**	12	**425**	448
Female	**2**	9	**41**	105	**7**	3	**50**	117
	141	104	**591**	597	**42**	34	**774**	735
Disabled profile	**1**	2	**12**	13	**0**	1	**13**	16
Male	**1**	2	**7**	13	**0**	1	**8**	16
Female	**0**	0	**5**	0	**0**	0	**5**	0

 # ACI African, Coloured and Indian

	White		ACI#		Non-resident		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Non-disabled profile	**140**	102	**579**	584	**42**	33	**761**	719
Male	**109**	73	**480**	461	**31**	24	**620**	558
Female	**31**	29	**99**	123	**11**	9	**141**	161
Total number of staff	**141**	104	**591**	597	**42**	34	**774**	735
Age profile								
Under 30	**26**	29	**108**	196	**12**	12	**146**	237
Male	**15**	18	**72**	148	**9**	9	**96**	175
Female	**11**	11	**36**	48	**3**	3	**50**	62
Over 30, but less than 50 years	**86**	41	**414**	323	**26**	18	**526**	382
Male	**71**	32	**349**	256	**18**	12	**438**	300
Female	**15**	9	**65**	67	**8**	6	**88**	82
Over 50 years	**29**	34	**69**	78	**4**	4	**102**	116
Male	**24**	25	**66**	70	**4**	4	**94**	99
Female	**5**	9	**3**	8	**0**	0	**8**	17
	141	104	**591**	597	**42**	34	**774**	735

ACI African, Coloured and Indian

As can be seen from the workforce profile, 76.4% (2013: 81.2%) of South Ocean Holdings' employees within the Group are from previously disadvantaged groups with 50.0% (2013: 38.9%) of senior management staff being from designated groups. The number of female employees amount to 18.9% compared to 21.9% the prior year. Black female employees represent 13.4% (2013: 16.7%) of the total number of employees.

Unfair discrimination in the workplace is discouraged and where instances of such discrimination are encountered management deals with it decisively at the onset and as soon as the same is identified. Preference is given to existing employees for all internal vacancies within the Group to ensure continuity and maintain the equity management process.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

Black Economic Empowerment has been a part of the South African business environment since 2007 and has had an enormous impact on the growth of South African businesses. To qualify as a supplier to a municipality, the public and quasi-public sector, a company has to ensure that it complies with BBBEE legislation. The Group takes strategic transformation of its workplace very serious and in the process of being audited and aims to improve its BEE Status level from a level 5 to at least a level 4.

BEE scorecard

Element	Unaudited 2014	2013
Ownership	**3.50**	1.23
Management	**8.82**	8.51
Employment equity	**11.74**	6.23
Skills development	**14.94**	7.76
Preferential procurement	**15.73**	12.15
Enterprise development	**15.00**	15.00
Socio-economic development	**5.00**	4.85
Total scoring	**74.28**	56.03

POLITICAL POLICY

The Group does not take part in any political activity as an entity. To this end, other than donations that are meant to support the communities in which it operates in and that advance the policy position of the Group, it does not give any donations to any political or related party as an organisation. Where one of its organisational objectives are in tandem with those of any party it does not discriminate merely because it is a political party and neither does it evaluate differently because of that fact. During the year under review, no donations have been made to any political or similar organisation.

ANTI-COMPETITIVE BEHAVIOUR

The directors draw attention to the announcements released on SENS on 6 May 2010 and 25 March 2014, as well as prior Financial Statements and Summarised Financial Statements, advising that on 16 March 2010 the Competition Commission (Commission) initiated a complaint investigation into certain alleged cartel conduct in the power cable market against South Ocean Electric Wire Company Proprietary Limited (SOEW), a wholly owned subsidiary of South Ocean, and three other competitors, and further advising of the Commission's media release published on 19 March 2014 announcing that the Commission had decided to refer the complaint (as amended) to the Competition Tribunal (Tribunal) against SOEW and 11 other companies and the Association of Electric Cable Manufacturers of South Africa. SOEW has engaged the services of specialist competition lawyers and economists to advise the Company in respect of the Commission's referral. SOEW has cooperated with the Commission during its investigation of the complaint and continues to do so now that the complaint has been referred to the Tribunal. In terms of IAS 37 no further disclosures are made as this would unfairly prejudice SOEW in its current dealings with the Commission.

HUMAN RIGHTS

South Ocean Holdings management ensures that its employees are afforded the dignity and respect they deserve as enshrined in the constitution. The Group and all its operating entities ensure that none of its policies and procedures is in contravention of their right as contained in the various legislations.

CHILD LABOUR

In its normal activities, the Group procures its services from a number of suppliers who reside in various jurisdictions and are governed by various legislative frameworks. The Group is against any form of child labour as it is against human rights. Although the Group has not specifically embarked on a campaign to find out its stakeholders position regarding child labour, in its dealings with its various stakeholders, it has not encountered any instance where it felt that the issue of child labour is a concern.

CORPORATE SOCIAL INVESTMENT

The Group views corporate social investment (CSI) as vital for empowering previously disadvantaged individuals and uplifting communities. During the year, both Radiant and SOEW undertook community projects aligned to their businesses and serving communities close to where they operate.

South Ocean Holdings develops partnerships that promote social and economic development and benefit the communities in which it operates. During the year, both Radiant and SOEW undertook community projects aligned to their businesses to empower previously disadvantaged individuals, uplift communities and serve communities close to where they operate. The Group has also allowed its working place to be utilised for blood donation campaigns, where staff donate blood. This enables a healthy awareness for staff to give blood and makes it convenient for them as it is performed on the premises. The need for blood donations is not only made relevant but it is encouraged and supported onsite.

NEW BEGINNING CARE CENTRE (NBCC)

New Beginnings Care Centre is a place of refuge and hope for the destitute, which was established 16 years ago. The centre was formed out of the need to find a solution to the prevalent social ills in the Greater East Rand area. At any given time the centre cares for over a 1 000 people, who are through a structured programme re-integrated back into society. Previously disadvantaged individuals make up 92% of the centre's population. The centre provides, shelter, food, and assists by finding employment through New Beginnings Staffing. During the current year, the Group was approached by New Beginnings Care Centre to assist with the supply of lights to expanding the study rooms used by children staying at the Centre to do their homework. Lighting and accessories to the value of R926 000 was donated to the centre.

OPELWEG PRIMARY SCHOOL

Opelweg Primary School is a government school, which is based in Edenpark in Alberton. The school has in excess of 1 400 learners, predominately from previously disadvantage backgrounds. The school accommodates learners from low-income and unemployed households and services the areas of Eden Park, Thokoza, Greenfields, Phola Park and Tsietse. During September 2014, Radiant donated inventory to the value of R265 000 to Opelweg Primary School.

ENTERPRISE DEVELOPMENT

The Group also believes in growing and assisting their previously disadvantaged customer base. Enterprise development is conducted by providing inventory with no charge to these companies, who can then sell it as a profit to the market. During the current year, inventory with a cost value of R1.2 million was donated towards this initiative.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Employee safety is of primary concern, and compliance with safety rules and procedures is rigorously enforced, including the wearing of personal protection equipment. Instances of workplace injuries and accidents are fully investigated, and where necessary, steps taken to avoid future incidents. There are currently no outstanding claims which require employees to be compensated for health and safety matters.

Occupational health and safety standards are covered by prevailing Occupational Health and Safety Regulations. In order to ensure a balanced management approach, the Group operates health and safety committees that ensure it abides by these provisions. The committees consist of senior management and health and safety representatives selected from the floor.

Meetings are scheduled on a regular basis depending on the working environment and requirements. The committees report on compliance issues and safety incidents and make recommendations on areas for improvement and the disposal of hazardous material. Appointment of safety representatives, first aid practitioners and overseeing safe operation of equipment are amongst its functions.

SAFETY

The Group ensures that representatives are trained in first aid and fire-fighting in the event of an incident, there is always trained personnel available to assist. During the 2014 year, the number of incidents decreased significantly compared to prior years. The number of minor incidents decreased by 50% from 36 incidents in 2013 to 18 incidents in the current year. All employees are allowed medical treatment dependant on the type of injury and where required, time off work is also granted.

The Group has recorded the following statistics regarding health and safety, for the year.

	Permanent staff	Contract workers
Number of minor incidents	**15**	3
Number of major incidents	**0**	0
Number of fatalities	**0**	0
Number of incidents requiring time off work	**12**	0
Number of employees who received medical attention	**12**	2

HEALTH

The Group undertakes various awareness programmes and campaigns during the year to ensure that their employees are knowledgeable on several of the health issues and diseases that exist. Emails are sent out on a weekly basis to inform employees on the various health risks in general. The information is also displayed on notice boards. The Group is also in the process of acquiring DVDs to have more interactive sessions with employees on the various illnesses and preventative measures.

HIV and Aids

The Group provides HIV and Aids awareness programmes to all its employees at SOEW and it also encourages its employees to attend educational sessions, to take the necessary precautions to prevent infection and to regularly check their status. The Group cannot establish the HIV prevalence rates among its employees from the HIV data maintained.

LEAD POISONING

Employees who worked with material which contained lead, are sent for blood screening tests bi-annually to ensure that their blood is lead-free. Safety precautions, such as ensuring on a daily basis that these employees have new masks as well as gloves when in the lead stores, are enforced. If the blood screening results, in a positive test for lead, that employee is moved out of that department and allowed to recuperate.

NOISE SURVEYS

The Group believes that before any new machinery is introduced into its manufacturing plant, its noise levels need to be screened to ensure that it is safe on factory personnel's hearing. A specialist company is used to measure, the decibel levels of the machine. Employees are also encouraged to use ear plugs at all times.

HEALTH BUS

The Group has in the past hired a health bus to provide free health screening to its employees and make them aware of any potential health issues that they might have. The health bus initiative will be reintroduced to the workforce in the 2015 year.

ENVIRONMENT

The Group management and the Board recognise the importance of climate change for the contained sustainability of the environment. Management actively seek for opportunities to contribute positively to the environment.

WASTE MANAGEMENT

The Group believes in the policy of recycling and reuse, before disposal of waste products, and hence reducing the impact toward the environment and land fill sites is minimised. Specialist companies are utilised in the disposal of hazardous materials such as the oils from manufacturing machinery and lamps containing mercury.

Radiant uses a comprehensive waste recycling programme which it started more than three years ago. Streams of waste that are monitored include aluminium, paper, glass and packaging. The waste management process that Radiant employs has helped reduce landfill waste resulting in financial savings as the recovered waste is recycled and reused in packaging or is collected, recycled and sold.

All lamps containing mercury are disposed of using a reputable waste management company. During the year ten by 210 litre drums each containing approximately 38kgs of crushed mercury lamps were disposed of by Radiant. Radiant also disposed of an estimated 800 fluorescent light tubes. Both mercury lamps and fluorescent tubing are disposed of using a third-party service provider who disposes of these hazardous materials in an environmentally friendly way preventing contaminating the ecosystem.

SOEW focuses on minimising waste at its Alrode operation. To optimise the financial recovery from scrapped products SOEW have installed a granulating plant which is used to separate PVC extrudings and copper. Scrap, consisting of copper, aluminium and galvanised steel wire, recovered during the year amounted to 2 041 tonnes, of which 1 502 tonnes was sold and 539 tonnes were recycled. The total value of scrap sold amounted to R58.6 million. During the manufacturing process, lubricating oils and soluble oils are generated as waste. These lubricants and oils are disposed via a third party who either recycles or disposes of them in a more environmentally friendly way. In 2014, 200.5 (2013: 325.0) kilolitres of soluble oils and 6.0 (2013: 2.0) kilolitres lubricating oil were disposed. SOEW also accumulates general industrial waste and office waste which is neither sold nor recycled but collected by third parties as waste this amounted to 56.3 (2013: 55.8) tonnes.

A new plant is in the process of been built in Alrode and as a result, building waste of 374.0 (2013: 113.9) tonnes was removed from site. In addition, there is also a focus on ensuring maximum efficient use of operating equipment over its lifetime, with ongoing maintenance being an important part of this strategy.

Refuse is kept to a minimum during the year, as the Group focuses strongly on recycling. During the year the 2 267m^3 of refuse was collected by the local councils. Radiant sold 11 tonnes of paper and cardboard and generated income of R12 436.

ENERGY USAGE

Radiant distributes occupancy sensors which help reduce energy by sensing the occupancy of the rooms and switch on or off the lights depending on the need. The Group has implemented these sensors throughout its offices resulting in reduced energy usage. The company has also revamped the offices using new technology with energy efficiency lamps resulting in further energy savings.

The Group has installed two 3KW solar panel demonstration units at its Radiant Johannesburg office resulting in reduction of the company's energy usage and electricity costs. The group continues to investigate all possible ways of saving on energy usage.

SOEW used 13 501.9 (2013: 13 707.1) MWh of electricity in 2014, which represents a decrease of 1.0% compared to the prior year. This was achieved mostly through the replacing of older electrical panels and power factor correlation equipment a process completed in the 2014 financial year. The man hours worked for the year amounted to 873 696 (2013: 813 504) hours during the financial year. Electricity usage per man hour worked equates to 0.016 (2013: 0.017) MWh.

Electricity usage at Radiant amounted to an estimated 1 622.6 MWh for the 2014 year. Radiant has experienced problems with the council during the current year where readings were not taken and an estimated billing was invoiced. These issues are in the lengthy process of been resolved.

WATER MANAGEMENT

The Group was not involved in any initiative to preserve water during the year and neither did it support any initiatives that are already ongoing within the communities it is involved in. In the future initiatives involving collecting of rain water, use of borehole or similar initiatives will be evaluated and their viability tested against the benefit they have towards the saving environment.

Water usage by SOEW in its production processes is very minimal and it would have very little impact on the environment. During the year SOEW used 4 577 (2013: 2 240) kilolitres of water translating to an average usage of 0.0052 (2013: 0.00275) kilolitres of water per man hour worked. The increase in water usage was due to a new plant been brought into production. In effect the entire manufacturing process will have a very negligible effect on the biodiversity and environment. Radiant used 4 590 kilolitres of water over the year.

ENVIRONMENTAL IMPACT ASSESSMENT AND CARBON FOOTPRINT ANALYSIS

The Group did not perform any environmental impact assessment nor has it performed a carbon footprint analysis during the period under review. There were also no green initiatives embarked upon with the exception of the solar system that is used to supply energy at Radiant as described above.

KING III GAP ANALYSIS

As required by the JSE Listings Requirements, the following table discloses the status of South Ocean Holdings' compliance with King III and reasons for non-compliance, if applicable:

King III Index	
ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	
Effective leadership based on an ethical foundation	●
Responsible corporate citizen	●
Effective management of ethics	●
Assurance statement on ethics in the integrated report	●
BOARD OF DIRECTORS	
The Board is the focal point for, and custodian of, corporate governance	●
The Board appreciates that strategy, risk, performance and sustainability are inseparable	●
Provide effective leadership based on an ethical foundation	●
Ensure that the Company is and is seen to be a responsible corporate citizen	●
The Company's ethics are managed effectively	●
The Company has an effective and independent audit committee	●
Responsible for the governance of risk	●
Responsible for information technology (IT) governance	●
The Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	❍[1]
Ensure that there is an effective risk-based internal audit	●
Appreciate that stakeholders' perceptions affect the Company's reputation	●
Ensure the integrity of the Company's integrated report	●
Report on the effectiveness of the Company's system of internal controls	●
Consider business rescue proceedings or other turnaround mechanisms as soon as the Group is financially distressed as defined in the Act	●
Directors act in the best interests of the Group	●
The Chairman of the Board is an independent non-executive director	●
A framework for the delegation of authority has been established	●
The Board comprises a balance of power with a majority of non-executive directors. The majority of non-executive directors should be independent	●

King III Index	
Directors are appointed through a formal process	●
Formal induction and ongoing training of directors is conducted	●
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	●
Annual performance evaluations of the Board, its committees and individual members is performed	●
Separate Audit and Risk Management, Remuneration, Nomination and Social and Ethics Committees have been established	●
Board and committees regulated through formal charters	●
An agreed governance framework between the Group and its subsidiary boards is in place	●
Directors and executives are fairly and responsibly remunerated	●
Remuneration of directors and most highly paid employees is disclosed	●
The Group's remuneration policy is approved by the shareholders	●
AUDIT COMMITTEE	
Effective and independent	●
Suitably skilled and experienced independent non-executive directors	●
Chaired by an independent non-executive director	●
Oversees integrated reporting	●
A combined assurance model is applied to improve efficiency in assurance activities	●
Satisfied itself of the expertise, resources and experience of the Group's finance function	●
Oversees internal audit	●
Integral component of the risk management process	●
Recommends the appointment of the external auditor and oversees the external audit	●
Reports to the Board and shareholders on how it has discharged its duties	●
GOVERNANCE OF RISK	
The Board is responsible for the governance of risk	●
The Board determines the levels of risk tolerance	◑[3]
The Audit and Risk Management Committee assists the Board in carrying out its risk responsibilities	●

Legend

● *Comply* ◑ *Partially comply* ❍ *Did not comply/under review*

King III Index	
The Board has delegated the process of risk management to management	●
The Board ensures that risk assessments are performed on a continual basis	●
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	●
The Board ensures that management implements appropriate risk responses	●
The Board ensures continual risk monitoring by management	●
The Board receives assurance regarding the effectiveness of the risk management process	●
Sufficient risk disclosure to stakeholders	●
GOVERNANCE OF INFORMATION TECHNOLOGY	
The Board is responsible for the governance of information technology ("IT")	●
IT is aligned with the performance and sustainability objectives of the Group	●
Management is responsible for the implementation of an IT governance framework	●
The Board monitors and evaluates significant IT investments and expenditure	●
IT is an integral part of the Group's risk management	●
IT assets are managed effectively	●
The Audit and Risk Management Committee assists the Board in carrying out its IT responsibilities	●
COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS	
The Board ensures that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards	●
The Board and each individual director and senior manager has a working understanding of the effects of laws, rules, codes and standards applicable to the Group and its business	●
Compliance risk forms an integral part of the Group's risk management process	●
The implementation of an effective compliance framework and process has been delegated to management	●
INTERNAL AUDIT	
The Board ensures that there is an effective risk-based internal audit	●

King III Index	
Internal audit follows a risk-based approach to its plan	●
Internal audit provides a written assessment of the effectiveness of the Group's system of internal controls and risk management	●
The Audit and Risk Management Committee is responsible for overseeing internal audit	●
Internal audit should be strategically positioned to achieve its directives	●
Governing stakeholders' relationships	●
The Board appreciates that stakeholders' perceptions affect the Group's reputation	●
Management proactively deals with stakeholder relationships	●
The Board strives to achieve an appropriate balance	●
Disputes are resolved effectively, efficiently and as expeditiously as possible	●
Integrated reporting and disclosure	●
The Board ensures the integrity of the Group's integrated report	●
Sustainability reporting and disclosure should be integrated with the Group's financial reporting	●
Sustainability reporting and disclosure should be independently assured	❍[2]

1. *The Group will be doing a detailed audit of compliance of laws, codes and standards during 2015.*
2. *The entire integrated report is reviewed by the Audit and Risk Management Committee and recommended to the Board. The Board has not found it necessary to obtain an independent assurance for sustainability reporting as it is comfortable with the accuracy of the sustainability reporting.*
3. *The risk tolerance level will be reviewed and approved by the Board during 2015.*

Legend

● *Comply* ◑ *Partially comply* ❍ *Did not comply/under review*

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR-ENDED 31 DECEMBER 2014

The reports and statements set out below comprise the financial statements presented to the shareholders:

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer

JP Bekker CA (SA)
Chief Financial Officer

Published

18 March 2015

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee is pleased to present its report for the year-ended 31 December 2014.

The Audit and Risk Management Committee is a statutory committee of the Board and forms an integral component of the Group's governance framework. The Audit and Risk Management Committee has written terms of reference that deal with its membership, authority and duties. In addition to having specific statutory responsibilities to the shareholders in terms of section 94 of the Companies Act, the Audit and Risk Management Committee assists the Board by examining, reviewing and advising on the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information; the risk management process; internal financial controls; external and internal audit functions; and statutory and regulatory compliance.

The Audit and Risk Management Committee has an independent role with accountability to both the Board and Shareholders.

1. Composition

The members of the Audit and Risk Management Committee, during the year, who are all independent non-executive directors of the Group are: Ms M Chong CA (SA) (Chairperson), Mr Henry KH Pon (CA) SA and Ms N Lalla (CA) SA.

The Committee is satisfied that the members have the required knowledge and experience as set out in section 94(5) of the Companies Act of South Africa and Regulation 42 of the Companies Regulation, 2011.

All the members have the required financial and commercial skills and experience to contribute to the Committee's deliberations. The Board is satisfied that the Audit and Risk Management Committee members act independently.

2. Terms of reference

The Audit and Risk Management Committee functions within the scope provided by approved terms of reference which were reviewed and updated during the year. The Audit and Risk Management Committee has acted upon its statutory duties and functions during the year. The Board has assessed and is satisfied with the performance of the Audit and Risk Management Committee and its members and found it to be functioning effectively.

3. Meetings

The Audit and Risk Management Committee performs the duties laid upon it by section 94(7) of the Companies Act of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The Committee held five scheduled meetings during 2014 and all the members of the Committee attended all the meetings.

The Chief Executive Officer, Chief Financial Officer, Board members who are not Audit and Risk Management Committee members and representatives from the external and internal auditors attend the Audit and Risk Management Committee meetings by invitation.

Duties

For the year- ended 31 December 2014 the Audit and Risk Management Committee met their objectives and carried out their duties as per the statutory requirements.

4. External auditor

The Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as the independent auditors and JL Roos as the designated auditor, who is a registered independent auditor, for the year-ended 31 December 2014 audit. The appointment of the auditors for the 2015 financial year will be discussed at the next Audit and Risk Management Committee.

The Committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act, No 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought that internal governance processes within PricewaterhouseCoopers Inc. support and demonstrate the claim to independence.

The Audit and Risk Management Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit and Risk Management Committee has considered and pre-approved all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors is maintained.

At the end of each meeting during the year, the Audit and Risk Management Committee provided an opportunity to meet with the external auditors where management was not present, during which no matter of concern was raised by the auditors.

The Audit and Risk Management Committee, reviewed the external auditor's reports and management responses to matters raised.

The Audit and Risk Management Committee has evaluated and is satisfied with the quality and effectiveness of the external auditors.

The Audit and Risk Management Committee has satisfied itself through representations that the external auditors are independent and approved the following fees for work done by them. The fees charged during the year for audit services amounted to R2 342 234 (2013: R2 116 000) and fees charged for non audit services amounted to Rnil (2013: R45 816).

5. Financial statements and accounting controls

The Audit and Risk Management Committee has:

Reviewed the Financial Statements for the year-ended 31 December 2014 and commented on the accounting practices and the effectiveness of the internal controls with regards to:

- the appropriateness and consistent application in the adoption of accounting policies and any changes in accounting policies and practices;
- significant financial estimates based on judgement which are included in the Financial Statements;
- the appropriateness of major adjustments processed at the interim and at year-end;
- the going concern assumption;
- compliance with both local and international accounting standards;
- whether the Financial Statements present a balanced and understandable assessment of the Group's position, performance and prospects; and
- the directors' statement included in the Financial Statements, including the statement on effectiveness of the system of internal control.

Reviewed the content of the summarised financial information for whether it provides a balanced view.

Following the review of the Financial Statements the Audit and Risk Management Committee recommend to the Board the approval thereof.

The Audit and Risk Management Committee will review the integrated annual report and make recommendations to the Board for approval. The Committee will also comment on the state of the internal control's environment in the integrated annual report once it has been prepared.

6. Internal auditors

The Audit and Risk Management Committee has:

- recommended the appointment of BDO Risk Advisory Services Proprietary Limited as the Group's internal auditors;
- satisfied itself with the competence of the internal auditor and adequacy of the internal audit staffing;
- satisfied itself through enquiry that BDO Risk Advisory Services Proprietary Limited is independent;
- approved the annual risk-based internal audit plan;
- reviewed the internal auditors assessment of internal controls and confirmed that nothing has come to their attention to indicate any material failure of internal control systems;
- reviewed the internal audit reports and management's response to matters raised; and
- reviewed and is satisfied with the quality and effectiveness of the internal audit.

The Audit and Risk Management Committee was satisfied regarding:

- the competence of the internal audit firm;
- the audit plan proposed; and
- co-ordination between internal and external auditors.

7. Internal controls and risk management

Oversight of risk management

In its oversight of risk management, the Audit and Risk Management Committee has:

- Received assurances that the processes and procedures followed in terms of risk management are adequate to ensure that financial risks are identified and monitored;
- Satisfied itself that the following areas have been appropriately addressed:
  - financial reporting risks;
  - financial control risks;
  - fraud risks as they relate to financial reporting; and
  - information technology risks as they relate to financial reporting.
- Performed an analysis of strategic risks to which the Group is exposed and recorded those risks in a risk register. The risk register is amended when appropriate strategies for mitigating the identified risks are developed and implemented on an ongoing basis.

Internal financial controls

The Audit and Risk Management Committee has:

- reviewed the effectiveness of the Group's system of internal financial controls including receiving assurance from management and internal audit;
- reviewed significant issues raised by the external and internal auditors in their reports; and
- reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the Audit and Risk Management Committee believes that the significant internal financial controls are effective; and where weaknesses in specific controls have been identified, management undertook to implement appropriate corrective actions to mitigate the risks so identified.

8. Legal and regulatory compliance

The Audit and Risk Management Committee reports that, to its knowledge, South Ocean Holdings Limited and its subsidiaries are in compliance with the legislative provisions and JSE Listings Requirements applicable to its operational environment.

9. Review of financial function and Chief Financial Officer

The Audit and Risk Management Committee has reviewed the performance, appropriateness and expertise of the Chief Financial Officer, Mr JP Bekker, and confirms his suitability in terms of the JSE Listings Requirements.

10. Going concern

The Audit and Risk Management Committee has reviewed the management documented assessment and the key assumptions of the going concern status of the Group. The Audit and Risk Management Committee recommended to the Board, giving due cognisance of the Group's current financial position and cash flows, that the Group is a going concern.

On behalf of the Audit and Risk Management Committee

mchong

M Chong CA (SA)
Chairperson: Audit and Risk Management Committee

Johannesburg
18 March 2015

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are responsible for the preparation and maintenance of adequate accounting records, integrity and fair presentation of the Company and Group Financial Statements and related financial information included in this report.

The directors are required, in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of the Company and Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa. The directors consider that, in preparing the Financial Statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors are satisfied that the information contained in the Financial Statements fairly presents the results of operations for the year, and the financial position of the Company and Group as at the end of the financial year.

For the directors to discharge their responsibilities, management has developed, and continues to maintain, a system of internal financial controls, which is well documented and regularly reviewed.

The directors, supported by the Audit and Risk Management Committee, are of the opinion, based on the information and explanations given by management, that the Group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the Financial Statements and maintaining accountability for assets and liabilities. The directors believe that the Company's and Group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the financial year.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control 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 Company and Group and all employees are required to maintain the highest ethical standards in ensuring the Company's and Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company and Group is on identifying, assessing, managing and monitoring all known forms of risk across the Company and Group. While operating risk cannot be fully eliminated, the Company and 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 Financial Statements have been prepared on the going concern basis, since the directors have no reason to believe that the Company and Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors have reviewed the Company's and Group's cash flow forecast for the year to 31 December 2015 and, in the light of this review and the current financial position, they are satisfied that the Company and Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during the audit are valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the Company's and Group's Financial Statements. The Financial Statements have been examined by the Company's and Group's external auditors and their report is presented on page 61.

Approval of Financial Statements

The Financial Statements set out on pages 58 to 104, which have been prepared on the going concern basis, were approved by the Board on 18 March 2015 and were signed on its behalf by:

Henry KH Pon CA (SA)
(Independent Non-Executive Chairman)

PJM Ferreira
(Chief Executive Officer)

STATEMENT OF COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended, 2008, I certify that the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

WT Green
Company Secretary

Johannesburg
18 March 2015

DIRECTORS' REPORT

The directors present their report of the Group and Company for the year-ended 31 December 2014.

1. Nature of business and operations

South Ocean Holdings Limited is the holding company of a group of four main operating subsidiary companies: South Ocean Electric Wire Company Proprietary Limited, an electrical wire manufacturing company, Radiant Group Proprietary Limited, an importer and distributor of light fittings, lamps and electrical accessories, Anchor Park Investments 48 Proprietary Limited, a property investment company and Icembu Services Proprietary Limited, a light fittings assembly company.

2. Financial results

The financial position, results of operations and cash flows of the Company and the Group are adequately reflected in the attached Financial Statements.

3. Share capital

Authorised share capital

The authorised share capital amounts to R5 000 000, being 500 000 000 ordinary shares of R0,01 each. There were no changes in the authorised share capital during the year under review.

Issued share capital

The issued share capital amounts to R1 563 788, being 156 378 794 ordinary shares of R0,01 each. There were no changes in the issued share capital during year under review.

4. Special resolutions

At the Annual General Meeting of the Company held on 30 July 2014, shareholders approved the following special resolutions:

Non-executive directors' fees for the financial year-ending 31 December 2014 and quarter ending 31 March 2015

Resolved that the fees, to be paid to the non-executive directors for their services as directors of the Company, for the year ending 31 December 2014 and the quarter ending 31 March 2015 (being a quarter of the fees payable for the year ending 31 December 2014) be approved as follows:

	31 December 2014
Chairperson	**R409 006**
Deputy-vice Chairperson	**R235 956**
Non-executive director	**R136 335**
Chairperson of the Audit Committee	**R204 503**
Member of the Audit Committee	**R44 183**
Chairperson of the Remuneration Committee	**R62 882**
Member of the Remuneration Committee	**R44 183**
Chairperson of Social and Ethics Committee	**R62 882**
Chairperson of a Special Committee	**R2 650 per hour**
Member of a Special Committee	**R1 590 per hour**

and that the increase in fees payable to the directors, for the quarter ended 31 March 2014, amounting to R19 679, be and is hereby ratified and approved. Shareholders approved the payment of a quarter of the 2014 fees at the previous Annual General Meeting of the Company.

The reason for this special resolution is to obtain shareholder approval for the remuneration of each of the the non-executive directors of the Company for the year ending 31 December 2014 and for the quarter ending 31 March 2015 in accordance with section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarter ending 31 March 2014. The passing of this special resolution will have the effect of approving the remuneration of each of the non-executive directors of the Company for the year ending 31 December 2014 and quarter ending 31 March 2015 as well as confirming and ratifying the increase in the fees paid to the directors for the quarter ended 31 March 2014. The fees payable for the quarter ending 31 March 2015 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarter ending 31 March 2015 at the 2015 Annual General Meeting.

Loans or other financial assistance

Resolved that the Board of Directors may authorise the Company, in terms of section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of Directors may deem fit to any related or inter-related companies as defined in section 2 of the Companies Act, 2008.

The reason and effect of this special resolution is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

5. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise their right to acquire funding as they consider appropriate.

On behalf of the Company, the directors have established credit facilities with various financial institutions, for use by the Company and its subsidiary companies.

6. Directors

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

Name	Nationality	Changes
Independent non-executive		
EG Dube		Resigned 31 March 2014
Henry KH Pon		
M Chong		
L Stephens		Appointed 23 June 2014
N Lalla		Appointed 23 June 2014
Non-executive		
EHT Pan	Brazilian	
HL Li	Taiwanese	
CY Wu	Taiwanese	
DJC Pan (Alternate)	Brazilian	Appointed 29 August 2014
CH Pan (Alternate)	Taiwanese	
DL Pan (Alternate)	Taiwanese	Resigned 29 August 2014
WP Li (Alternate)	Taiwanese	
Executive		
PJM Ferreira		
JP Bekker		

7. Directors' emoluments

The directors' emoluments are set out in note 20 of the Financial Statements.

8. Dividends

The Board did not declare a dividend for the year-ended 31 December 2014 (2013: Rnil).

9. Directors' and officers' interests in contracts

No material contracts in which directors have an interest were entered into during the year.

10. Secretary

The Secretary of the Company is WT Green whose business and postal addresses are as follows:

Business address

21 West Street
Houghton
2198

Postal address

PO Box 123738
Alrode
1451

11. Directors' interests in share capital

The interests of directors in the issued share capital of the Company as at 31 December 2014 were as follows:

Director – Number of ordinary shares	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital %
2014				
PJM Ferreira	**1 688 453**	**–**	**1 688 453**	**1.08**
JP Bekker	**491 807**	**–**	**491 807**	**0.31**
EHT Pan	**4 728 238**	**28 499 063**	**33 227 301**	**21.25**
	6 908 498	**28 499 063**	**35 407 561**	**22.64**
2013				
PJM Ferreira	1 412 880	–	1 412 880	0.90
JP Bekker	491 807	–	491 807	0.31
EHT Pan	4 728 238	28 279 063	33 007 301	21.12
	6 632 925	28 279 063	34 911 988	22.33

No shares were traded by any director from 31 December 2014 until the date of this report.

12. Share-based payments

The Group has a long-term incentive plan for identified senior management in each of the operating entities. Details of the scheme and rights allocated are disclosed in note 14 of the Financial Statements.

13. Management by third and related parties

Neither the business of the Company nor its subsidiaries, nor any part thereof, has been managed by a third party person or a company in which a director had an interest during the year under review.

14. Interest in subsidiaries

Details of the Company's investment in subsidiaries are set out in notes 5 and 34 to the Financial Statements.

15. Auditors

PricewaterhouseCoopers Inc., will continue in office as auditors of the Company in accordance with section 90(1) of the Companies Act of South Africa, subject to shareholders' approval at the upcoming Annual General Meeting.

16. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Financial Statements, which would affect the operations of the Company and the Group or the results of those operations significantly.

17. Industrial matters – Competition Commission investigation and referral

The directors draw attention to the announcements released on SENS on 6 May 2010 and 25 March 2014, as well as prior Financial Statements and Summarised Financial Statements, advising that on 16 March 2010 the Competition Commission (Commission) initiated a complaint investigation into certain alleged cartel conduct in the power cable market against South Ocean Electric Wire Company Proprietary Limited (SOEW), a wholly owned subsidiary of South Ocean, and three other competitors, and further advising of the Commission's media release published on 19 March 2014 announcing that the Commission had decided to refer the complaint (as amended) to the Competition Tribunal (Tribunal) against SOEW and 11 other companies and the Association of Electric Cable Manufacturers of South Africa. SOEW has engaged the services of specialist competition lawyers and economists to advise the Company in respect of the Commission's referral. SOEW has cooperated with the Commission during its investigation of the complaint and continues to do so now that the complaint has been referred to the Tribunal. In terms of IAS 37 no further disclosures are made as this would unfairly prejudice SOEW in its current dealings with the Commission.

18. Going concern

The financial statements have been prepared on the basis of 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.

19. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Ocean Holdings Limited

We have audited the consolidated and separate financial statements of South Ocean Holdings Limited set out on pages 62 to 104, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of South Ocean Holdings Limited as at 31 December 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2014, we have read the Directors' Report, the Report of the Audit and Risk Management Committee and the Statement of Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: JL Roos
Registered auditors
Pretoria

18 March 2015

ANNUAL FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Notes	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**315 993**	284 015	**41**	73
Intangible assets	4	**9 994**	10 482	**–**	–
Investments in subsidiaries	5	**–**	–	**831 733**	831 733
Deferred tax	13	**4 101**	–	**–**	–
		330 088	294 497	**831 774**	831 806
Current assets					
Inventories	6	**379 527**	289 247	**–**	–
Trade and other receivables	7	**255 625**	331 927	**263**	5 738
Loans to Group companies	8	**–**	–	**3 160**	6 418
Derivative financial instruments	16	**1**	143	**–**	–
Current tax receivable		**2 960**	3 166	**–**	–
Cash and cash equivalents	9	**36 390**	28 677	**2 950**	929
		674 503	653 160	**6 373**	13 085
Total assets		**1 004 591**	947 657	**838 147**	844 891
Equity and liabilities					
Equity					
Share capital	10	**441 645**	441 645	**1 118 864**	1 118 864
Reserves		**1 027**	633	**–**	–
Retained earnings (Accumulated loss)		**139 486**	101 968	**(290 382)**	(285 393)
		582 158	544 246	**828 482**	833 471
Liabilities					
Non-current liabilities					
Interest bearing borrowings	12	**80 267**	42 033	**–**	–
Deferred tax	13	**37 306**	33 629	**–**	–
Share-based payments	14	**2 891**	1 774	**684**	1 471
		120 464	77 436	**684**	1 471
Current liabilities					
Trade and other payables	15	**127 445**	133 762	**8 981**	6 404
Interest bearing borrowings	12	**22 070**	26 130	**–**	–
Loans from Group companies	8	**–**	–	**–**	3 545
Current tax payable		**4 634**	–	**–**	–
Share-based payments	14	**1 772**	–	**–**	–
Bank overdraft	9	**146 048**	166 083	**–**	–
		301 969	325 975	**8 981**	9 949
Total liabilities		**422 433**	403 411	**9 665**	11 420
Total equity and liabilities		**1 004 591**	947 657	**838 147**	844 891

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Revenue	17	**1 715 240**	1 690 921	**8 964**	18 647
Cost of sales	19	**(1 453 059)**	(1 475 875)	**–**	–
Gross profit		**262 181**	215 046	**8 964**	18 647
Other operating income	18	**3 255**	6 446	**–**	–
Administration expenses	19	**(65 987)**	(66 638)	**(11 887)**	(11 620)
Distribution expenses	19	**(29 124)**	(26 567)	**–**	–
Operating expenses	19	**(90 679)**	(221 026)	**(2 279)**	(139 222)
Operating profit (loss)		**79 646**	(92 739)	**(5 202)**	(132 195)
Finance income	22	**1 090**	533	**227**	66
Finance costs	23	**(22 036)**	(18 885)	**(14)**	(180)
Profit (Loss) before taxation		**58 700**	(111 091)	**(4 989)**	(132 309)
Taxation	24	**(21 182)**	(10 357)	**–**	–
Profit (Loss) for the year		**37 518**	(121 448)	**(4 989)**	(132 309)
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		**394**	824	**–**	–
Other comprehensive income for the year net of taxation	11	**394**	824	**–**	–
Total comprehensive income (loss) for the year		**37 912**	(120 624)	**(4 989)**	(132 309)
Earnings per share:					
Per share information					
Basic and diluted earnings (loss) per share (cents)	25	**23.99**	(77.70)	**–**	–

STATEMENTS OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Retained earnings (Accumulated loss) R'000	Total equity R'000
GROUP						
Balance at 1 January 2013	**1 274**	**440 371**	**441 645**	**(191)**	**223 416**	**664 870**
Loss for the year	–	–	–	–	(121 448)	(121 448)
Total comprehensive income for the year	–	–	–	824	–	824
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**824**	**(121 448)**	**(120 624)**
Balance at 1 January 2014	**1 274**	**440 371**	**441 645**	**633**	**101 968**	**544 246**
Profit for the year	**–**	**–**	**–**	**–**	**37 518**	**37 518**
Total comprehensive income for the year	**–**	**–**	**–**	**394**	**–**	**394**
Total comprehensive income for the year	**–**	**–**	**–**	**394**	**37 518**	**37 912**
Balance at 31 December 2014	**1 274**	**440 371**	**441 645**	**1 027**	**139 486**	**582 158**
COMPANY						
Balance at 1 January 2013	**1 564**	**1 117 300**	**1 118 864**	**–**	**(153 084)**	**965 780**
Loss for the year	–	–	–	–	(132 309)	(132 309)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(132 309)**	**(132 309)**
Balance at 1 January 2014	**1 564**	**1 117 300**	**1 118 864**	**–**	**(285 393)**	**833 471**
Loss for the year	**–**	**–**	**–**	**–**	**(4 989)**	**(4 989)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(4 989)**	**(4 989)**
Balance at 31 December 2014	**1 564**	**1 117 300**	**1 118 864**	**–**	**(290 382)**	**828 482**

STATEMENTS OF CASH FLOWS

	Notes	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Cash flows from operating activities					
Cash generated from operations	26	**80 732**	43 821	**2 095**	2 212
Finance income	22	**1 090**	533	**227**	66
Finance costs	23	**(22 036)**	(18 885)	**(14)**	(180)
Taxation paid	27	**(16 765)**	(9 444)	**–**	(140)
Net cash flows generated from operating activities		**43 021**	16 025	**2 308**	1 958
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(48 427)**	(23 333)	**–**	(2)
Proceeds from sale of property, plant and equipment	3	**82**	767	**–**	–
Purchase of intangible assets	4	**(1 496)**	(2 746)	**–**	–
Net cash flows utilised in investing activities		**(49 841)**	(25 312)	**–**	(2)
Cash flows from financing activities					
Proceeds from interest bearing borrowings		**63 450**	22 049	**–**	–
Repayment of interest bearing borrowings		**(29 276)**	(28 779)	**–**	–
Repayment of loans from Group companies		**–**	–	**(3 545)**	(2 175)
Proceeds from Group companies		**–**	–	**3 258**	–
Net cash flows generated from (utilised in) financing activities		**34 174**	(6 730)	**(287)**	(2 175)
Net movement in cash and cash equivalents for the year		**27 354**	(16 017)	**2 021**	(219)
Cash and cash equivalents at the beginning of the year		**(137 406)**	(122 213)	**929**	1 148
Effect of exchange rate movement on foreign entity balances		**394**	824	**–**	–
Total cash and cash equivalents at end of the year	9	**(109 658)**	(137 406)	**2 950**	929

ACCOUNTING POLICIES

1. Presentation of Financial Statements

General information

South Ocean Holdings Limited ('the Company') is a holding company of a number of subsidiaries whose businesses are involved in the manufacture and distribution of electrical wires, importing and distribution of light fittings, lamps, audio visual equipment, electrical accessories and rental of property.

The Company is a public limited company, which is listed on the Johannesburg Stock Exchange and is incorporated in South Africa.

Summary of significant accounting policies

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

Basis of preparation

The consolidated Financial Statements of South Ocean Holdings Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRIC Interpretations and the Companies Act of South Africa. The consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The consolidated Financial Statements are presented in South African Rands (R), which is the Company's functional and the Group's presentation currency.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed in note 1.17.

1.1 Consolidation

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and all entities, including structured entities, which are controlled by the Company.

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. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The results of the subsidiaries are included in the consolidated Financial Statements from the effective date of acquisition to the effective date of disposal.

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the statement of comprehensive income.

Transactions with non-controlling interests that do not result in loss of control, where the Company has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. Presentation of Financial Statements

(continued)

1.1 Consolidation (continued)

Investments in subsidiaries

Investments in subsidiaries are classified as non-current assets, and are stated in the Financial Statements of the Company at cost, less appropriate impairments. Where the value of investments is considered to be below the carrying value and the diminution of value is considered not to be of a temporary nature, the investments are written down to the expected realisable value.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group; and the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis over its estimated useful lives, to the estimated residual value, as follows:

Item	Average useful life
Buildings	50 years
Leasehold property	Period of the lease
Plant and machinery	10 – 20 years
Furniture and equipment	3 – 10 years
Motor vehicles	5 – 7 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the statement of comprehensive income.

Where the estimated residual value of an asset is above the carrying value, no depreciation is raised.

Borrowings costs are capitalised in terms of the applicable accounting policy. See accounting policy 1.13 Borrowing costs.

1.3 Leases

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to 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 obligation.

Operating leases – lessee

Operating leases are those leases where substantially all the risks and rewards associated with ownership of an asset are not transferred from the lessor to the Group as lessee. Costs of leasing property, plant and equipment held under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The cost of the assets and the outstanding commitments are not recorded in the statement of financial position. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalties is recognised as an expense in the period in which the termination takes place.

1.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.5 Foreign currency translation

Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

1. Presentation of Financial Statements

(continued)

1.5 Foreign currency translation (continued)

Foreign currency transactions (continued)

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of merchandise is determined using the weighted average method. Cost of manufactured goods is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

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

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for slow moving goods and obsolete inventories.

1.7 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Trade names, computer software and customer relationships

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life. The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Trade names	20 years
Computer software	3 years
Customer relationships	5 years

1.8 Impairment of non-financial 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.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

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

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

1. Presentation of Financial Statements

(continued)

1.8 Impairment of non-financial assets (continued)

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Financial instruments

Classification

The Group classifies its financial assets and financial liabilities in the following categories:

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

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

Initial recognition and measurement

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

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

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade/settlement date.

Subsequent measurement

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

Net gains or losses on the financial instruments at fair value through profit or loss include/excludes dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Company's right to receive payment is established.

Loans and receivables are subsequently carried 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.

Initial recognition and measurement

Derecognition

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, and bankruptcy of the Company or the counterparty.

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Financial instruments designated as fair value through profit or loss

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group does not apply hedge accounting. Any gains or losses are taken directly to the statement of comprehensive income.

1. Presentation of Financial Statements
(continued)

1.9 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'loans to Group companies' in the statement of financial position.

Trade and other receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that clients accounts are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'other operating expenses'. Where a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating income' in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months. These are initially and subsequently recorded at fair value.

Bank overdraft

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Loans to (from) Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and associates and are recognised 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 measured at amortised cost.

1.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Company's directors.

1.11 Employee benefits

Defined contribution plans

Group companies operate a number of defined contribution plans. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

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

1. Presentation of Financial Statements

(continued)

1.11 Employee benefits (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

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

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

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

1.12 Revenue recognition

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

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

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales are recorded based on list prices and returns at the time of sale. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with the market practice.

Other income not included in revenue is recognised as follows:

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Management fees

Management fees are recognised when services are rendered to the respective entities within the Group.

Rental income

Rental income is recognised on a monthly basis, when the right to receive payment is due, by the respective entities within the Group.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1. Presentation of Financial Statements

(continued)

1.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

1.15 Income tax

Current income tax asset and liabilities

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

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

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

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

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

Income tax expenses

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

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

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

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

1.16 Share-based payments

Cash-settled share-linked instruments have been granted to certain employees in the Group. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to payment.

The fair value of the instrument granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employees' remuneration in the statement of comprehensive income.

1.17 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Allowance for slow moving stock

The allowance for slow moving stock is management's estimate, based on its assessment of quality and volume, and the extent to which the merchandise for resale on hand at reporting date will not be sold.

Impairment of trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group estimates the prospect of recovering the debt. Where management has determined that the recovery of the debt is doubtful, the amount is provided for immediately.

Share-based payments

The fair value of employee share options and share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 14 for details on each of the share option schemes).

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

1. Presentation of Financial Statements

(continued)

1.17 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing (continued)

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Taxation

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

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

1.18 Related party transactions

All subsidiaries, associated companies, major shareholders and key management personnel of the Group are related parties. A list of all transactions with major subsidiaries, associated companies, major shareholders and key management personnel is included in note 33. All transactions entered into with subsidiaries were on terms no more favourable than those with third parties and have been eliminated in the consolidated Group accounts. Directors' and key management personnel's emoluments as well as transactions with other related parties are set out in note 20. There were no other material contracts with related parties.

1.19 Earnings per share

Earnings per share is based on attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on the earnings per share.

1.20 Headline earnings per share

Headline earnings per share is based on the same calculation as above, except that attributable profit specifically excludes items as set out in Circular 2/2013: "Headline Earnings" issued by The South African Institute of Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.21 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

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

1.22 Cost of sales

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

1.23 Contingencies and commitments

Transactions are classified as contingent liabilities where the Group's obligations depend on uncertain events and principally consists of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the Group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IAS 32 – (Amendment): Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)
Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities. The effective date of the amendment is for years beginning on or after 1 January 2014.

The Company and the Group have adopted the amendment for the first time in the 2014 Financial Statements. The impact of the amendment is not material.

IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the disclosure requirements of IFRS 13 Fair Value Measurements.

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

The Company and the Group have adopted the amendment for the first time in the 2014 Financial Statements. The impact of the amendment is not material.

IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)
The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'.

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

The Company and the Group have adopted the amendment for the first time in the 2014 Financial Statements. The impact of the amendment is not material.

IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statement and Investment Entities (effective from 1 January 2014)
The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make.

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

The Company and the Group have adopted the amendment for the first time in the 2014 Financial Statements. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Company and the Group have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's and the Group's accounting periods beginning on or after 1 January 2015 or later periods:

IFRS 9 – Financial Instruments (effective 1 January 2018)
This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Company and the Group expect to adopt the standard for the first time in the 2018 Financial Statements. It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

IFRS 2 – (Amendment): Share-based payments (effective 1 July 2014)
The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

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

The Company and the Group expect to adopt the amendment for the first time in the 2015 Financial Statements. It is unlikely that the amendment will have a material impact on the Group's or the Company's Financial Statements.

IFRS 8 – (Amendment): Operating Segments (effective 1 July 2014)
The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

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

The Company and the Group expect to adopt the amendment for the first time in the 2015 Financial Statements. It is unlikely that the amendment will have a material impact on the Group's or the Company's Financial Statements.

IFRS 13 – (Amendment): Fair Value Measurements (effective 1 July 2014)
When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

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

The Company and the Group expect to adopt the amendment for the first time in the 2015 Financial Statements. It is unlikely that the amendment will have a material impact on the Group's or the Company's Financial Statements.

IAS 24 – Related Party Disclosure (effective 1 July 2014)
The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

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

The Company and the Group expect to adopt the amendment for the first time in the 2015 Financial Statements. It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

IFRS 15 – Revenue from contracts with customers (effective 1 July 2017)
This new standard establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The effective date of the standard is for years beginning on or after 1 January 2017.

The Company and the Group expect to adopt the amendment for the first time in the 2017 Financial Statements. It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

IAS 16 and IAS 38 – IAS 16, Property, plant and equipment, and IAS 38, Intangible assets
Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal
- the accumulated depreciation is eliminated against the gross.

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

The Company and the Group expect to adopt the amendment for the first time in the 2015 Financial Statements. It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 15 – Revenue from contracts with customers (effective 1 July 2017)

This new standard establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The effective date of the standard is for years beginning on or after 1 January 2017.

The Company and the Group expect to adopt the standard for the first time in the 2017 Financial Statements. It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Company's and the Group's accounting periods beginning on or after 1 January 2015 or later periods but are not relevant to its operations:

IAS 19 – (Amendment): Defined Benefit Plans (effective 1 July 2014)

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

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

The Company or the Group do not envisage the adoption of the amendment until such time as it becomes applicable to the Company's or the Group's operations.

It is unlikely that the amendment will have a material impact on the Group's or the Company's Financial Statements.

IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016)

The IASB has issued IFRS14, 'Regulatory deferral accounts' ('IFRS14'), an interim standard on the accounting for certain balances that arise from rate-regulated activitied ('regulatory deferral accounts').

Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

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

The Company or the Group do not envisage the adoption of the standard until such time as it becomes applicable to the Company's or the Groups operations.

It is unlikely that the standard will have a material impact on the Group's or the Company's Financial Statements.

IFRS 3 – (Amendment): Business Combinations

The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non- financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

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

The Company and the Group do not envisage the adoption of the standard until such time as it becomes applicable to the Company's or the Group's operations.

It is unlikely that the amendment will have a material impact on the Group's or the Company's Financial Statements.

GROUP	2014 Cost R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000	2013 Cost R'000	2013 Accumulated depreciation R'000	2013 Carrying value R'000
3. Property, plant and equipment						
Land and buildings	**192 178**	**(8 861)**	**183 317**	167 445	(7 401)	160 044
Plant and machinery	**197 827**	**(81 169)**	**116 658**	178 504	(71 654)	106 850
Furniture and equipment	**34 980**	**(24 215)**	**10 765**	32 174	(20 271)	11 903
Motor vehicles	**14 520**	**(9 327)**	**5 193**	13 512	(8 294)	5 218
Leasehold improvements	**70**	**(10)**	**60**	–	–	–
Total	**439 575**	**(123 582)**	**315 993**	391 635	(107 620)	284 015

COMPANY	2014 Cost R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000	2013 Cost R'000	2013 Accumulated depreciation R'000	2013 Carrying value R'000
Furniture and equipment	**234**	**(193)**	**41**	234	(161)	73

Reconciliation of property, plant and equipment

GROUP 2014	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
Land and buildings	**160 044**	**24 733**	**–**	**(1 460)**	**183 317**
Plant and machinery	**106 850**	**19 318**	**–**	**(9 510)**	**116 658**
Furniture and equipment	**11 903**	**2 954**	**(1)**	**(4 091)**	**10 765**
Motor vehicles	**5 218**	**1 352**	**(77)**	**(1 300)**	**5 193**
Leasehold improvements	**–**	**70**	**–**	**(10)**	**60**
	284 015	**48 427**	**(78)**	**(16 371)**	**315 993**

Reconciliation of property, plant and equipment

GROUP 2013	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Foreign exchange movements R'000	Depreciation R'000	Closing balance R'000
Land and buildings	202 278	804	(41 305)	–	–	(1 733)	160 044
Leasehold improvements	42	–	(11)	–	5	(36)	–
Plant and machinery	101 743	18 643	–	(1 957)	–	(11 579)	106 850
Furniture and equipment	11 259	2 751	(43)	1 957	6	(4 027)	11 903
Motor vehicles	5 800	1 135	(375)	–	–	(1 342)	5 218
	321 122	23 333	(41 734)	–	11	(18 717)	284 015

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

COMPANY 2014	Opening balance R'000	Depreciation R'000	Closing balance R'000
Furniture and equipment	**73**	**(32)**	**41**

Reconciliation of property, plant and equipment

COMPANY 2013	Opening balance R'000	Additions R'000	Depreciation R'000	Closing balance R'000
Furniture and equipment	134	2	(63)	73

Security

Carrying value of assets pledged as security for interest-bearing borrowings (note 12):

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Mortgage bonds				
Land and buildings	**183 317**	160 044	**–**	–
Instalment sale agreements				
Plant and machinery	**57 703**	48 539	**–**	–
Motor vehicles	**3 709**	2 085	**–**	–
	244 729	210 668	**–**	–

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.

GROUP	2014 Cost R'000	2014 Accumulated amortisation and impairment R'000	2014 Carrying value R'000	2013 Cost R'000	2013 Accumulated amortisation and impairment R'000	2013 Carrying value R'000
4. Intangible assets						
Goodwill	**362 108**	**(362 108)**	**–**	362 108	(362 108)	–
Trade names	**14 847**	**(7 054)**	**7 793**	14 847	(6 448)	8 399
Customer relationships	**10 074**	**(10 074)**	**–**	10 074	(10 074)	–
Computer software	**14 136**	**(11 935)**	**2 201**	12 640	(10 557)	2 083
Total	**401 165**	**(391 171)**	**9 994**	399 669	(389 187)	10 482

Reconciliation of intangible assets

GROUP 2014	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
Trade names	**8 399**	**–**	**(606)**	**7 793**
Computer software	**2 083**	**1 496**	**(1 378)**	**2 201**
	10 482	**1 496**	**(1 984)**	**9 994**

Reconciliation of intangible assets

GROUP 2013	Opening balance R'000	Additions R'000	Amortisation R'000	Impairment loss R'000	Closing balance R'000
Goodwill	148 108	–	–	(148 108)	–
Trade names	8 481	500	(582)	–	8 399
Computer software	1 349	2 246	(1 512)	–	2 083
	157 938	2 746	(2 094)	(148 108)	10 482

Other information

Goodwill, trade names and customer relationships are allocated to their respective underlying cash-generating units. For this purpose, the respective company acquired is defined as the underlying cash-generating units. All these assets relate to the acquisition of Radiant Group Proprietary Limited, the lighting and electrical accessories segment.

Impairment of goodwill

During the 2013 financial year the impairment charge arose as a result of the market conditions affecting Radiant Group Proprietary Limited's earnings, goodwill amounting to R148.1 million was impaired by recognising an expense in operating expenses. The full goodwill amount has been impaired.

COMPANY	**Carrying amount 2014 R'000**	Carrying amount 2013 R'000
5. Investments in subsidiaries		
Subsidiaries at costs	**1 115 723**	1 115 723
Accumulated impairment	**(283 990)**	(283 990)
	831 733	831 733

Subsidiary shares pledged as security

The issued share capital of Radiant Group Proprietary Limited and of Anchor Park Investments 48 Proprietary Limited with a carrying value of Rnil (2013: R259 838 000) and R100 respectively was pledged to secure borrowings granted to the Group of Rnil (2013: R12 450 000) as disclosed in note 12.

The carrying amount of subsidaries are shown net of impairment losses. The amounts are considered to be recoverable and are all denominated in South African Rands. The carrying amount of the investment in Radiant Group Proprietary Limited was reduced to its recoverable value through the recognition of an impairment loss against the investment amount of Rnil (2013: R137.0 million). This loss has been included in operating expenses in the statement of comprehensive income.

The impairment test for investments in subsidiaries identifies the recoverable amount of a cash-generating unit (CGU) determined based on the higher of its value-in-use or fair value less costs to sell. Value-in-use calculations are prepared using cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industry in which the Company operates and is materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth rate assumptions applied. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined budgeted gross margin based on past performance and its expectations of market developments. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective business.

A summary of the key assumptions used for value-in-use calculations are as follows:

- Growth rate – (Weighted average growth rate used to extrapolate cash flows into perpetuity) – 5.0% (2013: 5.0%)
- Discount rate – Radiant Group Proprietary Limited (CGU) (Weighted pre-tax discount rate applied to the cash flow projections) – 16.9% (2013:15.6%)
- Discount rate – South Ocean Electric Wire Company Proprietary Limited (CGU) (Weighted pre-tax discount rate applied to the cash flow projections) – 16.9% (2013:15.6%).

Details of interest in subsidiares are set out in note 34.

Sensitivity analysis

The valuations of the subsidiaries are exposed to changes in various discount rates, growth rates and interest rates, which impact the weighted average cost of capital (WACC). If the weighted average cost of capital had increased by 1%, the valuation of South Ocean Electrical Wire Company Proprietary Limited would decrease by R36.4 million and the valuation of Radiant Group Proprietary Limited would decrease by R8.5 million. If the weighted average cost of capital had decreased by 1%, the valuation of South Ocean Electrical Wire Company Proprietary Limited would increase by R44.6 million and the valuation of Radiant Group Proprietary Limited would increase by R10.4 million.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
6. Inventories				
Raw materials	**56 054**	55 556	**–**	–
Consumable stores	**16 946**	12 563	**–**	–
Work-in-progress	**27 344**	24 204	**–**	–
Finished goods	**78 247**	47 528	**–**	–
Merchandise	**183 617**	133 175	**–**	–
Goods in transit	**17 319**	15 765	**–**	–
Demonstration units	**–**	456	**–**	–
	379 527	289 247	**–**	–
Inventories carried at net realisable value	**25 478**	28 247	**–**	–

The cost of inventories recognised as an expense and included in cost of sales is R1 352 615 471 (2013: R1 361 321 000). Included in the inventory is an amount of R10 130 248 (2013: R9 705 000) relating to inventory impairment.

The cost of inventories pledged as security is disclosed in note 9.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000

7. Trade and other receivables

Net trade receivables	**252 090**	288 504	**–**	–
Trade receivables owing by subsidiaries	**–**	–	**–**	999
Other receivables	**347**	35 568	**–**	1
Dividends receivable	**–**	–	**–**	4 694
Deposits	**614**	552	**–**	–
South African Revenue Services – VAT receivable	**260**	44	**260**	44
Prepayments	**2 314**	7 259	**3**	–
	255 625	331 927	**263**	5 738

Trade and other receivables past due but not impaired

Trade receivables of R107 696 000 (2013: R91 362 000) were past due but not impaired. These related to customers for whom there is no recent history of default. The age analysis of these trade receivable is as follows:

2 months	**36 264**	49 046	**–**	–
3 months	**59 262**	41 146	**–**	–
Over 3 months	**12 170**	1 170	**–**	–
	107 696	91 362	**–**	–

Trade and other receivables impaired

As at 31 December 2014, trade receivables of R5 866 000 (2013: R4 174 000) were impaired. The amount of the provision in respect of these debtors was R1 269 000 (2013: R1 853 000). It was assessed that a portion of these trade receivables were considered to be recoverable. The aging of these receivables is as follows:

2 months	**1 794**	1 042	**–**	–
3 months	**2 519**	1 457	**–**	–
Over 3 months	**1 553**	1 675	**–**	–
	5 866	4 174	**–**	–

Reconciliation of provision for impairment of trade and other receivables

Balance at beginning of year	**1 853**	1 841	**–**	–
Provision for receivables impairment	**70**	73	**–**	–
Utilised during the year	**(388)**	(61)	**–**	–
Unutilised amounts reversed	**(266)**	–	**–**	–
Balance at the end of year	**1 269**	1 853	**–**	–

The creation and release of the provision for impaired receivables has been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Individually impaired receivables mainly relate to customers who are in difficult economic situations.

Trade receivables that are less than one month overdue are not considered to be impaired.

As at 31 December 2014, trade receivables of R138 532 374 (2013: R192 968 000) were fully performing.

The carrying amounts of trade and other receivables are all denominated in South African Rands. The fair value of trade and other receivables is disclosed in note 31. The fair values are within level 2 of the fair value hierarchy.

7. Trade and other receivables (continued)

Trade receivables are insured with Credit Guarantee Insurance Corporation of South Africa Limited and the Group utilises them to perform the necessary credit checks. South Ocean Electric Wire Company Proprietary Limited is exposed to 15% of trade receivables within their credit limit, after an excess of R400 000 has been applied and 100% of trade receivables in excess of their approved limits. Radiant Group Proprietary Limited is exposed to 25% of the fair value of trade accounts receivables within the credit limits and 100% of all the trade receivables that are in excess of their credit limits. The maximum credit exposure is R51 625 333 (2013: R48 791 000). The Group does not hold any collateral as security. In certain instances, the Group grants credit to certain debtors in excesss of their limits. This is after analysing the credit history, the quantum of the order in relation to the credit limit, together with the amount the debtor is exposed to in relation to Credit Guarantee Insurance Corporation of South Africa Limited cover.

Trade receivables have been ceded as security for banking facilities as stated in note 9.

The Group does not distinquish between different classes of risk categories, as the majority of trade debtors are local wholesalers and distributors.

Credit is granted by the Group based on Credit Guarantee's assessment as to whether a prospective customer is credit worthy and having credit guarantee pre-approve a credit limit. In certain instances, in-house credit limits, that are in excess of the limit proposed by Credit Guarantee, are approved by the directors.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
8. Loans to (from) Group companies				
Subsidiaries				
Anchor Park Investments 48 Proprietary Limited	**–**	–	**2 959**	6 121
South Ocean Electric Wire Company Proprietary Limited	**–**	–	**201**	(3 545)
Radiant Matla Renewable Energy Corporation Proprietary Limited	**–**	–	**–**	297
	–	–	**3 160**	2 873
Current assets	**–**	–	**3 160**	6 418
Current liabilities	**–**	–	**–**	(3 545)
	–	–	**3 160**	2 873

The loans to Anchor Park Investments 48 Proprietary Limited and from South Ocean Electric Wire Company Limited are unsecured, bear interest at 7% (2013: 7%) per annum and are repayable on demand. The amounts are considered to be recoverable and are all denominated in South African Rands.

The loan to Radiant Matla Renewable Energy Corporation Proprietary Limited was unsecured and interest free. The loan was written off in the current year, due to Radiant Matla Renewable Energy Corporation Proprietary Limited not trading and the deregistration of the Company. The amount was denominated in South African Rands.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
9. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	**36 332**	28 607	**2 950**	929
Cash on hand	**58**	70	**–**	–
Bank overdraft	**(146 048)**	(166 083)	**–**	–
	(109 658)	(137 406)	**2 950**	929
Current assets	**36 390**	28 677	**2 950**	929
Current liabilities	**(146 048)**	(166 083)	**–**	–
	(109 658)	(137 406)	**2 950**	929
Denominated in South African Rands	**(109 908)**	(137 719)	**2 950**	929
Denominated in United States Dollars	**36**	145	**–**	–
Denominated in Hong Kong Dollars	**214**	168	**–**	–

9. Cash and cash equivalents (continued)

Banking facilities

The following securities are held with the Group's bankers:

First National Bank Limited, a division of FirstRand Bank Limited

South Ocean Electric Wire Company Proprietary Limited has an overdraft facility with First National Bank of R234.3 million (2013: R200 million). The facility is secured by a cession of South Ocean Electric Wire Company Proprietary Limited's trade receivables, a cession of trade receivables cover policy with Credit Guarantee Insurance Corporation of Africa Limited as well as noting the bank's interest and a deed of negative pledge of assets. It is also secured by a general notarial covering bond limited to R40 million over the personal and moveable property of the company and an unlimited surety in favour of FirstRand Bank Limited signed by Radiant Group Proprietary Limited, South Ocean Electric Wire Company Limited and Anchor Park Investments 48 Proprietary Limited. The overdraft is also secured by a bond of R55.9 million (2013: Rnil) registered over Erven 445 and 446 Wynberg, Extension 3, Erven 539, 1111 and 1112 Marlboro, Extension 1 and a bond of R30.0 million (2013: Rnil) registered over Erf 688 Alrode, Extension 2. The facility, when utilised, bears interest at prime less 0.75%. The unused facility at year-end amounted to R127.0 million (2013: R96.8 million) (refer note 31). The facility is renewable annually in May. South Ocean Electric Wire Company Proprietary Limited has an installment sale facility of R45 million (2013: R40 million) with the same bank of which an amount of R9.9 million (2013: R5.6 million) has not been utilised at year-end.

Radiant Group Proprietary Limited has an overdraft facility with First National Bank of R40 million (2013: R40 million). The facility is secured an unlimited surety given by South Ocean Electric Wire Company Limited. The facility, when utilised, bears interest at prime less 0.75% percent. The unused facility at year- end amounted to R1.3 million (2013: R2.2 million) (refer note 31). The facility is renewable annually in May.

Bank of Taiwan, South Africa Branch

South Ocean Electric Wire Company Proprietary Limited has a usance letter of credit facility amounting to US$8 million with a Rand value of R92 900 000 (2013: R83 680 000). This facility is secured by a deposit of up to 30% (2013: 30%) for the first US$4 million facility and 40% (2013: 40%) for the balance of the facility amount. When utilised it attracts interest at prime less 1.6% (2013: 1.6%). The unused facility at 31 December 2014 was R92.9 million (2013: R58.7 million).

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

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired are invested at the following institutions with reference to their credit rating:

Baa2 – FirstRand Bank Limited
Aa3 – Bank of Taiwan
Baa2 – Investec Bank Limited
Baa2 – Standard Bank of South Africa

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
10. Share capital				
Authorised				
500 000 000 ordinary shares of R0.01 each	**5 000**	5 000	**5 000**	5 000
Issued				
156 378 794 ordinary shares	**1 274**	1 274	**1 564**	1 564
Share premium	**440 371**	440 371	**1 117 300**	1 117 300
	441 645	441 645	**1 118 864**	1 118 864

As a consequence of the reverse acquisition in 2007, the number of shares disclosed as issued are those of South Ocean Holdings Limited at the date of the reverse acquisition, including the shares issued to effect the reverse acquisition. The value of shares on consolidation are those of the operating company, South Ocean Electric Wire Company Proprietary Limited, including the value of any shares issued thereafter.

GROUP	Gross R'000	Tax R'000	Net R'000
11. Other comprehensive income			
2014			
Components of other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	**394**	**–**	**394**
2013			
Components of other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	824	–	824

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
12. Interest bearing borrowings				
Mortgage bonds				
Futuregrowth Asset Management Proprietary Limited	**–**	8 632	**–**	–
Investec Asset Management Proprietary Limited	**–**	3 818	**–**	–
First National Bank, a division FirstRand Bank Limited 3-000-013-732-425	**31 496**	–	**–**	–
First National Bank, a division FirstRand Bank Limited 3-000-012-798-538	**21 224**	19 838	**–**	–
First National Bank, a division FirstRand Bank Limited 3-000-013-460-751	**13 193**	–	**–**	–
	65 913	32 288	**–**	–
Other loans				
Instalment sale agreements	**36 424**	35 875	**–**	–
	102 337	68 163	**–**	–
Non-current liabilities				
Mortgage bonds	**60 306**	17 731	**–**	–
Other loans	**19 961**	24 302	**–**	–
	80 267	42 033	**–**	–
Current liabilities				
Mortgage bonds	**5 607**	14 557	**–**	–
Other loans	**16 463**	11 573	**–**	–
	22 070	26 130	**–**	–
	102 337	68 163	**–**	–
The maturity of non-current borrowings is as follows:				
Between one and two years	**18 911**	8 326	**–**	–
Between two and five years	**28 762**	26 130	**–**	–
Over five years	**32 594**	7 577	**–**	–
	80 267	42 033	**–**	–

Borrowing powers

The Company's Memorandum of Incorporation does not limit the Company's borrowing powers.

12. Interest bearing borrowings (continued)

Securities

The interest-bearing borrowings are secured as follows:

Mortgage bonds

First National Bank, a division of FirstRand Bank Limited

The loans are secured by first covering mortgage bond over the following properties:

Loan agreement 3-000-013-732-425 for R68 665 000

- Erven 445 and 446 Wynberg Extension 3, Erven 539, 1111 and 1112 Marlboro Extension 1 for R55 900 000 and Erf 688 Alrode Extension 2 for R30 000 000 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. Limited suretyship for R400 000 000 by South Ocean Electrical Wire Company Proprietary Limited, Radiant Group Proprietary Limited and Anchor Park Investments 48 Proprietary Limited. The interest is payable at First National Bank's prime lending rate less 0.50% per annum. Prime is currently 9.25%. The loan is repayable in monthly installments of R430 513 inclusive of interest. The securities are in respect of a loan amount of R68 665 000 being a mortgage loan of R34 330 000 to Anchor Park Investments 48 Proprietary Limited and an overdraft amount of R34 335 000 to South Ocean Electrical Wire Company Proprietary Limited.

Loan agreement 3-000-012-798-538 for R24 146 490

- Erf 685 Alrode Extension 2 Township of R24 146 490 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. The interest is payable at First National Bank's prime lending rate less 1.00% per annum. Prime is currently 9.25%. The loan is repayable in monthly installments of R296 449 (2013: R289 417) inclusive of interest. The loan is also secured by the sub-ordination agreement of South Ocean Electical Wire Company Proprietary Limited.

Loan agreement 3-000-013-460-751 for R14 918 150

- Erf 637 Alrode Extension 2 Township of R14 918 150 and a cession of all rights, title, and interest in, and to any existing and future income derived from rental of the property, and all rental agreements in respect of the property in favour of First National Bank. The interest is payable at First National Bank's prime lending rate less 0.50% per annum. Prime is currently 9.25%. The loan is repayable in monthly installments of R187 224 inclusive of interest. The loan is also secured by unlimited securityship by South Ocean Electrical Wire Company Proprietary Limited and Radiant Group Proprietary Limited.

Repaid loans

During the year the loans from Futuregrowth Asset Management Propietary Limited and Investec Asset Management Proprietary Limited were repaid. The loans were secured by a joint first ranking mortgage bond over all fixed properties except Erf 682 and 637 Alrode Extension 2 Township and by a irrevocable guarantee from Radiant Group Proprietary Limited, cession of rentals due from Radiant Group Proprietary Limited as well as by a pledge of the issued share capital of Radiant Group Proprietary Limited and Anchor Park Investments 48 Proprietary Limited.

Instalment sale agreements

Secured by vehicles, plant and equipment (note 3), bears interest at prime minus 1.15% (2013: 1.15%), and are repayable in monthly instalments of R1 823 104 (2013: R1 114 580), inclusive of interest.

13. Deferred tax

The deferred tax assets and the deferred tax liability are calculated on all temporary diferences under the liability method using a principal taxation rate of 28% (2013: 28%). Deferred income taxation assets and liabilities are offset when the income taxes relate to the same fiscal authority, and there is a legal right to offset at settlement. The amount disclosed in the statement of financial position are analysed as follows:

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Deferred tax asset (liability)				
Prior year under provision of deferred tax	**(484)**	–	**–**	–
Property, plant and equipment	**(43 966)**	(39 829)	**–**	–
Provisions	**3 199**	692	**–**	–
Tax losses	**8 046**	5 508	**–**	–
Total deferred tax asset (liability)	**(33 205)**	(33 629)	**–**	–
Deferred tax asset	**4 101**	–	**–**	–
Deferred tax liability	**(37 306)**	(33 629)	**–**	–
Total deferred tax liability	**(33 205)**	(33 629)	**–**	–
Reconciliation of deferred tax asset (liability)				
At beginning of year	**(33 629)**	(33 425)	**–**	–
Current year temporary differences	**(1 630)**	(2 616)	**–**	–
Tax losses	**2 538**	2 412	**–**	–
Prior year under provision of deferred tax	**(484)**	–	**–**	–
	(33 205)	(33 629)	**–**	–

GROUP	Tax losses R'000	Capital allowances R'000	Provisions R'000	Prior year under provision of deferred tax R'000	Total R'000
2014					
Opening balance	**5 508**	**(39 829)**	**692**	**–**	**(33 629)**
Charged to the statement of other comprehensive income	**2 538**	**(4 137)**	**2 507**	**(484)**	**424**
	8 046	**(43 966)**	**3 199**	**(484)**	**(33 205)**
2013					
Opening balance	3 096	(37 243)	722	–	(33 425)
Charged to the statement of other comprehensive income	2 412	(2 586)	(30)	–	(204)
	5 508	(39 829)	692	–	(33 629)

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Taxation losses at the end of the year deductible from future taxable income	**28 274**	19 817	**–**	–
Unprovided deferred tax asset	**427**	248	**–**	147

Unremitted earnings from a foreign entity

The unremitted earnings from foreign entities total R3 708 037. Deferred tax on the future remittances have not been provided for.

14. Share-based payments

Share Appreciation Rights (SAR) – Long-term incentive plan

The Group has a 100% cash-settled Share Appreciation Rights (SAR) plan in place, which has been in place since 2009. The next SAR's are eligible to be exercised in 2015. The grant value to employees of South Ocean Electric Wire Company Proprietary Limited (SOEW) and Radiant Group Proprietary Limited (Radiant Group) will be allocated 75% of the value to SAR linked to the shares of the entity and 25% of the value linked to the shares of South Ocean Holdings Limited (SOH). The fair value of the rights was calculated using the Black Scholes Pricing Market Model. The assumptions used in determining the fair value of each SAR granted are summarised as follows:

	2014	2013
Share price (Volume Weighted Average Price)	**R1.10**	R1.36
Strike price: SOH	**R1.36**	R1.51
Strike price: SOEW	**R24.59**	R28.41
Strike price: Radiant Group	**R6.02**	R7.61
Spot price: SOH	**R1.10**	R1.28
Spot price: SOEW	**R37.10**	R24.59
Spot price: Radiant Group	**R1.59**	R5.70
Dividend yield	**0.0%**	0.0%
Volatility	**60.00%**	52.37%

Expected SAR life: Three years, may be extended at the option of the holder for one more year.

Risk-free rate: Zero coupon perfect fit swap curve from the Bond Exchange of South Africa.

The volatility was determined by applying the equally weighted methodology to the historical share prices of South Ocean Holdings Limited. The spot price of the rights in the subsidiaries is determined using three year average profit after tax.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Reconciliation of liability				
Opening balance	**1 774**	2 766	**1 471**	1 060
Charge in statements of comprehensive income	**2 889**	(569)	**(787)**	574
Encashment of units	**–**	(364)	**–**	(155)
Equity units forfeited	**–**	(59)	**–**	(8)
Closing balance	**4 663**	1 774	**684**	1 471
Current liabilities	**1 772**	–	**–**	–
Non-current liabilities	**2 891**	1 774	**684**	1 471
	4 663	1 774	**684**	1 471
Reconcilliation of units				
Opening balance	**12 638**	10 167	**8 307**	6 578
Units granted	**5 959**	4 935	**3 169**	3 123
Equity units forfeited	**(4 287)**	(1 807)	**(1 981)**	(1 029)
Encashment of units	**–**	(657)	**–**	(365)
	14 310	12 638	**9 495**	8 307

Units comprise a combination of South Ocean Holdings Limited, South Ocean Electric Wire Company Proprietary Limited and Radiant Group Proprietary Limited's units.

At 31 December 2014, 1 099 158 shares have vested with an intrinsic value of R1 771 655.

14. Share-based payments (continued)

	Number of SAR units '000	Value R'000
Directors' interest in long-term incentive plans		
2014		
PJM Ferreira	**5 689**	**407**
JP Bekker	**3 806**	**277**
	9 495	**684**
2013		
PJM Ferreira	4 933	891
JP Bekker	3 374	580
	8 307	1 471

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
15. Trade and other payables				
Trade payables	**88 002**	106 428	**1 158**	1 487
Accruals	**22 135**	10 745	**777**	767
Amounts owing to Group companies	**–**	–	**4 356**	2 127
Other payables	**3 925**	4 276	**–**	–
Payroll accruals	**12 672**	9 070	**2 690**	2 023
Receiver of revenue – VAT payable	**711**	3 243	**–**	–
	127 445	133 762	**8 981**	6 404
The trade and other payables will be settled in the following currencies:				
South African Rands	**100 332**	117 619	**8 981**	6 404
United States Dollars	**27 113**	15 994	**–**	–
Hong Kong Dollar	**–**	149	**–**	–
	127 445	133 762	**8 981**	6 404
Trade and other payables are unsecured, and are repayable within a period of twelve months. The carrying amounts and fair values are included in note 31.				
16. Derivative financial instrument				
Forward exchange contracts	**(1)**	(143)	**–**	–

The notional principal amount of the outstanding forward exchange contracts at 31 December 2014 was R5 188 105 (2013: R4 428 000). Trading derivatives are classified as a current asset or current liability. The fair value of the derivatives is determined with reference to observable market data and rely as little as possible on entity specific estimates. The fair values are within level 2 of the fair value hierarchy. The amount charged to the statement of and other comprehensive income for the year amounted to R141 858 credit (2013: R362 000, debit). The maximum exposure to credit risk at the reporting date is the fair value of the derivative in the statement of financial position.

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
17. Revenue				
Sale of goods	**1 715 240**	1 690 921	**–**	–
Dividends (reversed) received	**–**	–	**(4 694)**	4 694
Management fees	**–**	–	**13 658**	13 953
	1 715 240	1 690 921	**8 964**	18 647
18. Other operating income				
Profit on exchange differences	**2 359**	935	**–**	–
Profit on disposal of property, plant and equipment	**5**	369	**–**	–
Other income	**891**	5 142	**–**	–
	3 255	6 446	**–**	–
19. Expenses by nature				
Advertising and promotions	**4 472**	5 719	**17**	28
Amortisation of intangible assets	**1 984**	2 094	**–**	–
Auditor's remuneration				
– Audit fees	**2 504**	2 145	**958**	937
– Expenses	**–**	26	**–**	21
– (Over) under-provision prior year	**(161)**	(29)	**(155)**	(25)
– Other services	**–**	46	**–**	–
Bad debt provision movement	**(574)**	73	**–**	–
Bad debts written off	**225**	563	**–**	–
Changes in finished goods inventories and work-in-progress	**17 963**	(2 240)	**–**	–
Loss on disposal of property, plant and equipment	**1**	6 486	**–**	–
Depreciation	**16 371**	18 717	**32**	63
Electricity and water	**17 804**	18 002	**–**	–
Employee benefit expense (note 21)	**153 327**	138 715	**9 884**	9 852
Enterprise development	**1 927**	2 106	**–**	–
Finance raising fee	**487**	–	**–**	–
Fines and penalties	**29**	31	**–**	–
Freight	**17 548**	15 709	**–**	–
Foreign exchange loss	**–**	452	**–**	–
Insurance – trade receivables	**2 561**	2 208	**–**	–
Insurance – other	**3 026**	2 924	**68**	64
Impairment of goodwill	**–**	148 108	**–**	–
Impairment of investment	**–**	–	**–**	137 000
Legal fees	**959**	1 185	**–**	12
Levies	**491**	487	**294**	297
Motor vehicle expenses	**4 677**	4 817	**–**	–
Other expenses	**33 931**	10 356	**1 248**	954
Operating leases				
– Warehouse premises	**3 852**	1 027	**446**	420
Professional fees	**2 254**	2 790	**1 218**	1 099
Purchase of merchandise	**163 157**	251 038	**–**	–
Rates and taxes	**2 198**	2 355	**–**	–
Raw materials and consumables used	**1 167 410**	1 131 889	**–**	–
Social development	**–**	525	**–**	–
Repairs and maintenance	**17 128**	15 359	**17**	–
Software expenses	**1 823**	2 914	**–**	–
Secretarial fees	**148**	126	**138**	120
Security expenses	**1 327**	3 383	**–**	–
Total cost of sales, administration, distribution and other operating expenses	**1 638 849**	1 790 106	**14 165**	150 842

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20. Directors' and prescribed officers' emoluments

GROUP	Salary R'000	Bonus R'000	Medical group benefit contributions R'000	Provident fund R'000	Total R'000
2014					
Executive					
PJM Ferreira	3 690	556	43	235	4 524
JP Bekker	2 912	520	82	299	3 813
	6 602	1 076	125	534	8 337
2013					
Executive					
PJM Ferreira	3 394	39	235	155	3 823
JP Bekker	2 583	75	288	–	2 946
	5 977	114	523	155	6 769

COMPANY	Salary R'000	Bonus R'000	Medical group benefit contributions R'000	Provident fund R'000	Total R'000
2014					
Executive					
PJM Ferreira	3 690	556	43	235	4 524
JP Bekker	2 912	520	82	299	3 813
	6 602	1 076	125	534	8 337
2013					
Executive					
PJM Ferreira	3 394	39	235	155	3 823
JP Bekker	2 583	75	288	–	2 946
	5 977	114	523	155	6 769

COMPANY AND GROUP	2014 Directors' fees R'000	2014 Other services R'000	2014 Total R'000	2013 Directors' fees R'000
Non-executive				
EG Dube	113	–	113	432
EHT Pan	236	–	236	225
Henry KH Pon	474	17	491	384
M Chong	411	10	421	232
DL Tam	–	–	–	172
HL Li	181	–	181	172
CY Wu	137	–	137	129
N Lalla	90	–	90	–
L Stephens	68	–	68	–
	1 710	27	1 737	1 746

	GROUP		COMPANY	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000

20. Directors' and prescribed officers' emoluments (continued)

Total directors' and prescribed officers' remuneration

	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Executive directors	**8 337**	6 769	**8 337**	6 769
Non-executive directors	**1 737**	1 746	**1 737**	1 746
Prescribed officers	**5 713**	4 608	**–**	–
	15 787	13 123	**10 074**	8 515

GROUP	Emoluments R'000	Medical aid R'000	Provident fund R'000	Bonus R'000	Total R'000
Prescribed officers					
2014					
Prescribed officer 1	**1 310**	**40**	**132**	**–**	**1 482**
Prescribed officer 2	**1 157**	**117**	**86**	**–**	**1 360**
Prescribed officer 3	**1 045**	**48**	**57**	**–**	**1 150**
	3 512	**205**	**275**	**–**	**3 992**
2013					
Prescribed officer 1	1 408	73	161	–	1 642
Prescribed officer 2	1 319	30	180	–	1 529
Prescribed officer 3	1 274	44	119	–	1 437
	4 001	147	460	–	4 608

Directors' interests in share capital

The interest of directors in the issued share capital of the Company as at 31 December 2014 were as follows:

COMPANY	Direct beneficial R'000	Indirect beneficial R'000	Total R'000	Percentage of issued share capital
2014				
PJM Ferreira	**1 688 453**	**–**	**1 688 453**	**1.08%**
JP Bekker	**491 807**	**–**	**491 807**	**0.31%**
EHT Pan	**4 728 238**	**28 499 063**	**33 227 301**	**21.25%**
	6 908 498	**28 499 063**	**35 407 561**	**22.64%**
2013				
PJM Ferreira	1 412 880	–	1 412 880	0.90%
JP Bekker	491 807	–	491 807	0.31%
EHT Pan	4 728 238	28 279 063	33 007 301	21.12%
	6 632 925	28 279 063	34 911 988	22.33%

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
21. Employee benefit expense				
Salaries, wages and bonuses	**143 246**	132 710	**10 085**	8 854
Share-based payment	**2 889**	(628)	**(787)**	411
Pension and provident fund contributions	**7 192**	6 633	**586**	587
	153 327	138 715	**9 884**	9 852
The employees of the Group are the members of the following contribution plans: ■ Metal Industries Pension Fund ■ Alexander Forbes Access Retirement Fund ■ MEIBC Provident Fund ■ MPF Provident Fund				
Number of employees at 31 December				
Full time	**774**	735	**3**	3
Part time	**7**	7	**7**	7
	781	742	**10**	10
No shares were traded by any director from 31 December 2014 until the date of this report.				
22. Finance income				
Interest received				
Bank	**951**	519	**20**	10
Receiver of revenue	**139**	14	**–**	–
Subsidiaries	**–**	–	**207**	56
	1 090	533	**227**	66
23. Finance costs				
Mortgage bonds	**4 217**	2 934	**–**	–
Bank	**13 775**	13 567	**1**	1
Instalment sale agreements	**3 282**	2 173	**–**	–
Other loans	**–**	62	**–**	–
Receiver of revenue	**18**	2	**13**	2
Group companies	**–**	–	**–**	177
Other interest paid	**744**	147	**–**	–
	22 036	18 885	**14**	180

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
24. Taxation				
Major components of the tax expense				
Current				
South African normal tax	**21 556**	9 568	**–**	–
Prior year under (over) provision	**49**	555	**–**	–
Foreign income tax	**–**	30	**–**	–
	21 605	10 153	**–**	–
Deferred				
Originating and reversing temporary differences	**(907)**	200	**–**	–
Prior year under (over) provision	**484**	4	**–**	–
	(423)	204	**–**	–
	21 182	10 357	**–**	–
Reconciliation of the tax expense				
Profit (Loss) before taxation	**58 700**	(111 091)	**(4 989)**	(132 309)
Tax at the applicable tax rate of 28% (2013: 28%)	**16 436**	(31 105)	**(1 397)**	(37 047)
Adjusted for:				
Exempt income	**–**	(324)	**–**	(1 355)
Prior year under provision – current tax	**49**	555	**–**	–
Prior year under provision – deferred tax	**484**	4	**–**	–
Expenses not deductible	**3 983**	41 526	**83**	38 361
Foreign subsidiary tax rate difference	**–**	(26)	**–**	–
Unprovided deferred tax	**230**	(273)	**–**	–
Unrecognised tax losses utilised	**–**	–	**1 314**	41
South African normal taxation	**21 182**	10 357	**–**	–
25. Earnings per share				
Basic and diluted earnings (loss) per share (cents)	**23.99**	(77.70)	**–**	–
Profit (Loss) for the year	**37 518**	(121 448)	**–**	–
Headline earnings per share				
Headline and diluted headline earnings per share (cents)	**23.99**	21.00	**–**	–
Reconciliation between earnings and headline earnings				
Profit (Loss) for the year	**37 518**	(121 448)	**–**	–
Adjusted for:				
(Profit) Loss on disposal of property, plant and equipment – net of taxes	**(4)**	6 117	**–**	–
Impairment of goodwill	**–**	148 108	**–**	–
Headline earnings	**37 514**	32 777	**–**	–
Number of shares in issue	**156 379**	156 379	**–**	–

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
26. Cash generated from (utilised in) operations				
Profit (Loss) before taxation	**58 700**	(111 091)	**(4 989)**	(132 309)
Adjustments for:				
Depreciation, amortisation and impairments	**18 355**	20 811	**32**	63
Loss (Profit) on disposal of property, plant and equipment	**(5)**	6 117	**–**	–
Finance income	**(1 090)**	(533)	**(227)**	(66)
Finance costs	**22 036**	18 885	**14**	180
Impairment loss	**–**	148 108	**–**	137 000
Derivative financial instruments	**142**	(362)	**–**	–
Foreign exchange movement on property, plant and equipment	**–**	(11)	**–**	–
Share-based payments (reversed) expensed	**2 889**	(628)	**(787)**	566
Changes in working capital:				
Inventories	**(90 280)**	(6 081)	**–**	–
Trade and other receivables	**76 302**	(70 379)	**5 477**	(5 090)
Trade and other payables	**(6 317)**	39 349	**2 575**	2 023
Share-based payments	**–**	(364)	**–**	(155)
	80 732	43 821	**2 095**	2 212
27. Taxation paid				
Net amounts owing at the beginning of the year	**3 166**	3 875	**–**	(140)
Charged to the statement of other comprehensive income	**(21 605)**	(10 153)	**–**	–
Balance at end of the year	**1 674**	(3 166)	**–**	–
	(16 765)	(9 444)	**–**	(140)
28. Proceeds on disposal of property, plant and equipment				
Net book amount of assets disposed of	**78**	41 734	**–**	–
Profit (Loss) on disposal of property, plant and equipment	**4**	(6 117)	**–**	–
Amount unpaid at year-end	**–**	(34 850)	**–**	–
	82	767	**–**	–
29. Movement in investments				
Fair value of assets acquired				
Amounts receivable from Group companies	**–**	–	**–**	270 000
Consideration paid				
Loan account	**–**	–	**–**	(270 000)

GROUP	Loans and receivables R'000	Fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000

30. Categories of financial instruments

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

	Loans and receivables R'000	Fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2014				
Financial assets				
Cash and cash equivalents	**36 390**	**–**	**–**	**36 390**
Derivative financial instruments	**–**	**1**	**–**	**1**
Trade and other receivables	**253 051**	**–**	**–**	**253 051**
	289 441	**1**	**–**	**289 442**
Financial liabilities				
Bank overdraft	**–**	**–**	**146 048**	**146 048**
Interest-bearing borrowings	**–**	**–**	**102 337**	**102 337**
Trade and other payables	**–**	**–**	**114 062**	**114 062**
	–	**–**	**362 447**	**362 447**
2013				
Financial assets				
Cash and cash equivalents	28 677	–	–	28 677
Derivative financial instruments	–	143	–	143
Trade and other receivables	324 624	–	–	324 624
	353 301	143	–	353 444
Financial liabilities				
Bank overdraft	–	–	166 083	166 083
Interest-bearing borrowings	–	–	68 163	68 163
Trade and other payables	–	–	121 449	121 449
	–	–	355 695	355 695

COMPANY	Loans and receivables R'000	Financial liabilities at amortised cost R'000	Total R'000
2014			
Financial assets			
Cash and cash equivalents	**2 950**	**–**	**2 950**
Loans to Group companies	**3 160**	**–**	**3 160**
	6 110	**–**	**6 110**
Financial liabilities			
Trade and other payables	**–**	**6 291**	**6 291**
	–	**6 291**	**6 291**
2013			
Financial assets			
Cash and cash equivalents	929	–	929
Loans to Group companies	6 418	–	6 418
Trade and other receivables	5 694	–	5 694
	13 041	–	13 041
Financial liabilities			
Trade and other payables	–	4 381	4 381
	–	4 381	4 381

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by management.

Capital risk management

The Group's objectives 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 executive directors are involved in the daily operations of the Group, and the necessary decisions regarding capital risk management are made as and when necessary.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 8 and 12, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

The Group maintains overdraft facilities with reputable financial institutions for short-term financing needs. Where operational needs require prolonged use of overdraft facilities, the Group seeks opportunities to use long-term financing. To this extent management is in the process of increasing the Group's long-term borrowings by applying to the relevent financial institutions.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the total debt plus net overdraft divided by total equity. The Group's strategy is to maintain the ratio below 50%. At 31 December 2014, the gearing ratio was 36.4% (2013: 37.8%). The gearing ratio declined primarily as a result of an decreased overdraft at year-end, as well as additional interest-bearing borrowings that were taken during the year.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. The table below shows the credit limit and balances of the major counter parties at the reporting date:

GROUP	2014 Credit limit R'000	2014 Balance R'000	2013 Credit limit R'000	2013 Balance R'000
Counter party				
First National Bank – Overdraft	**(274 300)**	**(146 000)**	(240 000)	(141 054)
Bank of Taiwan South African Branch – Letter of credit facility	**(92 900)**	**(92 900)**	(83 680)	(25 029)
	(367 200)	**(238 900)**	(323 680)	(166 083)

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

The Group has an instalment sale facility of R45 million (2013: R40 million) with First National Bank a division of FirstRand Bank Limited of which an amount of R9.9 million (2013: R5.6 million) has not been utilised at year-end.

GROUP	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 December 2014				
Interest-bearing borrowings	**48 640**	**39 730**	**57 019**	**33 152**
Trade and other payables	**114 062**	**–**	**–**	**–**
Derivative financial instruments	**5 188**	**–**	**–**	**–**
Bank overdraft	**146 048**	**–**	**–**	**–**
	313 938	**39 730**	**57 019**	**33 152**
At 31 December 2013				
Interest-bearing borrowings	30 058	16 718	23 430	8 104
Trade and other payables	121 449	–	–	–
Derivative financial instruments	4 428	–	–	–
Bank overdraft	166 083	–	–	–
	322 018	16 718	23 430	8 104

31. Financial risk management (continued)

Credit risk

Potential concentrations of credit risk consist primarily of cash investments and trade receivables. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas, but we draw attention to the fact that 24.8% (2013: 20.0%) of revenue was derived from a single customer. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and in most instances, utilises credit insurance. The ongoing creditworthiness of the trade receivables is assessed taking into account the specific debtors balances against their credit limit. Details of credit risk for trade receivables is disclosed in note 7.

The Group manages outstanding trade receivables using a combination of Credit Guarantee and outside collections agents. The Credit Guarantee terms require that before the outstanding accounts are handed over to them for management, an effort must have been made by management to collect the outstanding amounts. The amount not recoverable from Credit Guarantee is limited to an 15% of trade receivables within their credit limit, after an excess of R400 000 in respect of South Ocean Electric Wire Company Proprietary Limited and 25% of the fair value of trade receivables within the credit terms and 100% of the trade receivables that are in excess of their credit limits in respect of Radiant Group Proprietary Limited. The amounts recoverable from Credit Guarantee are only recoverable 60 to 90 days after they have been handed over to Credit Guarantee for management. Trade debtors are not individually classed for insurance purposes, as all trade debtors within their credit limits are covered by Credit Guarantee.

To mitigate credit risk, the Group does not carry all of its cash resources in a single financial institution. At year-end bank balances were invested in the following banking institutes, Bank of Taiwan – 34.5% (2013: 43.2%), First National Bank – 65.0% (2013: 51.4%), Standard Bank of South Africa – 0.5% (2013: 5.0%) and Investec Limited 0.0% (2013: 0.4%).

The overdraft is renewable annually in May. All the indications from the respective banks are that the facility will be renewed.

Foreign exchange risk

The Group operates and trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars. The Group buys its major machinery and the majority of the light fittings and accessories in United States Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities when they are denominated in a currency that is not the entity's functional currency. Entities within the Group use forward exchange contracts to manage their foreign exchange risk arising from future commercial transactions, recognised assets and liabilities.

The Group recognises that both taking and not taking forward cover at certain times could impact it's financial performance. The forex exposure is covered in full, when the FOB rate is lower than the forward rate. If the FOB rate is higher that the forward cover rate, 50% exposure should be covered on FOB date. The balance of the 50% is covered when payment is due or if the foward cover rate exceeds the FOB rate, cover should be taken to limit the loss to 3% of the transaction value.

At 31 December 2014, if the currency had weakened/strengthened against the United States Dollars by 4% with all other variables held constant, profit after tax would have decreased/increased by R277 171 (2013: R460 631), mainly as a result of foreign exchange gains/losses on translation of trade payables. A sensitivity analysis has not been performed on other foreign currency exposures as it is not considered to have a material impact on the profit after tax.

Foreign currency exposure at the end of the reporting period

	2014 Foreign currency '000	2013 Rand equivalent '000	**2014 Foreign currency '000**	2013 Rand equivalent '000
Assets – bank accounts				
United States Dollar	**3**	36	**14**	145
Hong Kong Dollar	**139**	214	**124**	168
		250		313
Liabilities – trade payables				
United States Dollar	**2 337**	27 113	**1 519**	15 994
Hong Kong Dollar	**–**	–	**110**	149
		27 113		16 143

At year-end the Group had entered into the following forward exchange contracts:

	Settlement dates	**Foreign currency US$'000**	**Rand equivalent R'000**
2014	**4 January 2015**	**447**	**5 188**
2013	4 January 2014	421	4 428

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31. Financial risk management (continued)

Price risk

The Group is exposed to commodity price risk with regards to the price of copper. Copper price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of copper. The copper market is predominantly priced in United States Dollars which exposes the Group to the risk that fluctuations in the South African Rand/United States Dollars exchange rates may also have on current or future earnings. The Group does not hedge any copper purchases; however management keep inventory levels as low as possible and buys only enough copper for the next months production. Any change in the price of the copper price has an impact on both sales values and purchase values. The Group is not exposed to equity securities price risk, as the Group did not hold any equity securities as at 31 December 2014.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk arises from long term and current borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rates are monitored when there are indications that rates may change and any additional or available cash resources are redirected towards reducing the interest-bearing debts. Details of interest rates on borrowings are disclosed in notes 9 and 12.

All Group borrowings are denominated in South African Rands. The Group may be exposed to interest rate risk as it borrows funds at floating interest rates. Interest rate exposure is not analysed on a specific basis but should the interest rates increase/decrease by 2% the Group profit after tax will decrease/increase by R1 473 653 (2013: R981 547) and the Company profit after tax will decrease/increase by R45 504 (2013: R24 765).

Fair value estimation

The carrying value less impairment provision of trade receivables and payables and interest free loans receivable are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

	GROUP		COMPANY	
2014	**Carrying value R'000**	**Fair value R'000**	**Carrying value R'000**	**Fair value R'000**
Trade and other receivables	**253 051**	**253 051**	**–**	**–**
Amount owing by subsidiaries	**–**	**–**	**3 160**	**3 160**
Cash and cash equivalents	**36 390**	**36 390**	**2 950**	**2 950**
Trade and other payables	**(114 062)**	**(114 062)**	**(6 291)**	**(6 291)**
Interest-bearing borrowings	**(102 337)**	**(102 337)**	**–**	**–**
Derivative financial instruments	**(5 188)**	**(5 188)**	**–**	**–**
Bank overdraft	**(146 048)**	**(146 048)**	**–**	**–**
2013				
Trade and other receivables	324 624	324 624	5 694	5 694
Amounts owing by subsidiaries	–	–	6 418	6 418
Cash and cash equivalents	28 677	28 677	929	929
Interest-bearing borrowings	(68 163)	(68 163)	–	–
Trade and other payables	(121 449)	(121 449)	(4 381)	(4 381)
Bank overdraft	(166 083)	(166 083)	–	–
Derivative financial instruments	(4 428)	(4 428)	–	–

	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
32. Commitments				
Capital commitments				
– Approved and commited	**720**	16 108	**–**	–
This committed expenditure will be financed from existing credit facilities from Wesbank, a division of FirstRand Bank Limited.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**10 409**	10 069	**10 409**	10 069
– in second to fifth year inclusive	**11 551**	11 643	**11 551**	11 643
	21 960	21 712	**21 960**	21 712

The Group has the following operating lease agreements:

A Durban property, describe as factory warehouse, 478 Chris Hani Road, Biardene is leased monthly from 1 February 2011 to 30 June 2016. The period of the lease is 60 months and average monthly rental of R52 410 is payable monthly in advance.

A Cape Town property, described as a warehouse with offices, situated at Unit 5, West Building, Topaz Boulevard, Montague Park, Milnerton, is leased from 1 December 2013 to 31 January 2021. The period of the lease is seven years and two months and the average monthly rental is R145 161. A bank guarantee at R227 760 is in place in favour of the leasor.

33. Related parties

Transactions between Group companies

In the ordinary course of business, the companies in the Group entered into transactions with each other. These intergroup transactions are eliminated on consolidation. The following transactions were entered into between the Company and its subsidiaries during the year:

	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Related party transactions				
Interest received from related parties				
Anchor Park Investments 48 Proprietary Limited	**–**	–	**194**	56
South Ocean Holdings Limited	**–**	–	**13**	–
	–	–	**207**	56
Management fees received from related parties				
South Ocean Electric Wire Company Proprietary Limited	**–**	–	**13 658**	9 886
Radiant Group Proprietary Limited	**–**	–	**–**	4 067
	–	–	**13 658**	13 953
Dividends received				
South Ocean Electric Wire Company Proprietary Limited	**–**	–	**–**	3 127
Radiant Group Proprietary Limited	**–**	–	**–**	1 567
	–	–	**–**	4 694
Rental paid to related parties				
Anchor Park Investments 48 Proprietary Limited	**–**	–	**(446)**	(420)
Costs recovered by related parties				
South Ocean Electric Wire Company Proprietary Limited	**–**	–	**(128)**	(152)

33. Related parties (continued)

	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Dividend reversed by related party				
South Ocean Electric Wire Company Proprietary Limited	–	–	(3 127)	–
Anchor Park Investments 48 Proprietary Limited	–	–	(1 567)	–
	–	–	(4 694)	–

Details of amounts owing (to)/by subsidiaries are disclosed in notes 7, 8 and 15. No impairment was considered to be necessary in respect of related party balances as they are considered to be fully recoverable.

Transactions with directors

Details relating to the directors' remuneration and interests are disclosed in notes 20 and 21 of the financial statements and in the directors' report.

The directors have certified that they are not materially invested in any transactions of any significance with the Company or its subsidiaries.

	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Related party balances				
Loan accounts – Owing (to) by related parties				
South Ocean Electric Wire Company Proprietary Limited	–	–	201	(3 545)
Radiant Matla Renewable Energy Corporation Proprietary Limited	–	–	–	297
Anchor Park Investments 48 Proprietary Limited	–	–	2 959	6 121
Amounts included in trade and other receivables regarding related parties				
South Ocean Electric Wire Company Proprietary Limited	–	–	–	4 126
Radiant Group Proprietary Limited	–	–	–	1 567
Amounts included in trade and other payables regarding related parties				
South Ocean Electric Wire Company Proprietary Limited	–	–	–	91
Radiant Group Proprietary Limited	–	–	4 356	2 127
Anchor Park Investments 48 Proprietary Limited	–	–	–	239

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, and include directors of subsidiaries and divisional directors.

	GROUP 2014 R'000	GROUP 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
Compensation to key management				
Salaries and short-term benefits	12 614	11 685	–	–

Short-term employment benefits comprise salaries, commission and bonuses paid.

Other employment benefits comprise travel allowances, fringe benefits on the use of Company's vehicles and contributions to medical aid funds.

Information regarding the earnings of the directors, executive and non-executive, have been disclosed separately in note 20.

34. Interest in subsidiaries

	Issued share capital and percentage held		Shares		Indebtedness	
	2014 %	2013 %	**2014 at cost R'000**	2013 at cost R'000	**2014 by/(to) R'000**	2013 by/(to) R'000
Direct holdings						
South Ocean Electric Wire Company Proprietary Limited	**100**	100	**712 165**	712 165	**201**	–
Radiant Group Proprietary Limited	**100**	100	**488 038**	488 038	**–**	–
Anchor Park Investments Proprietary Limited 48	**100**	100	*****	*	**2 959**	6 121
Radiant Matla Renewable Energy Corporation Proprietary Limited	**–**	55	*****	–	**–**	297
Icembu Services Proprietary Limited	**100**	100	**270**	270	**–**	–
SOH Calibre International Limited**	**100**	100	*****	–	**–**	–
			1 200 473	1 200 473	**3 160**	6 418
Less: Dividends received from pre-acquisition profits (prior to 2009)			**(84 750)**	(84 750)	**–**	–
Less: Impairment			**(283 990)**	(283 990)	**–**	–
			831 733	831 733	**3 160**	6 418

** Denotes amounts of less than R1 000*

The amount of current and prior year impairment of investment is disclosed in note 4.

Radiant Matla Renewable Energy Corporation Proprietary Limited has ceased trading during the prior financial year and has been deregistered.

Indirect holdings (Dormant companies)	Issued share capital and percentage held **2014 %**	2013 %
Radiant Lighting Proprietary Limited	**100**	100
Lohuis Properties Proprietary Limited	**100**	100
Lohuis SA Proprietary Limited	**100**	100
Ripple Effect 55 Proprietary Limited	**100**	100
Wild Break 116 Proprietary Limited	**100**	100
Diaspara Developers Proprietary Limited	**100**	100
Stand 53 Atlas Gardens Proprietary Limited	**100**	100
Stand 431 Wynberg Proprietary Limited	**100**	100
Radiant Lighting and Electrical International Limited**	**100**	100

*** Incorporated in Hong Kong*

35. Segmental reporting

The Group is organised into three main business segments:

- Electrical cable manufacturing – manufacturing and distribution of electric wire;
- Lighting and electrical accessories – import and distribution of light fittings, lamps and electrical accessories; and
- Property investments.

The activities of other Group companies that are not significant enough and do not warrant to be regarded as a segment on their own are reported together with the corporate activities as other assets or liabilities or other overheads and are included in corporate and other assets in the reconcilliation of total assets.

The chief operating decision-maker who has been identified as the Group's executive committee, reviews the Group's internal reporting in order to assess performance and has determined the operating segments based on these reports.

The assessment of the performance of the operating segments is based on the operating profit before interest, income tax, depreciation and amortisation (EBITDA). This measurement basis excludes the effect of non-recurring expenditure from the operating segments, such as restructuring costs, profit on disposal of property, plant and equipment, impairments and inter-company management fees.

Earnings are defined as the operating profit.

The reported total assets and liabilities exclude current and deferred taxation and inter-company balances.

The details of the business segments are reported as follows:

	Revenue R'000	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
2014				
Electrical cable manufacturing	**1 389 997**	**99 180**	**518 068**	**223 077**
Lighting and electrical accessories	**335 480**	**1 475**	**290 217**	**83 149**
Property investments	**17 891**	**14 472**	**185 213**	**68 770**
	1 743 368	**115 127**	**993 498**	**374 996**
2013				
Electrical cable manufacturing	1 336 285	59 533	489 307	249 134
Lighting and electrical accessories	373 108	28 430	251 022	79 669
Property investments	15 995	5 446	202 448	35 072
	1 725 388	93 409	942 777	363 875

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. Segment assets exclude available-for-sale financial assets and any inter-group loans existing at reporting date.

Segment liabilities comprises operating liabilities, and exclude current and deferred taxation and any inter-group liabilities existing at reporting date.

	2014 R'000	2013 R'000
35. Segmental reporting (continued)		
Reconciliation of segment results to statements of comprehensive income and financial position		
Revenue		
Reported segment revenue	**1 743 368**	1 725 388
Inter-segment revenue (property rentals)	**(17 891)**	(15 995)
Inter-segment revenue – other	**(10 237)**	(18 472)
Revenue per consolidated statement of comprehensive income	**1 715 240**	1 690 921
EBITDA		
Adjusted EBITDA	**115 127**	93 409
Corporate and other overheads	**(17 125)**	(17 229)
Depreciation	**(16 371)**	(18 717)
Amortisation of intangible assets – lighting and electrical accessories segment	**(1 985)**	(2 094)
Impairment of goodwill – lighting and electrical accessories segment	**–**	(148 108)
Operating profit (loss) per consolidated statement of comprehensive income	**79 646**	(92 739)
Operating profit (loss)	**79 646**	(92 739)
Finance income	**1 090**	533
Finance costs	**(22 036)**	(18 885)
Profit (Loss) before taxation per consolidated statement of comprehensive income	**58 700**	(111 091)
Assets		
Reportable segment assets	**993 498**	942 777
Corporate and other assets	**4 032**	1 714
Taxation receivable	**2 960**	3 166
Deferred taxation	**4 101**	–
Total assets per statement of financial position	**1 004 591**	947 657
Liabilities		
Reportable segment liabilities	**374 996**	363 875
Corporate and other liabilities	**5 497**	5 907
Deferred tax	**37 306**	33 629
Taxation payable	**4 634**	–
Total liabilities per statement of financial position	**422 433**	403 411

The Group operates primarily in South Africa. No geographical segmental information is disclosed as there are no separately defined segments that contribute more than 10% of revenue, results, assets or liabilities.

The Group revenue earned in South Africa is R1 709 460 469 (2013: R1 646 937 000) and earned from other countries is R32 044 437 (2013: R43 984 000). Revenue in excess of 24.8% (2013: 20.0%) of total revenue was derived from a single external customer.

The total of non-current assets other than financial instruments and deferred tax assets located in South Africa is R325 897 000 (2013: R294 497 000) and the total of these non-current assets located in other countries is Rnil (2013: Rnil).

36. Provisions and contingencies

On 13 November 2014, the Competition Commission referred a complaint to the Competition Tribunal in which it alleged that SOEW, 11 other companies and the Association of Electric Cable Manufacturers of South Africa (AECMSA) had contravened the Competition Act by fixing the prices of powers cables, alternatively the trading conditions relating to the sale of power cables. The Commission asked the Tribunal to impose an administrative penalty on AECMSA and each company (except Aberdare Cables which had been granted conditional immunity) not exceeding 10% of their respective turnovers. The Commission subsequently withdrew its referral against one of the respondents. This referral is related to the Commission's earlier referral of a complaint to the Tribunal on 19 March 2014 in which the Commission alleged that SOEW and three other companies had fixed prices and allocated markets in contravention of the Competition Act. In this complaint the Commission also asked the Tribunal to impose an administrative penalty of 10% of the annual turnover of each of the companies except Aberdare Cables which had been granted conditional immunity. These referrals arise from a complaint that the Commission first initiated on 16 March 2010 and which was referred to in the SENS announcement dated 6 May 2010. SOEW has engaged the services of specialist competition lawyers and economists to advise the Company in respect of the Commission's referral. SOEW has cooperated with the Commission during its investigation of the complaint and continues to do so now that the complaint has been referred to the Tribunal. In terms of IAS 37 no further disclosures are made as this would unfairly prejudice SOEW in its current dealings with the Commission.

37. Going concern

The Financial Statements have been prepared on the basis of 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.

38. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Financial Statements, which would affect the operations of the Company and the Group or the results of those operations significantly.

ANALYSIS OF ORDINARY SHAREHOLDERS
as at 31 December 2014

Shareholder Spread	Number of shareholdings	% of total shareholdings	Shares Held	% Held
1 – 1 000 Shares	**146**	22.12	82 043	0.05
1 001 – 10 000 Shares	**256**	38.79	1 183 281	0.76
10 001 – 100 000 Shares	**174**	26.36	6 475 086	4.14
100 001 – 1 000 000 Shares	**63**	9.55	18 177 698	11.62
1 000 001 Shares and over	**21**	3.18	130 460 686	83.43
Total	**660**	**100.00**	**156 378 794**	**100.00**
Distribution of Shareholders				
Public Companies	**3**	0.45	61 313 069	39.21
Retail Shareholders	**513**	77.72	34 391 873	22.00
Trusts	**45**	6.82	22 934 051	14.67
Collective Investment Schemes	**10**	1.52	19 567 918	12.51
Retirement Benefit Funds	**26**	3.94	4 736 550	3.03
Private Companies	**17**	2.58	4 571 645	2.92
Custodians	**3**	0.45	3 314 887	2.12
Hedge Funds	**3**	0.45	2 000 490	1.28
Close Corporations	**14**	2.12	1 081 153	0.69
Assurance Companies	**1**	0.15	879 790	0.56
Foundations & Charitable Funds	**5**	0.76	850 126	0.54
Stockbrokers & Nominees	**4**	0.61	361 099	0.23
Managed Funds	**5**	0.76	204 732	0.13
Investment Partnerships	**10**	1.52	158 566	0.10
Insurance Companies	**1**	0.15	12 845	0.01
Total	**660**	**100.00**	**156 378 794**	**100.00**
Shareholder Type				
Non-Public Shareholders	**6**	**0.90**	**74 630 711**	**47.72**
Directors and associates of the company (direct holding)	**3**	0.45	6 908 498	4.42
Directors and associates of the company (indirect holding)	**2**	0.30	28 499 063	18.22
Holders holding more than 10% (excluding directors holding)				
Hong Tai Electronic Industrial Company Ltd	**1**	0.15	39 223 150	25.08
Public Shareholders	**654**	**99.10**	**81 748 083**	**52.28**
Total	**660**	**100.00**	**156 378 794**	**100.00**
Beneficial shareholders (>5%)				
Hong Tai Electronic Industrial Company Ltd			39 223 150	25.08
Metallic City International Ltd			20 069 919	12.83
H.S.Family Trust			14 245 992	9.11
Investec			9 815 255	6.28
Mrs MC Pan			8 429 144	5.39
Flagship Asset Management			8 325 861	5.32
Total			100 109 321	64.01
Top 5 Fund Managers				
Investec Asset Management			14 782 249	9.45
Flagship Asset Management			8 375 861	5.36
Cogito Capital			1 400 490	0.90
Momentum Investments			1 319 685	0.84
Cannon Asset Management			1 186 516	0.76
Total			27 064 801	17.31
Total number of Shareholders	**660**			
Total number of shares in issue	**156 378 794**			
Share Price Performance				
Opening price 2 January 2014	**R1,28**			
Closing price 31 December 2014	**R1,10**			
Closing Low for the period	**R0,80**			
Closing High for the period	**R1,36**			
Total Volume Traded	**13 686 080**			
Rand Value Traded	**R14 222 132**			
Total Deals	**1 060**			
Ratio of volume traded to shares issued (%)	**8.75%**			
PE Ratio	**4.4**			
Earnings yield (%)	**22.6**			

ANALYSIS OF DIRECTORS' SHAREHOLDING

FOR THE YEAR ENDED 31 DECEMBER 2014

Director	Direct Beneficial 2014	Indirect Beneficial 2014	Direct Beneficial 2013	Indirect Beneficial 2013	Total	Percentage of Issued Share Capital (%)
Mr Edward Hwei-Ti Pan	**4 728 238**	**28 499 063**	4 728 238	28 279 063	33 227 301	**21.25**
Mr Paul Jose Monteiro Ferreira	**1 688 453**		1 412 880	–	1 688 453	**1.08**
Mr Jacobus Petrus Bekker	**491 807**		491 807	–	491 807	**0.31**
Total	**6 908 498**	**28 499 063**	**6 632 925**	**28 279 063**	**35 407 561**	**22.64**

Directors Transactions During The Year – 2014			No of shares	
Mr Paul Jose Monteiro Ferreira	Purchase on market	8 October 2014	**103 338**	Direct Beneficial
Mr Paul Jose Monteiro Ferreira	Purchase on market	10 October 2014	**2 235**	Direct Beneficial
Mr Paul Jose Monteiro Ferreira	Purchase on market	24 October 2014	**50 000**	Direct Beneficial
Mr Paul Jose Monteiro Ferreira	Purchase on market	3 November 2014	**120 000**	Direct Beneficial
			275 573	

Directors of Major Subsidiaries Transactions During The Year – 2014			No of shares	
Mr Farhad Osman Ally	Purchase on market	9 October 2014	**10 000**	Direct Beneficial
			10 000	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighth Annual General Meeting of shareholders of South Ocean Holdings Limited ("the Company") will be held in the Conference room, 16 Botha Street, Alrode, on Friday, 31 July 2015 at 11:00. To ensure that registration procedures are completed by 11:00, please register for the Annual General Meeting from 10:30. Only those shareholders listed in the shareholders' register as at Friday, 24 July 2015 will be eligible to vote at the Annual General Meeting.

The purpose of the Annual General Meeting is to propose the passing of the following ordinary and special resolutions:

1. ORDINARY RESOLUTION NUMBER 1

Approval of annual financial statements

Resolved that the annual financial statements of the Company and its subsidiary companies for the year ended 31 December 2014, together with the reports of the Directors, Auditors and Audit and Risk Management Committee be and are hereby considered and adopted.

2. ORDINARY RESOLUTION NUMBER 2

Appointment of auditors and designated auditor

Resolved that PricewaterhouseCoopers Inc. be and are hereby re-appointed auditors of the Company and that Mr. JL Roos is hereby appointed as the designated auditor to hold office for the ensuing year.

The Company's Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors of the Company with Mr. JL Roos being appointed as the designated auditor for the current financial year.

3. ORDINARY RESOLUTION NUMBER 3

Re-election of Ms. M Chong as a director

Resolved that Ms. M Chong, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The curriculum vitae for Ms M Chong appears on page 17 of this annual report.

4. ORDINARY RESOLUTION NUMBER 4

Re-election of Mr. CY Wu as a director

Resolved that Mr. CY Wu, who retires in terms of the Company's Memorandum of Incorporation, be re-elected a director of the Company.

The *curriculum vitae* for Mr CY Wu appears on page 16 of this annual report.

5. ORDINARY RESOLUTION NUMBER 5

Appointment of Audit and Risk Management Committee member

Resolved that Ms. M Chong be appointed a member and Chairperson of the Company's Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

6. ORDINARY RESOLUTION NUMBER 6

Appointment of Audit and Risk Management Committee member

Resolved that Ms. N Lalla be appointed a member of the Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

7. ORDINARY RESOLUTION NUMBER 7

Appointment of Audit and Risk Management Committee member

Resolved that Mr. Henry KH Pon be appointed a member of the Audit and Risk Management Committee and that this appointment shall be valid up to the date of the next Annual General Meeting of the Company.

8. ORDINARY RESOLUTION NUMBER 8

Remuneration Policy

The Remuneration Policy, which forms part of the Remuneration Report, as set out on page 44 of the annual report, for the financial year ended 31 December 2014, will be tabled at the Annual General Meeting.

Resolved that, as a non-binding advisory vote, the Remuneration Policy, as tabled, be and is hereby approved.

As this is not a matter that is required to be resolved or approved by shareholders, no minimum voting threshold is required. Nevertheless, for record purposes, the minimum percentage of voting rights that is required for this resolution to be adopted as a non-binding advisory vote is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

9. SPECIAL RESOLUTION NUMBER 1

Non-executive directors' fees for the financial year ending 31 December 2015 and quarter ending 31 March 2016

Resolved that the fees, to be paid to the non-executive directors for their services as directors of the Company, for the year ending 31 December 2015 and the quarter ending 31 March 2016 (being a quarter of the fees payable for the year ending 31 December 2015) be approved as follows:

	31 December 2015
■ Chairperson	R429 456.00
■ Deputy Vice-chairperson	R247 754.00
■ Non-executive director	R143 152.00
■ Chairperson of the Audit Committee	R214 728.00
■ Member of the Audit Committee	R46 392.00
■ Chairperson of the Remuneration Committee	R66 026.00
■ Member of the Remuneration Committee	R46 392.00
■ Chairperson of the Social and Ethics Committee	R66 026.00
■ Chairperson of special committees	R2 783.00 per hour
■ Member of special committees	R1 670.00 per hour

and that the increase in fees payable to the directors, for the quarter ended 31 March 2015, amounting to R22 920.50 be and is hereby ratified and approved. Shareholders approved the payment of the fees for the first quarter of the 2014 fees at the previous Annual General Meeting of the Company.

The reason for this special resolution is to obtain shareholder approval for the remuneration of each of the non-executive directors of the Company for the financial year ending 31 December 2015 and for the quarter ending 31 March 2016 in accordance with Section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarter ended 31 March 2015. The passing of this special resolution will have the effect of approving the remuneration of each of the non-executive directors of the Company for the financial year ending 31 December 2015 and quarter ending 31 March 2016 as well as confirming and ratifying the increase in fees paid to the directors for the quarter ended 31 March 2015. The fees payable for the quarter ending 31 March 2016 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarter ending 31 March 2016 at the 2016 Annual General Meeting.

10. SPECIAL RESOLUTION NUMBER 2

Loans or other financial assistance

Resolved that the Board of directors may authorise the Company, in terms of section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of directors may deem fit to any related or inter-related companies as defined in terms of section 2 of the Companies Act, 2008.

The reason and effect of special resolution number 2 is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

11. ORDINARY RESOLUTION NUMBER 9

General authority over unissued shares

Resolved that all the authorised unissued ordinary shares in the Company be and are hereby placed under the control of the directors until the date of the next Annual General Meeting, subject to the provisions of the JSE Listings Requirements and the condition that no issue of these shares will be made if it could have the effect of changing control of the Company.

No issue of these shares is contemplated at the present time and no issue will be made that could effectively change the control of the Company without the prior approval of shareholders in a general meeting.

12. ORDINARY RESOLUTION NUMBER 10

General authority to issue shares for cash

Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to issue shares for cash (as contemplated in terms of the JSE Listings Requirements) for up to 10% i.e. 15 637 879 of the issued shares in the capital of the Company as and when they in their discretion deem fit, subject to the Companies Act, No. 71 of 2008, as amended, the Memorandum of Incorporation of the Company and the JSE Listings Requirements as presently constituted and which may be amended from time to time.

The reason for the above ordinary resolution number 10 is to give the directors authority to issue up to 10% of the unissued shares for cash in order to pursue suitable BEE partners.

In terms of the JSE Listings Requirements, ordinary resolution number 10 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the absolution by all members present or represented by proxy at the Annual General Meeting.

Additional requirements imposed by the JSE Listings Requirements

It is recorded that the Company may only make an issue of shares (as defined in the JSE Listings Requirements) for cash under the above general authority if the following JSE Listings Requirements are met:

(a) 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;

(b) the general authority shall only be valid until the Company's next Annual General Meeting or for 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;

(c) a paid press announcement will be published giving full details, as required in terms of paragraph 11.22 of the JSE Listings Requirements;

(d) that issues in the aggregate in any 1 (one) financial year may not exceed 10% (ten percent) of the number of the shares of the Company in issue of that class of shares before such issue, taking into account the dilution effect of convertible equity securities and options in accordance with the JSE Listings Requirements;

(e) in determining the price at which an issue of shares may be made in terms of this general authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the Company and the party/ies subscribing for the shares; and

(f) any issue will only be made to "public shareholders" as defined by the JSE Listings Requirements and not to related parties.

13. ORDINARY RESOLUTION NUMBER 11

Directors' or Company Secretary's authority to implement ordinary and special resolutions

Resolved that any director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.

14. SOCIAL AND ETHICS COMMITTEE

A report on the Social and Ethics Committee, in terms of Regulation 43 of the Companies Act, 2008, has been included in the Annual Report on page 45. The report sets out the matters as required in terms of the Social and Ethics Committee's terms of reference. Shareholders will not be asked to vote on any matters contained in the Social and Ethics Committee's terms of reference but may raise any questions they may have regarding the said terms of reference.

GENERAL INFORMATION

The only matter that might have a material effect on one of the Group's subsidiary companies, SOEW, is the announcements released on SENS on 6 May 2010 and 25 March 2014, as well as prior financial statements and summarised financial statements, advising that on 16 March 2010 the Competition Commission (Commission) initiated a complaint investigation into certain alleged cartel conduct in the power cable market against South Ocean Electric Wire Company Proprietary Limited ("SOEW"), a wholly owned subsidiary of South Ocean, and three other competitors, and further advising of the Commission's media release published on 19 March 2014 announcing that the Commission had decided to refer the complaint (as amended) to the Competition Tribunal (Tribunal) against SOEW and 11 other companies and the Association of Electric Cable Manufacturers of South Africa. SOEW has engaged the services of specialist competition lawyers and economists to advise the Company in respect of the Commission's referral. SOEW has cooperated with the Commission during its investigation of the complaint and continues to do so now that the complaint has been referred to the Tribunal. In terms of IAS 37 no further disclosures are made as this would unfairly prejudice SOEW in its current dealings with the Commission.

There are no other material changes to the Company's financial or trading position, nor are there any material, legal or arbitration proceedings (pending or threatened) that may affect the financial position of the Company between 31 December 2014 and 24 June 2015.

The directors, whose names are given on pages 16 to 17 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and beliefs there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the Annual General Meeting.

Entitlement to attend and vote at the Annual General Meeting in person or by proxy

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name in the Company sub-register), as at Friday, 24 July 2015, then:

- you may attend and vote at the Annual General Meeting; alternatively
- you may appoint an individual as a proxy (who need not also be a shareholder of the Company), to attend, participate in and speak and vote in your place at the Annual General Meeting by completing the attached form of proxy and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on the inside back cover of the annual report, by no later than 11:00 on Wednesday, 29 July 2015, being 48 (forty-eight) hours prior to the time appointed for the holding of the Annual General Meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited as aforesaid, before your proxy may exercise any of your rights as a shareholder at the Annual General Meeting.

Any shareholder of the Company that is a company may authorise any person to act as its representative at the Annual General Meeting. Section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ("STRATE") held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder" then you are not a registered shareholder of the Company, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the Annual General Meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from the CSDP; alternatively
- if you are unable to attend the Annual General Meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the Annual General Meeting and/or request the CSDP to appoint a proxy.

You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the Annual General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the Company or to the transfer secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out on the inside back cover of the annual report, by no later than 11:00 on Wednesday, 29 July 2015, being 48 (forty-eight) hours prior to the time appointed for the holding of the Annual General Meeting.

By order of the Board

WT Green
Company Secretary

Johannesburg
24 June 2015

PROXY FORM

Form of proxy for use at the Annual General Meeting of South Ocean Holdings Limited (the Company) to be held at the Head Office of the Company, situated at 16 Botha Street, Alrode, at 11:00 on Friday, 31 July 2015. Shareholders listed in the shareholder register as at Friday, 24 July 2015 will be eligible to vote at the Annual General Meeting.

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares (dematerialised shares) through a Central Securities Depository Participant (CSDP) or broker, as the case may be, unless you are recorded on the sub-register as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (who need not also be a shareholder of the Company) to attend, participate in and speak and vote in place of that shareholder at the Annual General Meeting, and at any adjournment thereafter.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the Annual General Meeting;
- the appointment of the proxy is revocable; and
- you may revoke the proxy appointment by (i) cancelling it in writing, or making a later appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

Please note that any shareholder of the Company that is a company may authorise any person to act as its representative at the Annual General Meeting. Please also note that section 63(1) of the Companies Act, 2008 requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll so each shareholder present or represented by way of proxy will be entitled to vote.

I/We

(BLOCK LETTERS)

Address:

Contact telephone number:

being the holder/s of ________ ordinary shares in the Company, hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the Annual General Meeting,

as my/our proxy to attend, participate in and speak and vote at the meeting in my/our place and on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s, in accordance with the instructions set out below.

My/our proxy may delegate to another person his/her authority to act on my behalf at the Annual General Meeting, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the Annual General Meeting to a director of the Company; and
- must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my behalf at the Annual General Meeting by no later than 11:00 on Wednesday, 29 July 2015, being 48 (forty-eight) hours before the general meeting to be held at 11:00 on Friday, 31 July 2015; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority to act on my behalf at the Annual General Meeting.

Number of votes (one vote per ordinary share)		For	Against	Abstain
ORDINARY RESOLUTION NUMBER 1:	Adoption of annual financial statements			
ORDINARY RESOLUTION NUMBER 2:	Appointment of the auditors and designated auditor			
ORDINARY RESOLUTION NUMBER 3:	Re-election of Ms M Chong as a director			
ORDINARY RESOLUTION NUMBER 4:	Re-election of Mr CY Wu as a director			
ORDINARY RESOLUTION NUMBER 5:	Appointment of Audit and Risk Management Committee member and Chairperson Ms M Chong			
ORDINARY RESOLUTION NUMBER 6:	Appointment of Audit and Risk Management Committee member Ms N Lalla			
ORDINARY RESOLUTION NUMBER 7:	Appointment of Audit and Risk Management Committee member Mr Henry KH Pon			
ORDINARY RESOLUTION NUMBER 8:	Approval of Remuneration policy			
SPECIAL RESOLUTION NUMBER 1:	Approval of non-executive directors' fees			
SPECIAL RESOLUTION NUMBER 2:	Approval of loans or other financial assistance to related or inter-related companies			
ORDINARY RESOLUTION NUMBER 9:	Placing unissued shares under the control of the directors			
ORDINARY RESOLUTION NUMBER 10:	General authority to issue shares for cash			
ORDINARY RESOLUTION NUMBER 11:	Directors' and Company Secretary's authority to implement ordinary and special resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote.

Signed at on 2015

Signature:

(Authority of signatory to be attached if applicable – see note 8)

Telephone number:

NOTES TO THE PROXY FORM

Summary of shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act, 2008
Please note that in terms of section 58 of the Companies Act, 2008:

- this proxy form must be dated and signed by the shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in and speak and vote at the Annual General Meeting on your behalf;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- this proxy form must be delivered to the Company, or to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the Annual General Meeting;
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the Annual General Meeting;
- the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- if this proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act, 2008 or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the Annual General Meeting, but only as directed by you on this proxy form; and
- the appointment of your proxy remains valid only until the end of the Annual General Meeting or any adjournment or postponement thereof or for a period of 6 (six) months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

1. Only shareholders listed in the shareholder register as at Friday, 24 July 2015 will be eligible to vote at the Annual General Meeting to which this proxy forms part.

2. The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to act as a proxy to the exclusion of those whose names which follow thereafter.

3. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.

4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.

5. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

6. Proxy forms must be lodged at the Head Office of the Company, 16 Botha Street, Alrode, 1451 or posted to the Company Secretary at PO Box 260362, Excom, 2023, or lodged with or posted to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa).

7. Forms of proxy must be received or lodged by no later than 11:00 on Wednesday, 29 July 2015, being 48 (forty-eight) hours before the time appointed for the Annual General Meeting of the Company to be held at 11:00 on Friday, 31 July 2015.

8. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company Secretary or waived by the Chairperson of the Annual General Meeting if he is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.

9. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but any such alteration or correction will only be validly made if it is accepted by the Chairperson.

10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

GENERAL INFORMATION

COMPANY REGISTRATION NUMBER
2007/002381/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Holding company

DIRECTORS
Henry KH Pon (Chairman)
M Chong
N Lalla
HL Li
EHT Pan
L Stephens
CY Wu
WP Li (Alternate)
CH Pan (Alternate)
DJC Pan (Alternate)
PJM Ferreira
JP Bekker

REGISTERED OFFICE
12 Botha Street
Alrode
1451

Business address
16 Botha Street
Alrode
1451

Postal address
PO Box 123738
Alrode
1451

BANKERS
First National Bank, a division of FirstRand Bank Limited

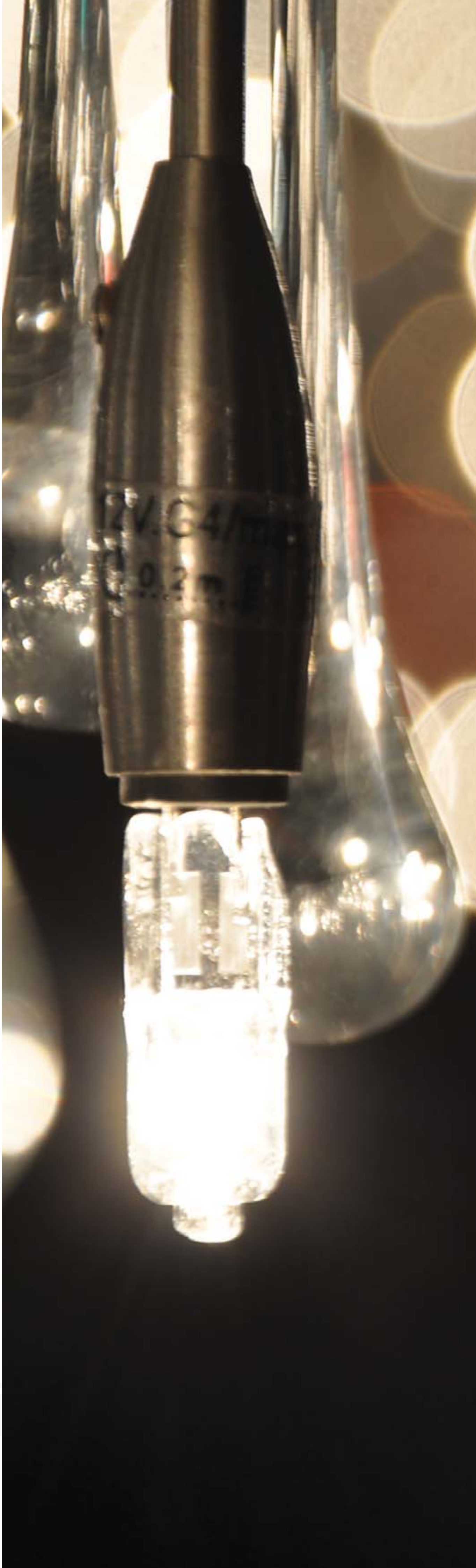
AUDITORS
PricewaterhouseCoopers Inc.

COMPANY SECRETARY
WT Green

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

SHAREHOLDERS' DIARY

2014 FINANCIAL YEAR-END	
Annual General Meeting	31 July 2015
FINANCIAL YEAR-END	
Financial year-end	31 December
REPORTS	
Interim report	August 2015
Final results	March 2016
Publication of annual report	June 2016
DIVIDEND PAYMENT	
Final	April 2016
2015 ANNUAL GENERAL MEETING	
Annual General Meeting	June 2016



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