South Ocean
HOLDINGS

INTEGRATED ANNUAL REPORT

For the year ended 31 December

2015

CONTENTS

OVERVIEW

ABOUT THIS REPORT 1
OUR GROUP, OUR COMPANY STRUCTURE 2
STRATEGIC MILESTONES, OUR FOOTPRINT 3
VALUES, RISKS 4
OUR STRATEGY, ACHIEVEMENTS 5
FEATURES DURING THE YEAR, OUR BUSINESSES 6
OUR PRODUCTS 8
FINANCIAL CAPITAL 10
WEALTH CREATION 12
BOARD OF DIRECTORS 13

COMMENTARY

CHAIRMAN'S REPORT 16
ACTING CHIEF EXECUTIVE OFFICER'S REPORT 18
ELECTRICAL CABLE MANUFACTURING SEGMENT 20
LIGHTING AND ELECTRICAL ACCESSORIES SEGMENT 22

GOVERNANCE

SUSTAINABILITY REPORT 24
SOCIAL AND ETHICS COMMITTEE REPORT 27
RISK REPORT 33
REMUNERATION COMMITTEE REPORT 35
CORPORATE GOVERNANCE 38
KING III – GAP ANALYSIS 49

FINANCIAL STATEMENTS 57

ADMINISTRATION

ANALYSIS OF ORDINARY SHAREHOLDERS 104
ANALYSIS OF DIRECTORS' SHAREHOLDING 105
NOTICE OF ANNUAL GENERAL MEETING 106
FORM OF PROXY ATTACHED
CORPORATE INFORMATION IBC
SHAREHOLDERS' DIARY IBC

ABOUT THIS REPORT

KEY DATA

South Ocean Holdings Limited
(Registration number 2007/002381/06)
Incorporated in the Republic of South Africa
(“**South Ocean Holdings**” or “**the Group**” or “**the Company**”)
Share code: SOH
Listing date: 2007
Sector: Electronic and Electrical Equipment
ISIN: ZAE000092748

South Ocean Holdings Integrated Report for the financial year ended 31 December 2015 covers the activities and performance of the Group, which includes South Ocean Holdings Limited, its subsidiaries and associates. South Ocean Holdings is an investment holding company, comprising four operating subsidiaries:

- South Ocean Electric Wire Company Proprietary Limited, a manufacturer of low voltage electrical cables;.
- Radiant Group Proprietary Limited, an importer and distributor of light fittings, lamps, electrical accessories and audio visual hardware and accessories;
- Anchor Park Investments 48 Proprietary Limited, a property holding company; and
- Icembu Services Proprietary Limited, a light fittings assembly company.

The scope of this report encompasses these businesses, which primarily operate in South Africa, with a small footprint into the rest of Africa. The reporting currency used is South African Rands (ZAR).

South Ocean Holdings strives to present a holistic overview of the value the Group seeks to create for stakeholders, by communicating content that is useful and relevant in an open and balanced manner. The report comprises an honest and measured account of the Group’s approach to sustainability that takes account of all resources employed by the Group in its business activities and all resources and groups on which South Ocean Holdings has an impact on. The report also highlights the risks and material issues faced by the Group in the normal course of its business, as well as its governance, social and environmental responsibilities. It is primarily targeted at current shareholders, existing and potential institutional investors and fund and asset managers.

CORPORATE INFORMATION

South Ocean Holdings Executive Director is Acting CEO and CFO Koos Bekker. Paul Ferreira resigned as CEO effective 31 August 2015. The Company’s Independent Non-Executive Chairman is Henry Pon.

Mr Bekker can be contacted at 12 Botha Street, Alrode, Tel: +27(0) 11 864 1606, email: Koos@southoceanholdings.co.za. South Ocean Holdings welcomes feedback and any suggestions for the Company’s future reports. Please forward any comments to Koos Bekker.

BASIS OF PREPARATION

This report has been prepared in terms of:

- International Financial Reporting Standards (IFRS)
- Companies Act, No 71 of 2008, of South Africa
- JSE Listings Requirements
- King III Report on Corporate Governance
- Consideration of the International Integrated Reporting Council’s Integrated Reporting <IR> Framework

ASSURANCE

The Company’s external auditor, for the year ended 31 December 2015, PricewaterhouseCoopers Inc., has provided assurance on the annual financial statements and expressed an unqualified audit opinion. The financial statements have been prepared under the supervision of Koos Bekker, the CFO of South Ocean Holdings. The content of the integrated report has been reviewed by the Board but has not been externally assured.

The complete set of Company and Consolidated Financial Statements for the year ended 31 December 2015 is available for inspection at 16 Botha Street, Alrode.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements that involve inherent risks and uncertainties and, if one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated. Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. Forward-looking statements apply only as of the date on which they are made, and South Ocean Holdings does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

STATEMENT OF RESPONSIBILITY

The Audit and Risk Management Committee and the Board acknowledge their responsibility to ensure the integrity of this integrated annual report. The annual financial statements included in this integrated report have been audited by the external auditors.

Henry Pon CA (SA)	**Koos Bekker CA (SA)**	**Melanie Chong CA (SA)**
Chairman	*Acting CEO*	*Audit and Risk Management Committee Chairperson*

OUR GROUP

South Ocean Holdings is a veteran South African manufacturer, wholesaler, importer and distributor of lighting and cable products.

We are a preferred supplier in local and African markets supplying wholesalers and distributors who service the building and construction industries. We have four businesses in our Group:

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

Contribution to Group turnover:

SOEW: R1337,6 million

Radiant Group: R319,8 million

Contribution to Group results:

SOEW: R0,2 million (loss)

Radiant Group: R12,4 million (loss)

INVESTMENT CASE

- Credible and experienced management team;
- Key players in the respective industries;
- Strong recognisable brands;
- Large and established customer base;
- Strong established relationships with key suppliers;
- Commitment to be a good corporate citizenship with a solid corporate governance foundation; and
- Strong and enduring relationship with financial institutions.

OUR VISION

South Ocean Holdings strives to position its subsidiaries as market leaders and preferred suppliers in their respective markets based on product quality and customer service, in South Africa and the African continent.

OUR MISSION

- To maximise profitability of our subsidiaries through strategic management to deliver excellent returns to our shareholders;
- To respond to changing market dynamics, extracting cost efficiencies and focusing on growing our main businesses in established and new markets;
- To manufacture, import and supply consistent high standard quality products to the market;
- To provide excellent customer service; and
- To create an environment that develops our employees to attain their true potential.

OUR COMPANY STRUCTURE

SOUTH OCEAN HOLDINGS LIMITED

100% South Ocean Electric Wire Company Proprietary Limited

100% Anchor Park Investments 48 Proprietary Limited

100% Icembu Services Proprietary Limited

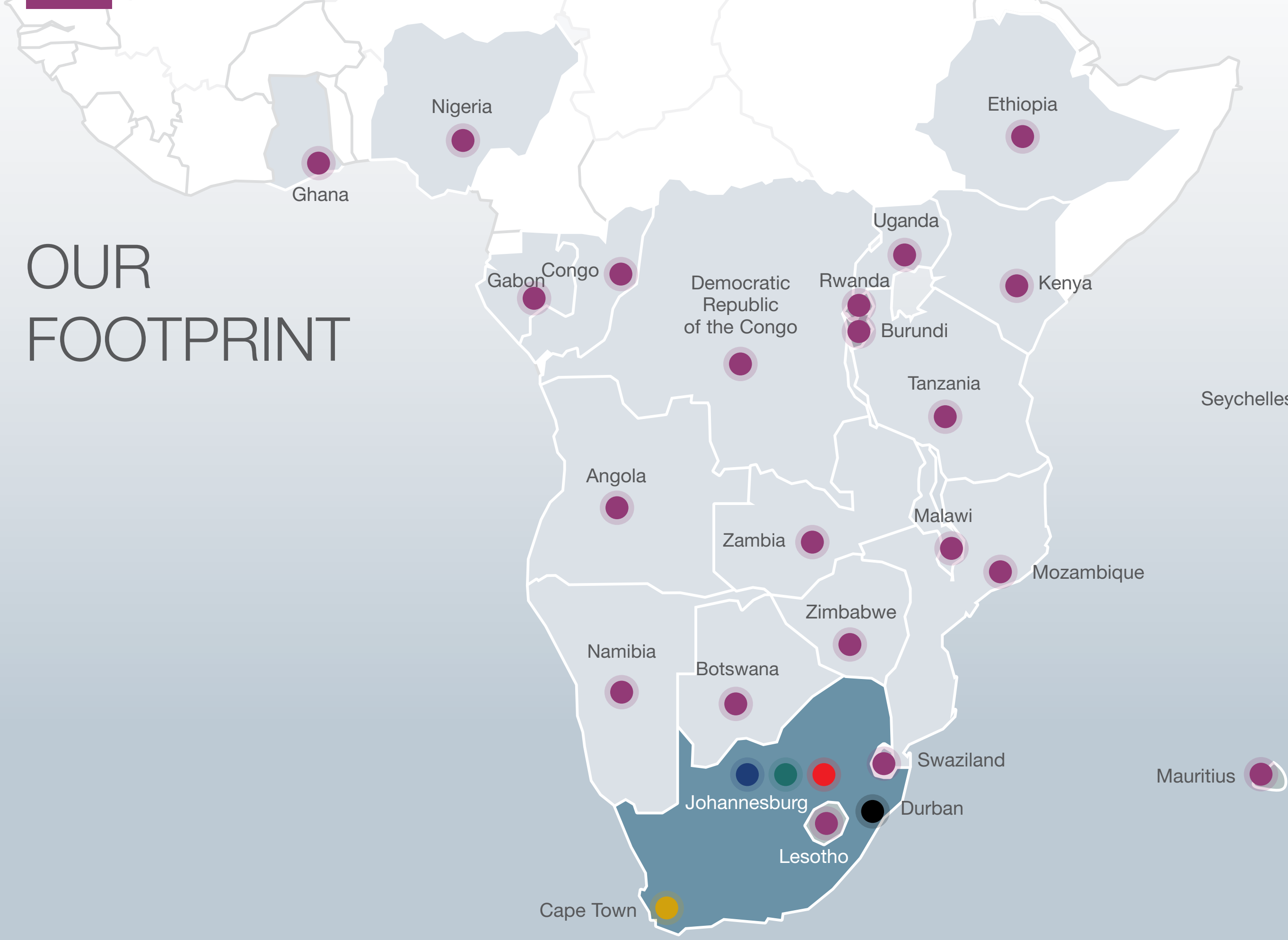
100% Radiant Group Proprietary Limited

What4 Electronics

STRATEGIC MILESTONES

1989	SOEW established in King Williams Town, Eastern Cape
1990	Radiant established
1993	Radiant starts importing light fittings
1994	Hong Tai Electrical Industrial Components Limited (Taiwan) becomes a major shareholder of SOEW
2000	Radiant diversified into the lamp business in a joint venture with Lohuis
2001	SOEW relocated manufacturing plant to Alrode
2005	Radiant diversified into electrical products
2007	South Ocean Holdings listed on the JSE South Ocean Holdings acquired Radiant
2008	SOEW started exporting to Africa
2009	South Ocean Holdings revenue exceeds R1 billion SOEW achieves ISO 9001:2008
2014	Radiant diversifies into audio visual hardware and accessories under the brand name What4 Electronics

OUR 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

VALUES

Our values encompass the pillars of our business sustainability and have remained constant over the past few years. Our customers and employees are vital for our growth and success. Our integrity and ethical and corporate responsibility are the foundation on which we built and operate our business.

CUSTOMER EXCELLENCE

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

OUR 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 and business ethics
- Act with honesty and integrity

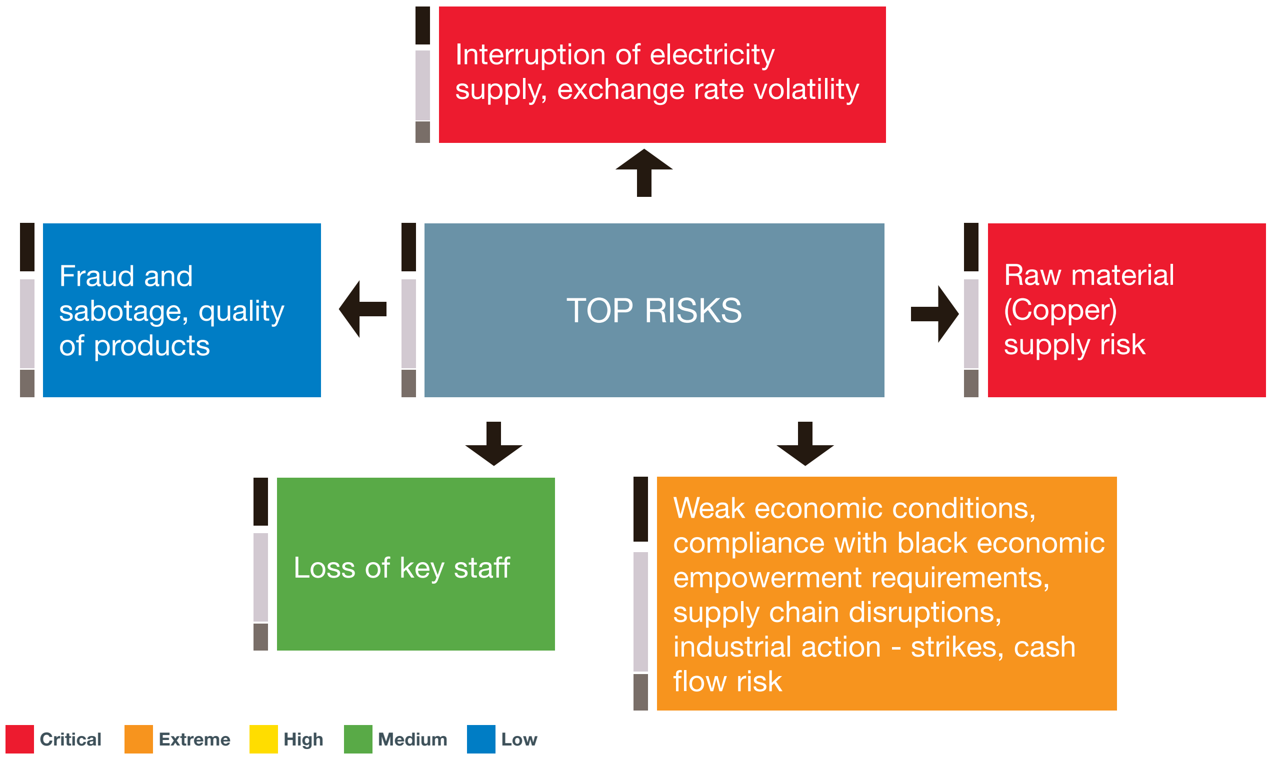
CORPORATE RESPONSIBILITY

- 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

RISKS



OUR STRATEGY

EFFECTIVE STRATEGY TO VALUE CREATION

The three pillars of our strategy are designed to deliver earnings and growth for all our stakeholders. We continually monitor our progress, benchmarking our performance against our key financial and non-financial performance indicators. Underpinning this is a commitment to good corporate governance, a responsible approach to risk management and dedication to taking care of our employees. Overall, South Ocean Holdings aims to make a positive contribution to the environment and communities in which it operates.

South Ocean Holdings has evolved into a competitive, strategically focused, robust Company that, despite market turbulence and external challenges, has emerged a stronger and more resilient operator.

Our top three strategic imperatives

Ensuring sustainable returns for our stakeholders

South Ocean Holdings is focused on business management at high efficiency levels to generate sustainable returns over the long term, ensuring 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.

Gaining recognition in its chosen areas of operation by increasing market share through organic growth and where possible will look for opportunities for growth through acquisitions.

Develop a globally competitive business

In its quest to compete on the African continent, businesses have been streamlined to ensure we are competitive within our target markets. The Group continuously strives to find ways to ensure its competitive advantage is maintained at all times.

ACHIEVEMENTS

- BEE level improved from a level 6 to a level 3; and
- Continued contribution to Socio-Economic Development and enterprise development despite poor financial performance.

OUR PEOPLE

- 706 permanent employees
- Black males – 74%
- Black females – 14%
- Black senior male managers – 25% of management
- Black female senior managers – 19% of management

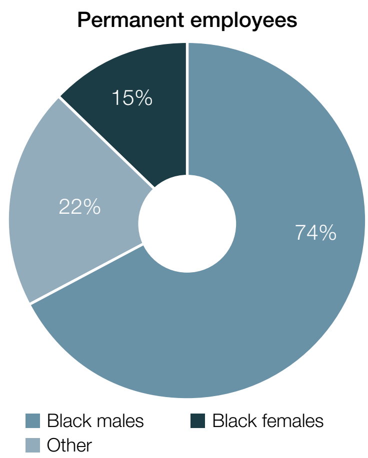
Learnerships:

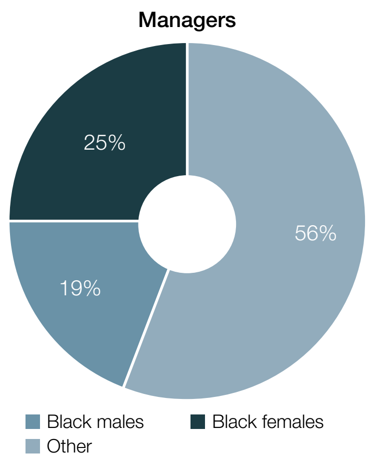
Total learnerships: 32 black employees and 12 unemployed black disabled people

Total cost of learnerships – R3 million over 2 years

Training spend:

Total spend on other training and development for the year – R1.5 million





FEATURES DURING THE YEAR

OUR OPERATING CONTEXT

The macro economic backdrop:

- Sluggish economic growth;
- Weak commodity prices;
- Weakening Rand; and
- South African electricity supply risk.

Features that influence our business:

- Volatility in the Rand Copper Price;
- Increasing cost of raw materials;
- Depressed manufacturing, wholesale and retail, and mining sectors;
- Tightening of disposable income;
- Increased costs of imported products driven by fall in exchange rate; and
- Interruptions in electricity supply.

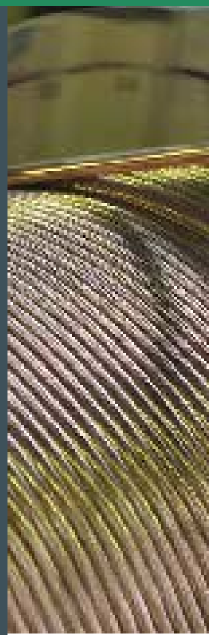
RIDING OUT OUR TOUGHEST YEAR

Group revenue R1.657 billion down 3.4%

Gross profit R158.1 million down 39.7%

Operating profit R0.4 million down 99.5%

OUR BUSINESSES



SOUTH OCEAN ELECTRIC WIRE COMPANY PROPRIETARY LIMITED

SOEW

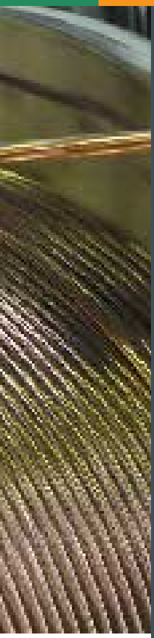
Manufacturer and distributor of a full range of low voltage electrical cables from typical household wiring to industrial steel wire armoured cables.

SOEW manufactures general purpose insulated wire, 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. Products are manufactured at the plant in Alrode, Gauteng. The Company's manufacturing facilities include quality control facilities and a recently upgraded testing laboratory. A fleet of trucks and delivery vehicles distributes to clients, which are electrical wholesalers and distributors who supply the building, construction, mining and retail industries. SOEW employs 426 people, including electrical, engineering, administration, marketing and semi-skilled personnel.

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

Key features

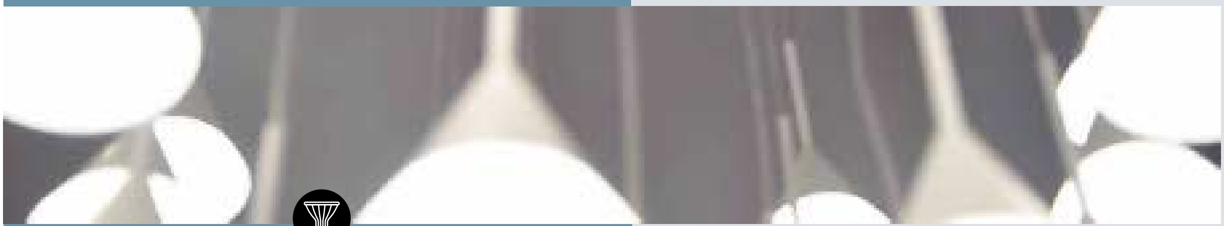
- 100% local manufacturer
- ISO 9001:2008 compliant
- SABS approved products
- 24 hour maintenance on site
- Comply with highest quality standards
- Products conform to SANS 1507, SANS 1574, SANS 157
- Excellent customer service
- Competitive pricing
- 50% of our workforce have been employed for 10 or more years
- Adhere to highest health and safety standards
- Promoting local skills development
- Manufacturing practices that minimise potential harmful environmental impact



ANCHOR PARK INVESTMENTS 48 PROPRIETARY LIMITED (ANCHOR PARK)

ANCHOR PARK

Anchor Park holds the property assets of the Group. The three properties in Alrode accommodate SOEW's plant and manufacturing operations, as well as South Ocean Holdings head office. The properties located in Wynberg house Radiant's warehouses, showrooms and offices as well as Icembu's light fitting assembly point.



RADIANT GROUP PROPRIETARY LIMITED

RADIANT

Importer and distributor of light fittings, lamps, electrical accessories and audio-visual equipment.

Radiant is a major supplier of light fittings and lamps and has a growing share in electrical accessories. The majority of Radiant's products are imported and distributed in Southern Africa. Customers are in the construction, new infrastructure development and housing, residential, industrial and commercial sectors. Radiant services electrical wholesalers, mass retailers, specialised lighting shops and lighting consultants.

Radiant has offices, warehouses and showrooms located in Johannesburg, Durban and Cape Town and imports and distributes to customers in South Africa and 17 African countries. Radiant employs 275 people across three product divisions: light fittings; lamps/light bulbs and electrical products; and an electronics accessories division trading under the brand name "What 4 Electronics".

Key features

- SABS approved products
- ISO 9001:2008 compliant
- Major supplier of lighting and electrical products in South Africa
- Considerable brand equity in the African market
- Reputation for high quality, competitively priced products
- Extensive range – 10 000 light fittings, 700 lamps and +500 electrical products
- Constantly expanding range of innovative and aspirational products
- Promoter of energy efficient lighting products

ICEMBU SERVICES PROPRIETARY LIMITED

ICEMBU

Icembu's main function is to assemble light fittings and electrical products as per customer requirements, using mainly imported components. Icembu repairs light fittings for Radiant Group. The company employed five permanent people as at the financial year-end.

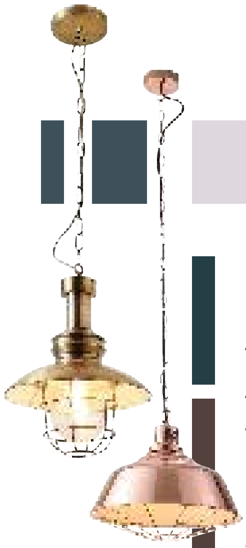
OUR PRODUCTS

THROUGH THE SUBSIDIARY SOEW, WE MANUFACTURE A 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.

ELECTRICAL CABLES

Our 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 THE SUBSIDIARY, RADIANT, WE CREATE LIGHTING AND ELECTRICAL SOLUTIONS WHICH ARE BEAUTIFUL BY DESIGN AND INSPIRED BY THE ENVIRONMENT.

South Ocean Holdings role in environmentally friendly lighting and electrical solutions

Conservation of the environment is an integral part of the Company's value system. Radiant is committed to a brighter future by creating lighting and electrical solutions that are beautifully designed and inspired by the environment. Radiant aggressively promotes energy efficient products to customers and their clients, who are encouraged to buy environmentally friendly products such as LED, compact fluorescent and low voltage lighting, which provides greater product longevity and saves money. Radiant continues to develop more eco-solutions daily. Our packaging highlights our commitment to the environment by providing energy saving tips.

Our product range includes:

LIGHTING SOLUTIONS

Over 10 000 fittings which include:

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

ELECTRICAL SOLUTIONS

Over 1 000 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

LAMPS

Over 700 different products which include:

- Fluorescent tubes
- Incandescent
- Halogen lamps
- High intensity discharge (HID)
- Infrared
- CFL
- LEDs
- Miniatures
- Energy saving
- Sealed beam lamps

ELECTRONICS

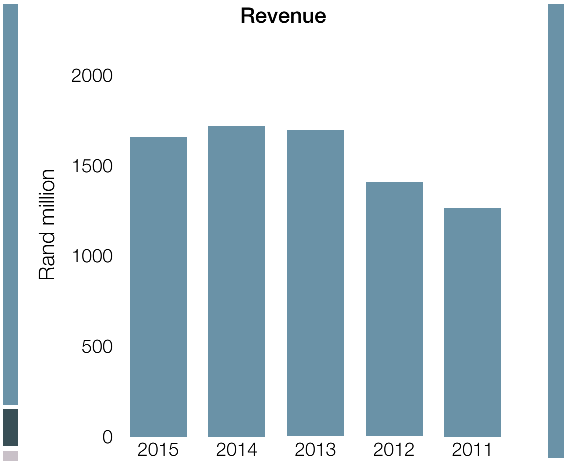
Over 1 000 different products which include:

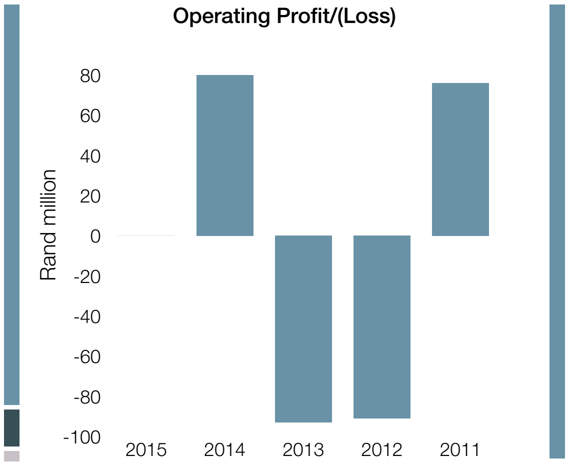
- Home appliances
- Electronics
- Gadgets
- Headphones
- Computers
- Home media

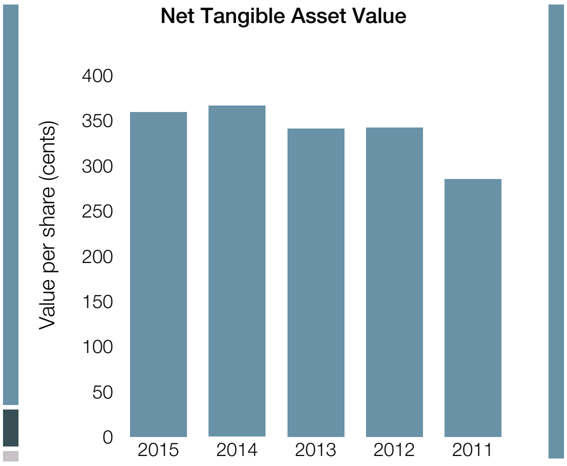
FINANCIAL CAPITAL

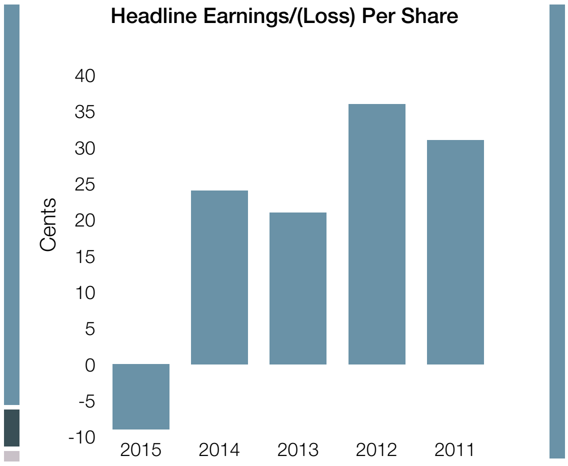
FIVE-YEAR REVIEW

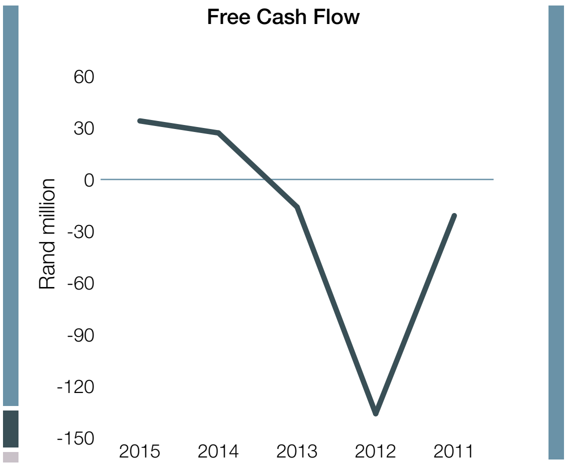
GROUP PERFORMANCE AND SEGMENTAL ANALYSIS

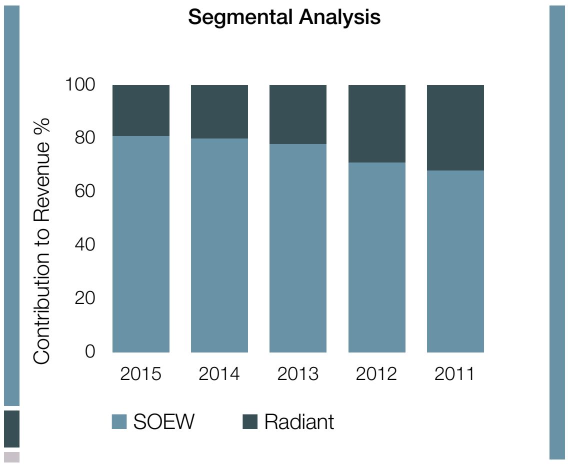




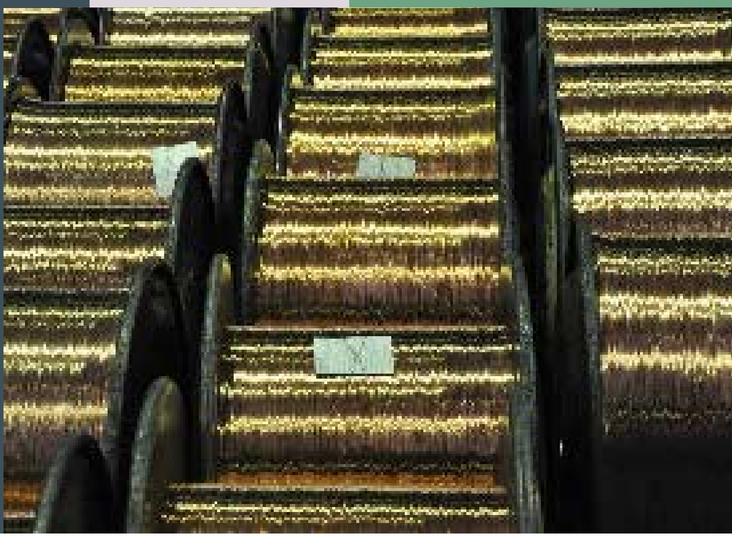








FIVE-YEAR REVIEW	2015	2014	2013	2012	2011
GROUP STATEMENT OF COMPREHENSIVE INCOME					
Net revenue (Rm)	**1 657.4**	1 715.2	1 690.9	1 406.3	1 261.0
Operating profit (loss) (Rm)	**0.4**	79.6	(92.7)	(91.1)	75.7
Net profit (loss) after taxations (Rm)	**(13.9)**	37.5	(121.4)	(118.3)	45.8
GROUP STATEMENT OF FINANCIAL POSITION					
Shareholders' equity (Rm)	**569.7**	582.2	544.2	664.9	783.0
Non-current liabilities (Rm)	**101.1**	120.5	77.4	81.8	105.7
Other current liabilities (excl. overdraft) (Rm)	**142.4**	155.9	160.0	124.2	179.2
Total liabilities (Rm)	**243.5**	276.4	237.4	206.0	284.9
Non-current assets (Rm)	**331.4**	330.1	294.5	479.1	643.2
Net cash and cash equivalents (Rm)	**(74.7)**	(109.7)	(137.4)	(122.1)	13.8
Other current assets (Rm)	**556.5**	638.2	624.5	513.9	410.9
Total assets (Rm)	**813.2**	858.6	781.6	870.9	1 067.9
SHAREHOLDER RETURNS					
Earnings (loss) per share (cents)	**(8.9)**	24.0	(77.7)	(75.6)	29.3
Headline earnings (loss) per share (cents)	**(9.1)**	24.0	21.0	36.3	30.6
Dividend per share (cents)	**–**	–	–	–	–
Net tangible asset value per share (cents)	**358.7**	365.9	341.3	342.2	285.1
Total operating profit margin	**(99.5%)**	4.6%	(5.5%)	(6.5%)	6.0%
Cash generated (utilised) for the year	**33.5**	27.4	(16.0)	(136.2)	(21.3)
Number of shares in issue (millions)	**156.4**	156.4	156.4	156.4	156.4

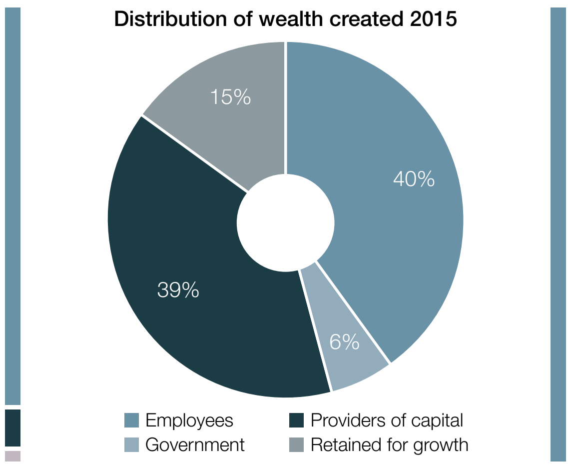


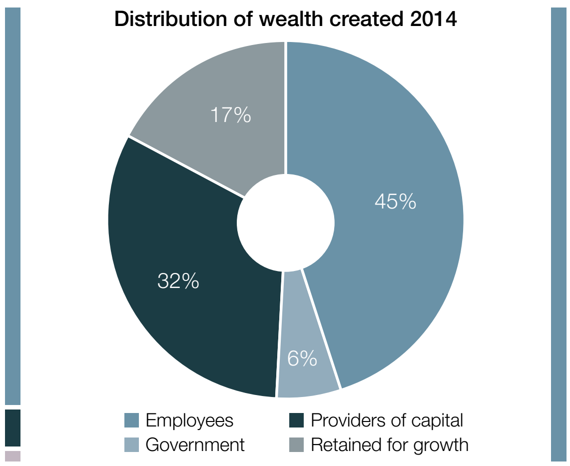
WEALTH CREATION

MAKING A POSITIVE CONTRIBUTION TO SOCIETY

South Ocean Holdings' financial contribution to society is summarised in the following Group Value Added Statement. Despite challenging market and trading conditions over the years, the Group has managed to maintain its value creation ability with the value added per employee being reported at R333 000 (2014: R394 000). The total value created during the year, however, decreased by 22.5% to R240.8 million (2014: R310.9 million). During the past five years, South Ocean Holdings' value add can be summarised as follows:

VALUE ADDED STATEMENT	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Revenue	**1 657 358**	1 951 630	1 912 711	1 573 270	1 414 821
Paid to Suppliers and providers of services	**(1 419 940)**	(1 644 157)	(1 620 136)	(1 250 392)	(1 147 768)
Value Added	**237 418**	307 473	292 575	322 878	267 053
Income from investment	**3 396**	3 449	3 950	3 950	2 670
Total value created	**240 814**	310 922	296 525	326 828	269 723
Distributed as follows:					
Employees	**133 884**	134 189	108 208	109 963	91 051
Providers of capital	**20 397**	22 036	18 885	14 788	10 976
Government taxes	**85 765**	98 853	120 934	124 983	93 635
Retained for growth	**768**	55 844	48 498	77 094	74 061
Depreciation, amortisation and impairment	**19 686**	18 355	168 919	195 635	22 642
Deferred taxation	**(4 999)**	(423)	203	(417)	5 276
Retained profit/loss	**(13 919)**	37 912	(120 624)	(118 124)	46 143
Total value distributed	**240 814**	310 922	296 525	326 828	269 723
Value added statements ratio analysis					
Number of employees	**713**	781	742	813	711
Revenue per employee (R'000)	**2 324**	2 499	2 578	1 935	1 990
Value added per employee (R'000)	**333**	394	394	397	376
Average salary per employee (R'000)	**188**	172	146	135	128





BOARD OF DIRECTORS

EXECUTIVE

Jacobus Petrus (Koos) Bekker (59)
BCom, BCom (Hons), CA (SA)

Chief Executive Officer (Acting)/Chief Financial Officer

Appointed: 2007 Chief Financial Officer; Acting Chief Executive Officer effective 1 September 2015.

Board committee: Social and Ethics

Koos joined the Group in 2001 as Administration and Financial Operational Manager of SOEW. He was appointed CFO for the Group in February 2007. He also took over the position as CEO of Radiant in 2009, a position he served in for a year. Prior to joining South Ocean Holdings he worked at auditing firms and as a stockbroker. He entered the accounting profession in 1978 and was appointed an audit partner in 1986. He worked as an audit partner with a medium-sized firm and also one of the big five firms during his career as an auditor. He left the auditing profession in 1997 and opened a stockbroking firm in the Eastern Cape. He qualified as a stockbroker in 1999. Koos is a member of the South African Institute of Chartered Accountants and was a member of the South African Institute of Stockbrokers until 2001.

INDEPENDENT NON-EXECUTIVE

Kwok Huen (Henry) Pon (79)
BCom (Rand), CA (SA)

Independent Non-Executive Chairman

Appointed: November 2007; Appointed Chairman effective 1 April 2014.

Board committees: Audit and Risk Management; Remuneration; Nomination (Chairman)

Henry has been in public practice as a Chartered Accountant since 1962 and is still active in the accounting and auditing fields. 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. The Board has assessed Henry's independence and concluded that it was not affected nor impaired by this length of service.

Melanie Chong (39)
BCom, BCom (Hons), CA (SA)

Independent Non-Executive Director

Appointed: April 2010.

Board committees: Audit and Risk Management (Chairperson); Social and Ethics (Chairperson); Nomination; Remuneration (Chairperson)

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 and luxury accessories. She was the vice-president of the Business Women's Association of South Africa.

BOARD OF DIRECTORS continued

Natasha Lalla (41)
BCom, BCom (Hons), CA (SA)

Independent Non-Executive Director

Appointed: June 2014.

Board committee: Audit and Risk Management

Natasha is a member of the South African Institute 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 1998. 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 Head of Audit in the internal audit division specialising in corporate 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 (39)
BBusSc (Finance), BCom (Hons) (Accounting), CA (SA)

Independent Non-Executive Director

Appointed: June 2014.

Board committee: None

Louisa is an entrepreneur, independent financial trader and enterprise development specialist. Louisa has been involved 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 African Bank Holdings Limited. Louisa is a member of the South African Institute of Chartered Accountants and the Institute of Directors.

Jen-Hao (Kevin) Yeh (42)
BSc (Actuarial Science), University of Witwatersrand, Diploma in Actuarial Techniques, Certificate in Finance and Investments (Institute of Actuaries, UK), Post-graduate Diploma in Financial Planning, University of the Free State

Independent Non-Executive Director

Appointed: February 2016.

Board committee: None

Kevin is the owner and Financial Advisor of Daberistic Financial Services. He was previously employed as a Life Reinsurance Manager at Munich Reinsurance Company of Africa (Pty) Ltd from 1999 to 2005, and was an Actuarial Consultant at NMG Consultants & Actuaries from 1996 to 1999. He has been the Chairman of the Johannesburg Taiwanese Chamber of Commerce since 2014.

NON-EXECUTIVE

Hung-Lung (Eric) Li (64)
MSc, Industrial & System Engineering (San Jose State University, USA)

Non-Executive Director; Deputy Vice-Chairman

Appointed: March 2008 (alternate Director to Choice Pan); August 2009 (Non-executive Director); Appointed Deputy Vice-Chairman with effect 18 February 2016.

Board committee: Remuneration

Eric is the Chief Information Officer at Hong Tai Electric Industrial Co. Ltd. (Hong Tai) in Taiwan. He 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 then 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 held positions of General Manager at VLI Communications, Vice President at Everlasting Software Company and Software Engineering Director at Sun Microsystems.

Chi-Yung (Joe) Wu (51)
BSc Business Administration (Montana, USA)

Non-Executive Director

Appointed: January 2007.

Board committee: Nomination

Joe is the Assistant President of the Development Division of Hong Tai Electric Industrial Co. Ltd. (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.

ALTERNATE NON-EXECUTIVE DIRECTORS

Wen-Ping (Benjamin) Li (59)
BSc Electrical Engineering (NCKU, Taiwan)

Alternate Non-Executive Director

Appointed: March 2014, alternate to Joe Wu.

Benjamin is the Vice President of SA Division of Hong Tai Electric Industrial Co., Ltd. (Hong Tai) since 2015. His experience covers the field of R&D, quality control, manufacturing, marketing and sales relating to the Power Cable Division. He joined Hong Tai in 1991 as the Chief of Technical Department of the Power Cable Division.

Daphne JC Pan (32)
BS Hotel and Tourism Management (USA), Certificate in Finance (USA) (Brazilian)

Alternate Non-Executive Director

Appointed: 29 August 2014, alternate to Mr Edward Pan, who resigned on 18 February 2016. Daphne was then appointed as the alternate Director to Mr Hung-Lung (Eric) Li on the 18 February 2016.

She started her career in sales at an international hotel chain in Taiwan in 2005. After completing further studies in finance in 2009, Daphne joined a real estate firm in New York City, project managing the development of various real estate assets, including a hotel and other 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.

CHAIRMAN'S REPORT

South Ocean Holdings Limited experienced a very disappointing year, resulting in a decrease of revenue and a decline in profits, due to various factors impacting the industry.

The economic outlook of South Africa continues to be impacted by a weakening and volatile currency, rising inflation, instability in the labour market, high levels of unemployment, low commodity prices and power disruptions, with the outlook for domestic economic growth deteriorating, I believe the Group can turn-around and show improvements year on year going forward.

One of the fundamental weaknesses of Radiant is regaining market share and reputation after the logistic problems experienced in the previous year. Efforts to regain market share and secure new customers in a highly competitive market is an extremely difficult task and would require time to recover at the cost of lower margins and extra effort. Management is in control of the situation.

The Board is committed to upholding good Corporate Governance as well as Statutory compliance which policies and procedures are being regularly reviewed. We are also conscious of shareholders' interest in the company and shall do everything possible to enhance shareholders value.

The Group believes in education of the nation and developing employees, as well as disadvantaged people who are not employed. During the current year, the Group funded forty-four learnerships whose salaries cost R1.8 million. Twelve of these learnerships were attended by unemployed disabled people, who received a monthly stipend during their learnership and will be eligible for employment after completion of their learnership programmes costing R1.2 million. In addition an excess of three-hundred employees attended workshops, seminars and prepared for their diplomas and degrees, costing the company a further R860 000.

THE ECONOMY

Apart from logistic problems at Radiant as mentioned above, the disappointing financial results of the current year can be contributed to a number of other reasons.

The Rand was extremely volatile relative to the USD (United States Dollar) during the 2015 year. A 32.8% decrease in the value of the currency was noted with movement from January 2015 of R11.60 to R15.40 in December 2015. The year's low was recorded at R17.995 being the lowest the currency has ever depreciated and the biggest overnight drop in seven years.

The currency was affected by a wide range of factors during 2015, including inflation, interest rates, economic growth, political factors and the South African Reserve Bank's (SARB) monetary policy. South Africa's main trade sources are commodities. The weakened commodity prices and the Chinese economic slow-down during 2015 impacted on the Rand as China is South Africa's biggest trade partner. The US Federal Reserve normalising US interest rates and strengthening the value of the dollar also impacted on the emerging market currencies.

The stability of the Rand is vitally important to the Group. Imports constitute a significant portion of cost of sales. Radiant relies heavily on importing of inventory. SOEW also imports a significant portion of copper when local suppliers cannot meet production requirements. The increased cost of inventory caused by volatility of the exchange rate, is not always possible to be passed on to customers, in the highly competitive trading market.

The copper price deteriorated by 8.4%, during 2015. Lower copper price and the lack of demand resulted in the decrease in revenue. Availability of copper rod is limited to one supplier within South Africa. When copper rod is not available from the local supplier, it is imported. The Company is therefore required to maintain a higher level of stock holding.

Due to the decrease in demand during the period August and September, SOEW implemented short-time, to decrease production levels. The decrease in production impacted revenue and profitability negatively.

Economic growth of South Africa has reached its lowest levels in seven years, at 1.3%. The Group relies heavily on the construction industry, which is the most affected industry due to the adverse economic conditions. The Consumer Price Index or the inflation rate at December 2015 was at 5.2%. The GDP was 0.6% during the fourth quarter of 2015. This is well below the long-term average of +5 indicating that a strong growth in consumer spending is not supported and is unlikely.

Together with increases in interest rates, electricity and fuel prices, further pressure is placed on consumers, leading to decreases in disposable income and lower demand for our products.

During the 2015 year-end, the Group contributed eighty-six million Rand in direct and indirect taxes towards the national fiscus. The Group is also a major job creator employing an average of seven hundred and thirteen people during the year.

During the year, the Group supplied lighting stock to the value of three hundred and thirty-thousand Rand to customers from previously disadvantaged backgrounds at no cost, as part of our community outreach initiatives.

Transformation of the Group was one of the pivotal points during the year, and the Group has currently attained a level 3 in the Black Economic Empowerment scorecard. In preparation for the implementation of the new Broad-Based Black Economic Empowerment codes, which became effective in May 2015, management continues to work across the scorecard to consistently improve the Group's B-BBEE rating.

The health, safety and well-being of its employees are one of the Group's priorities. A safe environment to work in is continuously emphasised, with stringent controls implemented by the Controller of Safety, Health, Environmental and Quality (SHEQ). During the current year, thirty-one minor incidents and one major incident was reported across the Group. Investigations were undertaken in each case and corrective actions were taken, showing the seriousness with which management views workplace safety.

SIGNIFICANT EVENTS

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 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.

LOOKING FORWARD

Electricity and water supply constraints as well as industrial strike actions will affect growth by interrupting production and discouraging investment. Furthermore, the instability and continuing depression of the Rand and low commodity prices will also weigh down on growth. Gross domestic product is forecasted to be a meagre 0.6%, while consumer price inflation is expected to breach the 6% upper limit. The South African economic outlook for 2016 is bleak and market conditions remain challenging.

DIRECTOR CHANGES

Mr PJM Ferreira resigned as Chief Executive Officer and was replaced by Mr JP Bekker, in an acting capacity, on 31 August 2015. I would like to thank Paul for his devotion and service to the Group. A Chief Financial Officer will be appointed in due course and Koos will then be appointed CEO of this Group.

Mr JP Bekker has been with the Group for over 15 years and holds a wealth of experience in the businesses conducted by the Group. He is extremely competent and would be more than capable of managing the affairs of the company.

The Group has also appointed a new Managing Director at South Ocean Electric Wire Company Proprietary Limited, Dean Johnson. Farhad Ally is the Managing Director of Radiant Group Proprietary Limited. Both Dean and Farhad have been with the Group for an extended period. They are very competent in their respective industries and I expect to see their value being shown through a turnaround of business in the coming year. We have loyal and well-motivated staff in the Group and have no doubt that they will do everything in their power to weather the challenges under adverse economic conditions with success in the year to come.

Mr EHT Pan resigned as deputy vice-chairman on 18 February 2016 and was replaced as deputy vice-chairman by Mr HL Li. Mr CH Pan resigned as an alternate director to Mr HL Li on 18 February 2016, and was replaced by Ms DJC Pan.

Mr JH Yeh was appointed as an independent non-executive director on 18 February 2016.

DIVIDEND

As the Group has incurred a loss, no dividend was 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 Pon CA (SA)
Chairman

ACTING CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present my report as Acting CEO of South Ocean Holdings at the end of what has been a tough year. I was appointed acting CEO with effect 1 September 2015, while also remaining as Chief Financial Officer ("CFO"). I am delighted to take over the reigns of the Group, which I believe has tremendous potential for growth and success. However, FY2015 brought challenges on every front and this is reflected in our very disappointing performance.

In our last integrated report we indicated that economic conditions in South Africa would remain difficult, and this has proved to be true. The decline of the South African economy and a pending recession are impacting on all market sectors. The Group's direct trade sectors – manufacturing sector, the wholesale and retail sectors, and mining sector have decreased by 6.3%, 0.4% and 6.8% respectively. The volatility of the Rand, which reached some of its lowest levels in recent years, added to our woes, driving up the cost of imports.

The year started off with the disruption of electricity supply to our Electrical Cable Manufacturing segment's production plant as a result of issues at the substation. This reduced capacity and ultimately sales in the April and May period. There was a marked decline in commodity prices, in particularly copper, which weakened by more than 8.4% during the year. The volatility in the Rand Copper Price (RCP) reduced product demand, which led to short-time being introduced at the plant during August and September. Stability in the RCP benefits the business as a volatile price leads to customers, leading to a knock-on effect on margins.

General economic issues, including electricity price increases, fuel price increases as well as interest rate increases, have all decreased consumer spending, which together with a decline in the construction industry's growth rate resulted in the decline of sales within the Lighting and Electrical Accessories segment.

Although this has been an extremely testing year, I am confident with the correct strategic approach, as well as the enthusiasm and commitment to execute it, the Group has the potential to stage a turnaround financially during 2016, in spite of what will continue to be adverse conditions in the South African economy. We have a foundation of dedicated staff and strong management teams, and an innovative and diverse product range.

FINANCIAL AND SEGMENTAL REVIEW

Group revenue for the year decreased by 3.4% to R1.657 billion, compared to a 1.4% increase in the FY2014 (2014: R1.715 billion). Gross profit was down 39.7%, to R158.1 million, compared to R262.2 million in FY2014, which represented a 21.9%, increase. Operating profit decreased by 99.5% (2014: 185.9%, increase) to a profit of R0.4 million (2014: R79.6 million) compared to the prior year.

Group profit before tax decreased by 132.2% (2014: 152.8%, increase) to a loss of R18.9 million (2014: R58.7 million, profit) compared to FY2014. Basic earnings per share decreased by 137.1% (2014: 130.9%, increase) to a loss of 8.9 cents (2014: 24.0 cents, earnings) compared to the prior year with the headline earnings per share decreasing by 137.9% (2014: 14.3%, increase) to 9.1 cents loss (2014: 24.0 cents, earning) compared to FY2014.

During the year a total of R16.7 million (2014: R49.9 million) was invested in capital growth. The majority of capital investments related to upgrades to machinery and infrastructure investments. These were financed mainly through long-term borrowings.

One positive factor of the year was the excellent management of cash flow. Working capital management improved significantly, with both inventory and receivables decreasing. This led to a decrease of the net bank overdraft from R109.7 million at the beginning of the year, to an overdraft balance of R74.7 million at year-end.

The Electrical Cable Manufacturing segment saw revenue decrease by 3.4%, compared to an increase of 4.0% the previous year. The segment faced a particularly difficult year as the drop in commodity prices during the second half of the year eradicated demand and resulted in a drop in sales. Volumes were also low in the first half of the year due to the power supply problems. During the second half of the year the Company implemented short-time due to subdued market conditions and in order to reduce stock levels.

The Lighting and Electrical Accessories segment saw revenue decrease by 2.8% compared to a decrease of 10.1% the previous year. The segment worked tirelessly to regain lost market share and to secure new business in what is a highly competitive market. The increase in the Rand/Dollar rate also had a material negative impact on the results for this segment.

GROWTH AND STRATEGY

We will continue to focus on our target areas where the Group has the skills, competence and knowledge to leverage a competitive advantage. Stringent cost management and an effort to improve working capital position will continue. We will also remain highly focused on leveraging operational efficiencies and capitalising on existing marketing opportunities to improve profitability.

Revenue and margins will continue to be affected by tough market conditions.

SUSTAINABILITY AND INTEGRATED REPORTING REVIEW

We continue to report on non-financial information such as corporate citizenship, transformation, sustainable development and regulatory imperatives, which are material to stakeholders. As a Group we understand that it is vital to incorporate social, environmental and economical factors into our decision-making process.

The Social and Ethics Committee handles the transformation, social and environmental factors of the Group. We are proud to announce improved Black Economic Empowerment levels.

Listed on pages 35 to 45 is the Group's policy on corporate governance and adherence to King III principles and where deviations have occurred.

PROSPECTS

The market conditions will remain challenging during the 2016 financial year, however, we are implementing action plans to improve the results compared to the 2015 financial year. The volatility of the Rand is expected to continue in 2016. In addition the increase in interest rates is affecting the building industry, which will impact on our segmental sectors.

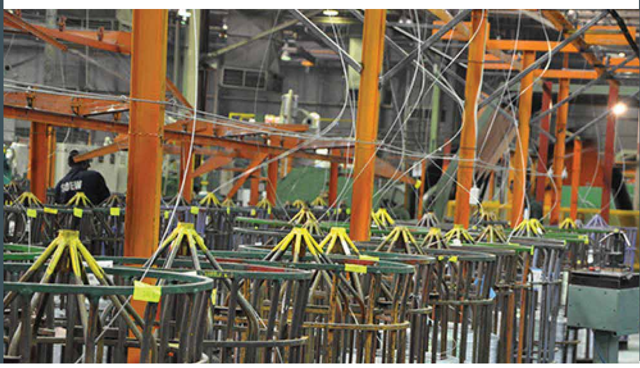
The World Bank has forecasted lower growth, and although it does not forecast a recession for the South African economy, lower levels of growth would lead to further declines in per capita income. The South African Reserve Bank is forecasting a high inflation rate, averaging 6%, and disposable income is expected to decline. The electricity and water supply constraints will slow growth by interrupting production and discouraging investment. The weakened commodity markets will continue to affect the Rand Copper Price, and thereby affecting revenue in the Electrical Cable Manufacturing segment.

Against this subdued macro-economic background, the Group concentrates to capitalise on market opportunities and increasing market share. Cost control and improving working capital will continue to be a focal point, leveraging on operational efficiencies.

APPRECIATION

In conclusion, I would like to thank the employees who remained loyal to the Group in these tough and trying times. I would also like to express my heartfelt appreciation to our valued shareholders, partners, suppliers and customers for your support of South Ocean Holdings this year. Your partnership has enabled us to take significant steps towards the Group's future growth.

Koos Bekker CA (SA)
Chief Executive Officer (acting)



ELECTRICAL CABLE MANUFACTURING SEGMENT

HIGHLIGHTS DURING 2015

- Remained competitive despite the tough market conditions

CHALLENGES DURING 2015

- Interruptions of electricity supply
- Fluctuating commodity prices
- Weak sales demand
- Short-time implemented

Revenue

R1342.3 million

EBITDA

R14.8 million

MANAGEMENT

Dean Johnson (49)
Managing Director

Dean was appointed as Executive Director and Managing Director of SOEW with effect from 1 September 2015. He joined SOEW in May 2009 as Financial Manager and was appointed Divisional Director of Finance in March 2010. After qualifying as a Chartered Accountant, Dean was appointed as Financial Manager for a manufacturing business in 1993 and was later appointed as Financial Director 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.

Yasmin Mohamed (49)
Executive Director: Sales

Yasmin was appointed Executive Director of SOEW in March 2010. She joined SOEW in October 2002 as a sales consultant. She was appointed Sales Manager in 2007. Yasmin had 13 years' experience in the cable industry prior to joining SOEW. She started her working career in 1987 at a large cable manufacturer in South Africa.

Johan Prinsloo (42)
Divisional Director: Factory Operations

Johan was appointed Divisional Director of Factory Operations at SOEW in 2010. He joined SOEW in 1999 as an electrician and advanced to Technical Manager in 2006 and Production Manager in 2009. He is a qualified millwright by trade with 13 years cable and technical experience.

OPERATIONS AND PERFORMANCE

The Electrical Cable – Manufacturing Segment faced challenges from all quarters in what was a very tough year for the business. Market conditions were subdued and margins were under pressure due to the competitive market.

Production levels were negatively affected by electricity supply problems in April and May 2015. The local Council's transformers supplying electricity to the factory were faulty, which led to a limited supply of electricity during the day and no supply at night. The volumes of electricity used at the production plants rule out the use of generators as an alternative power supply. To mitigate the risk going forward SOEW has diversified the supply source by arranging for each production plant to be supplied with power from different sub-stations.

An 8.4% decrease in the moving average Copper Price during the year had a significant negative impact on the segment's performance. Demand of copper wire is directly linked to the Rand Copper Price (RCP). Over the year the RCP fell to R68 050 at year-end, resulting in a decrease in the demand of copper wire products. As a result SOEW reluctantly implemented short-time for the month of August and September. In October production returned to seven days a week. SOEW used this month of short-time as effectively as possible, conducting all routine and preventative maintenance at the plants.

SOEW continually drives improvement in efficiencies while manufacturing products of the highest quality. All products within the segment comply with the SABS standards and the ISO 9001:2008 quality management standards. The Company's competitive advantage remains its excellent customer service. Management drive a service-minded culture. An in-house maintenance team comprising mechanics, electricians, engineers and millwrights ensures its production facility remains operational 24 hours a day, seven days a week.

SOEW focuses on the environmental impact of its production runs. Measuring the environmental impact has proved difficult, but an independent specialist team will be appointed in 2016 to measure the carbon-footprint of production and transportation.

Recycling is encouraged and recycling bins are available at the various plants. The segment uses specialists to dispose of bio-hazardous materials such as oil and lubricants.

Safety is a business imperative and the well-being of our employees is key to a successful and happy work environment. The SHEQ team performed well to ensure that injuries were kept to a minimum. Twenty-two minor injuries were recorded during the current year.

PEOPLE

During the year, Group CEO Paul Ferreira who was also CEO of SOEW resigned. Dean Johnson took over the management of SOEW when he was appointed as Managing Director. Dean has been with the Group for seven years and has extensive experience in cable manufacturing.

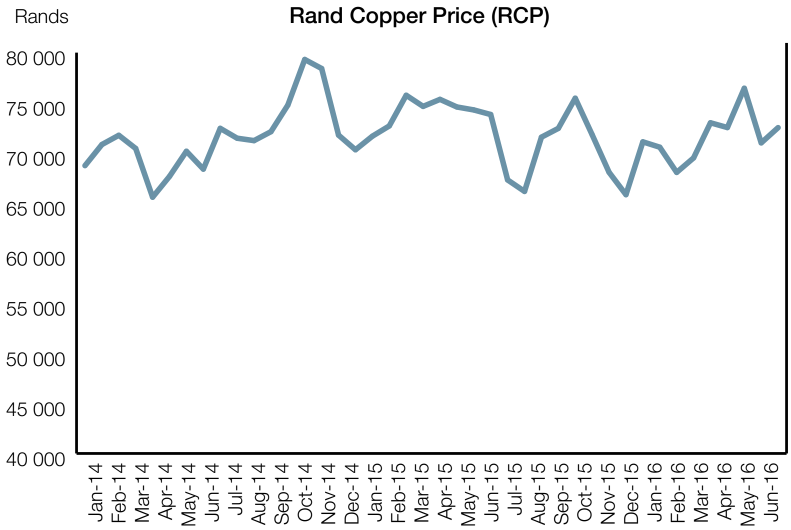
The segment employs 426 employees, which is down 11.1% compared to 2014. This is a result of implementing efficiencies and removing duplication of work.

The segment aligns itself with the Group's view, that ongoing education is imperative in the Group, as well as in the country. Education is key to growth and success and the fight against unemployment. During 2015, 34 learnerships were offered in the segment. Twelve of these learnerships were attended by disabled black unemployed people. At the end of these learnerships some of these learners will be absorbed into the staff compliment.

In addition to formal learnerships the segment has spent in excess of R690 000 on training, during which 347 employees attended workshops, courses and completed their degrees and diplomas.

PROSPECTS

The economic outlook for the 2016 year is expected to remain very weak. The Rand and commodity prices are expected to weaken further, which will continue to impact demand. However, as the building and mining sectors improve, the scope for improvement and growth in the segment will improve.



COMMENTARY

LIGHTING AND ELECTRICAL ACCESSORIES SEGMENT

HIGHLIGHTS DURING 2015

- Improved client service
- Logistics and warehousing division functioning efficiently

CHALLENGES DURING 2015

- Deteriorating economy and the volatile Rand
- Highly competitive market
- Erosion of margins

Revenue

R326.1 million

EBITDA

R9.9 million (loss)

MANAGEMENT

Farhad Ally (42)
Managing Director

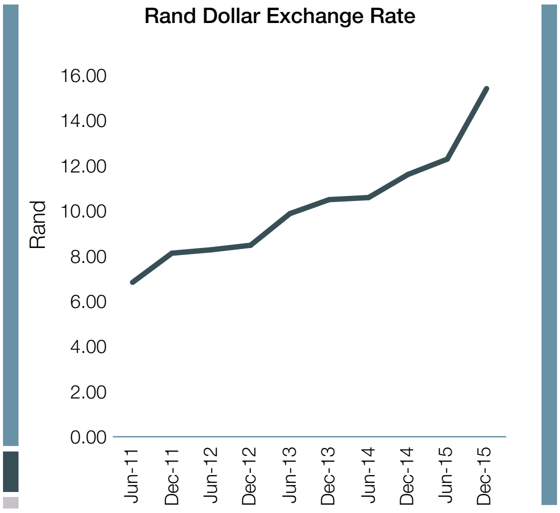
Farhad was appointed Managing Director of Radiant with effect from 1 February 2013. He joined the Group as General Manager: Finance and IT in 2010 and was appointed as Executive Financial Director in August 2011. Prior to this he was employed as an audit manager at a firm of public accountants and auditors. 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 program during 2014.

Ebrahim Surtee (31)
Financial Manager

Ebrahim was re-appointed Financial Manager of the Radiant Group with effect from 18 May 2015 to the position which he served in during 2011 and 2012. He joined Radiant as the Assistant Accountant in September 2010 and was then promoted to Financial Manager in April 2011. In May 2012 he was redeployed as General Manager of Middle East and North Africa and Special Projects. He obtained his BCom Accounting degree at the University of Johannesburg. He served as a Senior Accountant at a firm of public accountants and auditors.

PERFORMANCE

The year saw various factors impacting the growth of the segment at a company and country level. The deterioration of the Rand was reflected directly in the statement of comprehensive income as the pricing of imports continued to increase. In a competitive and tough market selling prices cannot always be adjusted to absorb exchange rate differences.



Economic conditions within the country weakened during the first half of the year resulting in a lower growth rate. Together with inflation increases, fuel price and electricity cost increases, this negatively affecting household disposable income. The building sector also showed negative growth, all of which impacted directly on our revenue.

During the year, the segment entered into contracts with larger consortiums of wholesalers. This is expected to yield results in the 2016 year.

The segment continues to focus its exports into sub-Saharan Africa, with key customers identified that will promote the brand into these countries.

What4 Electronics, the audio division, continues to improve its product offering and has recorded steady growth in revenue.

OPERATIONS

Operational efficiencies continue to be a focal point of the segment. Tremendous improvements were noted from a warehousing and logistics point of view. The Warehouse Management System is working at an optimum level, which has resulted in an improvement in customer service delivery.

The segment is currently expanding its office space in Wynberg to include all staff into one building, thereby improving efficiencies and communication between the different business units.

PEOPLE

The segment employed 275 people during the 2015 year. The segment continues to invest in the staff which is pivotal to the segment's sustainability over the long-term.

During the year 10 learnerships were offered to employees who all completed the training successfully.

Diversity and equality in the workplace remains a priority for management and the segment continues to work towards achieving its employment equity targets.

PROSPECTS

We believe that conditions will continue to be difficult in 2016. Despite the difficult conditions, we expect a marked growth in the segment as a result of extensive efforts to regain lost market share and to improve on customer confidence, and fostering strong relationships with customers will result in growth. Leveraging on a solid value proposition that is the Radiant Brand, quality of products and placing effort into specific revenue streams, are expected to yield better results.

SUSTAINABILITY REPORT
for the year ended 31 December 2015

OUR PEOPLE

HIGHLIGHTS DURING 2015

- 74% of workforce composition – PDI
- 44% of senior management composition – PDI
- 19% senior managers composition are female – PDI
- 12 unemployed people in learnerships

CHALLENGES DURING 2015

- Retention of competent staff

We consider the intellectual workforce capital in our key to successful growth and development of our Group. Our ability to deliver against our strategic objectives is dependent on the individual skills, competencies and experience of our people, their safety knowledge, health and well-being. Therefore, long-term success depends on our ability to attract, retain and develop our employees. We strive to retain our skilled and talented employees as development of new employees is time-consuming and costly. Hiring talented individuals, who are the right people for the right position, is a priority. We endeavour to create a working environment that encourages our employees to contribute to the best of their abilities to the achievement of the organisational goals.

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.

In 2015 our workforce decreased by 8.8% to 706 employees, reflecting our drive to increase efficiencies and to adapt to the current economic climate. We are committed to optimising our current employees and will add to the workforce when required. SOEW has been active in the South African market for decades and we acknowledge our role in creating jobs that in turn will contribute to wider economic growth and development in the country.

EMPLOYEE DEVELOPMENT

Employee development leads to business development. Well-educated and talented employees are value-added factors to the Group and we believe the continued education of employees is of the utmost importance. In addition to planned strategic training opportunities, management encourages training and development suggestions from our employees. We promote self-development by offering financial support, where necessary, and venues, when needed, for employee training. We fund learnerships, ABET courses and other SETA approved training.

LEARNERSHIPS

South Oceans Holdings started a learnership programme in 2014, which commenced in early 2015. Forty-four learners were signed into learnership agreements. In addition to our employees' learnership programme we initiated a programme to assist previously disadvantaged and disabled individuals from the community, aimed at upskilling the beneficiaries and bringing them into the workforce. Twelve unemployed people, five females and seven males with various disabilities, were hired for a period of 12 months. The beneficiaries receive training and a monthly stipend to sustain them while in the learnership. In addition to the disabled learners, there were 22 males and 10 females who were previously disadvantaged individuals. South Oceans Holdings invested R1.2 million in 2015 in the learnership programme. The salary cost of 44 learners for 2015 amounted to R1.8 million.

TRAINING

The Group also invested in other training programmes to ensure that the skills of the workforce are improved. Costs for training are set out in the table below:

TYPE OF TRAINING	NUMBER OF EMPLOYEES	COST
External training courses and study programs ranging from certificates, diplomas and seminars.	363	R860 000
Job-related and third party in-house supported development.	424	R765 000

EMPLOYMENT INCENTIVES

Full details of the short- and long-term incentives in place are set out in the remuneration report on pages 46 to 48. There are also performance-based 13th cheques and 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

We put considerable effort into recruiting highly-skilled individuals with potential for growth and ambitious attitudes. Leadership capabilities are also considered together with the employment equity plans of the Group. We value our employees and strive to maintain low staff turnover levels.

OUR STAKEHOLDERS

South Ocean Holdings aims to engage regularly, openly and honestly with stakeholders involved in and affected by our operations. This gives the Group an opportunity to evaluate plans and align them with the respective needs and expectations of our 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 channels and strategies employed by the Group in its stakeholder management.

The Group has categorised stakeholders into 3 levels, primary, secondary and tertiary.

The levels are determined by the impact of the stakeholder on the business.

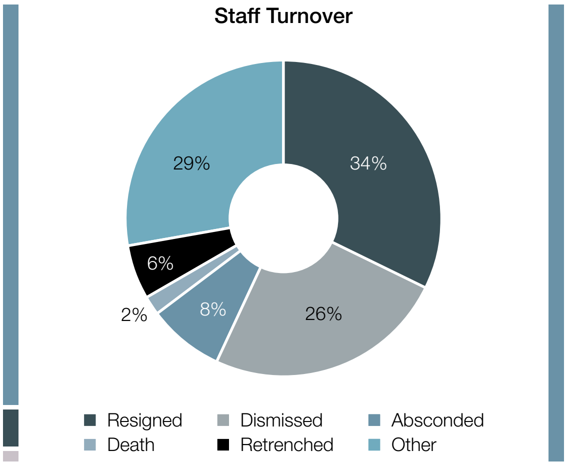
LEVEL	GROUP OF STAKEHOLDERS	ISSUES	METHOD OF COMMUNICATION
Primary (Vitally important, as the Group has the greatest impact on these stakeholders directly and vice-versa, they have the greatest impact on the Group).	Employees	Group's ability to continuously provide remuneration timeously, as well as Group performance which effects their livelihoods.	Intranet; Union meetings; Shop steward meetings; Face-to-face meetings; Communication boards; and Internal newsletter.
	Investors	Return on their investment.	Annual General Meeting; Bi-annual results presentations; Annual report; Corporate website; and Investment updates on SENS.
	Board	Ultimately responsible for the Group's decisions and answerable to investors.	Quarterly meetings, and briefing of the Chairman and Board on matters of material significance between meetings.
	Customers	Group's ability to supply quality products on-time.	Advertisements; Website; Annual report; and Exhibitions; and Catalogues.
	Bankers	Group's ability to continuously service long and short-term borrowings.	Providing information as requested; and Annual report.
Secondary (These stakeholders have the ability to directly impact the success of the Group).	Suppliers	Group's ability to procure from them and settle any debt.	Regular meetings; Attending industry shows; and Periodic communication from the respective business managers.
	Government	Group's ability to ensure that all taxes are paid and all legislative requirements are adhered to.	Specific meetings; Industry forums; and Adherence to legal reporting requirements.
	JSE	JSE regulations are adhered to.	Providing information as required.
	Unions	Fair implementation of wage agreement incentives.	Union meetings; Shop steward meetings; and Engaging in negotiations.
Tertiary (These stakeholders have the ability to affect Brand reputation).	Media	Publicity and advertisements.	Press releases; and Presentations.

Continuous engagement with 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.

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

SUSTAINABILITY REPORT continued

for the year ended 31 December 2015



The employee turnover rate for the Group for FY2015, based on average headcount, is 14.2% (2014: 14.6%), which need to be addressed to ensure retention and growth. Our workforce remained relatively stable and we are confident that in this regard we are well-positioned to take advantage of an upturn in the market.

During the year, 105 employees had left the organisation for various reasons, as tabulated below. The Group also hired 99 new employees (2014: 135).

REASON FOR LEAVING (NUMBER OF EMPLOYEES)	2015	2014
Resigned	**34**	55
Dismissed	**26**	31
Absconded	**8**	14
Death	**2**	3
Retrenched	**6**	1
Other	**29**	6
	105	110

NEW EMPLOYMENT (NUMBER OF EMPLOYEES)	2015	2014
Replacements and growth	**99**	135

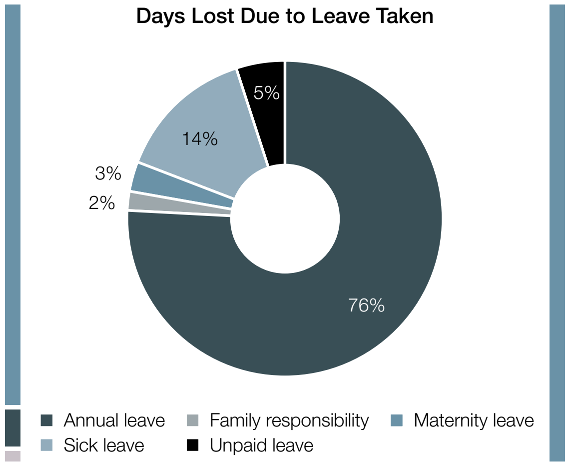
ABSENTEEISM

Adequate leave provisions are in place for employees to maintain a healthy work-life balance. 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:

Annual leave (general employees)	15 days Additional 5 days for longer than 4 year service
Annual leave (Directors)	15 days Additional 5 days for longer than 4 year service
Sick leave	30 days over a 3 year period
Maternity leave	Up to 3 months unpaid
Family responsibility leave	3 days (MEIBC members can accumulate up to 9 days)
Study leave (approved courses)	2 days per paper

Excess absenteeism, such as unpaid leave over and above the leave allocations, result in decreased productivity and can have a major effect on the Group's financial performance, employee morale and other factors. The increase in leave during the year under review can be contributed to the short-time period during which employees were allowed to be on leave to reduce production.

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



LEAVE TYPE (DAYS TAKEN)	2015	2014
Annual leave	**12 690**	10 895
Family responsibility leave	**341**	300
Maternity leave	**510**	30
Religious leave	**0**	22
Sick leave	**2 364**	1 516
Study leave	**90**	216
Unpaid leave	**780**	733
Total number of leave days taken	**16 775**	13 712
Average number of leave days per employee	**23.8 days**	17.7 days

SOCIAL AND ETHICS COMMITTEE REPORT

for the year ended 31 December 2015

The social and Ethics Committee was established in terms of section 72 of the Companies Act, 2008 and operated under a mandate 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 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

*= Resigned as at 31 August 2015.

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 the communities in which the Group's activities are predominantly conducted within which its products and services are predominately conducted; and
  - sponsorship, donation and charitable 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.
- 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.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEEE)

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 B-BBEE legislation. The Group takes strategic transformation of its workplace very serious. The Group's BEE Status for 2015 was level 3. The BEE Scorecard is set out below.

THE GROUP'S BEE SCORECARD

ELEMENTS	2015	2014
Ownership	**4.00**	1.23
Management	**8.82**	8.51
Employment equity	**11.74**	6.23
Skills development	**14.94**	7.76
Preferential procurement	**15.56**	12.15
Enterprise development	**15.00**	15.00
Socio-economic development	**5.00**	4.85
Total scoring	**75.06**	56.03

The new BEE codes, which were implemented from 1 May 2015, will have a negative impact on the Group's BEE scorecard.

GOVERNANCE

SOCIAL AND ETHICS COMMITTEE REPORT continued

for the year ended 31 December 2015

EMPLOYMENT EQUITY

South Ocean Holdings' management continually monitors our compliance with employment equity legislation. During the year under review the categorisation of employees according to their workforce profile was as follows:

	WHITE		ACI		NON-RESIDENT		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
Total workforce	**112**	141	**574**	595	**27**	45	**713**	781
Less: Non-executive Directors and non-permanent staff	**–**	–	**(4)**	(4)	**(3)**	(3)	**(7)**	(7)
	112	141	**570**	591	**24**	42	**706**	774
Gender profile								
Male	**83**	110	**462**	487	**16**	31	**561**	628
Female	**29**	31	**108**	104	**8**	11	**145**	146
	112	141	**570**	591	**24**	42	**706**	774
Occupational level								
Directors	**1**	2	**0**	0	**0**	0	**2**	2
Male	**1**	2	**0**	0	**0**	0	**1**	2
Female	**0**	0	**0**	0	**0**	0	**0**	0
Senior management	**14**	7	**12**	8	**1**	1	**27**	16
Male	**13**	7	**7**	5	**1**	1	**21**	13
Female	**1**	0	**5**	3	**0**	0	**6**	3
Professional qualified & middle management	**16**	24	**14**	17	**4**	2	**34**	43
Male	**11**	20	**12**	13	**3**	2	**26**	35
Female	**5**	4	**2**	4	**1**	0	**8**	8
Skilled and technical	**65**	53	**172**	175	**8**	10	**245**	238
Male	**49**	28	**111**	119	**5**	6	**166**	153
Female	**16**	25	**61**	56	**3**	4	**80**	85
Semi-skilled and unskilled	**16**	55	**372**	391	**11**	29	**399**	475
Male	**9**	53	**332**	350	**7**	22	**348**	425
Female	**7**	2	**40**	40	**4**	7	**51**	50
	112	141	**570**	591	**24**	42	**706**	774
Disability profile								
Disabled	**1**	1	**19**	12	**0**	0	**13**	13
Male	**1**	1	**12**	7	**0**	0	**8**	8
Female	**0**	0	**5**	5	**0**	0	**5**	5
Non-disabled	**140**	140	**551**	579	**39**	42	**754**	761
Male	**109**	109	**456**	480	**28**	31	**617**	620
Female	**31**	31	**95**	99	**11**	11	**137**	141
	141	141	**570**	591	**39**	42	**767**	774

	WHITE		ACI		NON-RESIDENT		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
Age profile								
Under 30	**20**	26	**137**	108	**2**	12	**159**	146
Male	**11**	15	**103**	72	**2**	9	**116**	96
Female	**9**	11	**34**	36	**0**	3	**43**	50
Over 30, but less than 50 years	**57**	86	**379**	414	**22**	26	**458**	526
Male	**45**	71	**317**	349	**14**	18	**376**	438
Female	**12**	15	**62**	65	**8**	8	**82**	88
Over 50 years	**35**	29	**54**	69	**4**	4	**89**	102
Male	**27**	24	**42**	66	**4**	4	**69**	94
Female	**8**	5	**12**	3	**0**	0	**20**	4
	112	141	**570**	591	**24**	34	**706**	778

*ACI = African, Coloured and Indian

**WACI = White, African, Coloured and Indian

Unfair discrimination in the workplace is discouraged and where instances of such discrimination are encountered management deals with them decisively at the onset as soon as they are identified. Where possible, preference is given to existing employees for all the vacancies available within the Group, to establish continuity and maintain a smooth process in equity management.

SOCIO-ECONOMIC DEVELOPMENT

Our Group has a long history of uplifting communities, non-governmental organisations and schools, through monetary and non-monetary contributions. Socio-economic development as well as economic development towards suppliers from previously disadvantaged backgrounds forms an integral part of the Group's social investment, and is a key objective of our BEE strategy.

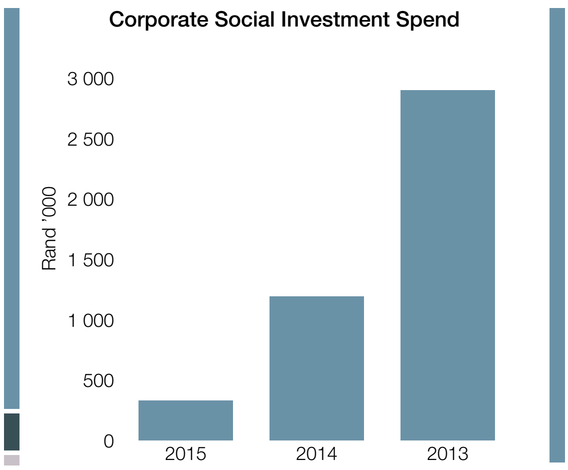
Despite the poor financial performance in FY2015, our investment in socio-economic development continued. During the year, the amount spent on CSI has decreased to be in line with 1% of Net Profit after Tax.

New Beginning Care Centre

New Beginning Care Centre provides a range of services aimed at empowering and stabilising destitute individuals. The centre provides the homeless with accommodation, housing and food and offers a structured programme to assist people to get re-integrated back into society. There is a rehabilitation programme for those suffering from substance abuse. Children at the centre are sent to school at the expense of the centre and New Beginnings Staffing division assists by finding employment for the adults. The centre remains one of our key beneficiaries and all casual and part-time labour is hired through the centre. We also assist where possible with donating lighting supplies as required.

ENTERPRISE DEVELOPMENT

The Group also believes in the development of their customer base. Enterprise development is conducted by providing inventory with no charge to these companies, who can then sell it at a profit on the opening market.



GOVERNANCE

SOCIAL AND ETHICS COMMITTEE REPORT continued

for the year ended 31 December 2015

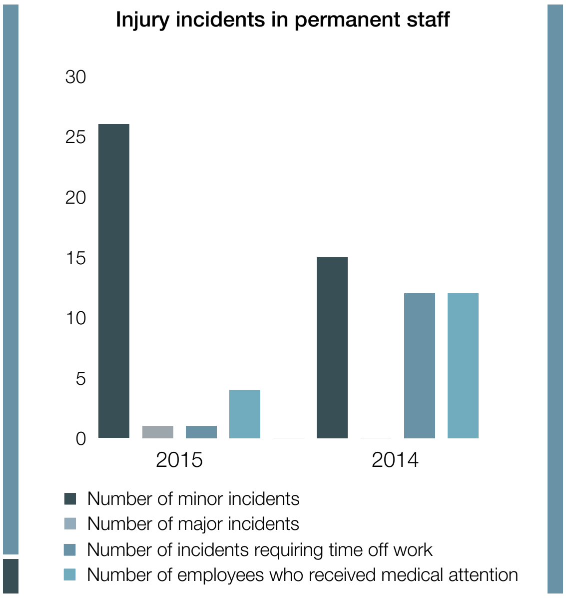
SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Employee safety is of a 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 governed by prevailing Occupational Health and Safety regulations. In order to ensure a balanced management approach, we operate health and safety committees that ensure that the Group 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 the functions of the committee.

SAFETY

South Ocean Holdings ensures that representatives are trained in first aid and fire-fighting so that, in the event of an incident, there is always trained personnel available to assist. During 2015, the total number of incidents decreased by 27% from 44 incidents in 2014 to 32 incidents in the current year. All injured employees who required medical attention were provided with medical treatment, and where required, time off work is also granted. The Group has recorded the following statistics regarding health and safety.



HEALTH

We undertake various awareness programmes and campaigns during the year to ensure that our employees are knowledgeable about health issues and diseases. Emails are sent out on a weekly basis to inform employees on the various health risks in general. The information is also displayed on the notice board for staff who do not have access to emails.

HIV and AIDS

HIV and AIDS awareness programmes are available to all employees within the Group. We encourage our 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 amongst its employees. Their status is regarded as highly confidential and the rate will not be released for publication.

Lead poisoning

Safety precautions are taken with employees who have any contact with lead. Bi-annually blood screenings are done to ensure that their blood is lead-free. Other precautionary measures such as ensuring these employees have new masks on a daily basis, as well as gloves when in the lead stores are enforced. If a positive test for lead is indicated in a blood screening, that employee is moved out of that department to allow time to heal, and follow-up screening are performed and lead measurement levels are monitored until the employee is lead-free.

Noise surveys

Noise level screenings are done on machinery in the plant and before any new machinery is introduced into its manufacturing plant. A specialist company is called to measure the decibel levels of the machine. Employees are also required to use earplugs at all times in the factory.

ENVIRONMENT

South Ocean Holdings recognises the impact of climate change on our environment. We actively seek opportunities to contribute positively to the environment. A task-team will be put together during the 2016 year to measure the carbon impact of the vehicles and factory on the environment.

Waste management

South Ocean Holdings has a policy of re-use before recycling and disposal. Only waste that cannot be re-used is disposed of in an environmentally friendly manner. There are paper recycling bins available throughout our operations. 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. 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 re-used in packaging or is collected, recycled and sold.

To optimise the financial recovery from scrapped products, a granulating plant was installed which is used to separate PVC casings and copper. Scrap recovered during the year was 1 894 tonnes all of which was sold, with a value of R48.4 million (2014: R58.6 million). Used lubricating oils and soluble oils are generated as a by-product of SOEW's manufacturing process. These lubricants and oils are disposed off via a third party who either recycles or disposes of them in a more environmentally friendly way. During 2015, 289 (2014: 200) kilolitres of soluble oils and 5 892 (2014: 6 000) litres of lubricating oil was generated and disposed of. Industrial waste and soil were also disposed off from this site.

Industrial waste amounted to 66 926 (2014: 56 260) kgs was generated and disposed of. General waste amounting to 23 180 kgs was also generated by SOEW. 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 Company focuses strongly on recycling. During the year 2 267m^3 of refuse was collected. 12 530 kgs of paper and cardboard was sold.

ENERGY USAGE

During the year we used 14.2 MWh (2014: 13.6 MWh) of electricity, which represents an increase from the prior year. This translates to 0.00038 (2014: 0.00041) KWh per hour worked.

Water management

In the future, initiatives involving collecting of rainwater, use of borehole, or similar initiatives will be evaluated and their viability tested against the benefit they have towards saving the 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 4 565 (2014: 4 577) kilolitres of water, translating to an average usage of 0.0419 (2014: 0.0546) kilolitres of water per person 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 biodiversity and the environment.

Environmental impact assessment and carbon footprint analysis

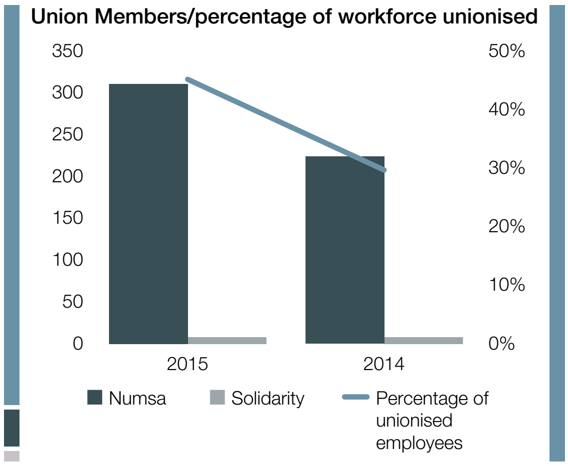
The Group did not perform any environmental impact assessment nor has it performed a carbon footprint analysis during the period under review. There were also no green initiatives embarked upon, with the exception of the solar system that is used to supply energy at Radiant.

FREEDOM OF ASSOCIATION

South Ocean Holdings upholds the right of employees to exercise freedom of association and collective bargaining, in compliance with the South African Constitution. We recognise trade unions that are sufficiently representative of employees at the appropriate organisational level. We give our formal assurance that employees may associate, or not, with employee representative organisations and trade unions. Our Code of Conduct encourages employees to refrain from performing acts that conflict with freedom of association. There were no violations of freedom of association and collective bargaining during the year.

SOEW's employees at our manufacturing facility and some at Radiant belong to the National Union of Metalworkers of South Africa (Numsa) and Solidarity. The rest of the Groups' employees are not unionised. During the year, the number of employees belonging to trade unions was split as follows:

TRADE UNION	2015	2014	2013
Numsa	**311**	224	186
Solidarity	**8**	8	9
Total unionised employees	**319**	232	195
Percentage of unionised employees	**44.7%**	29.7%	26.3%



GOVERNANCE

SOCIAL AND ETHICS COMMITTEE REPORT continued

for the year ended 31 December 2015

SECURITY PRACTICES

We ensure that all our employees are aware of and understand the Group's human rights policies. Our security personnel and third party security personnel are provided with formal training regarding the policies in place. There were no incidents of human rights violations reported during the year.

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 its policy position, the Group 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 the Group does not discriminate merely because it is a political party and neither does the Group evaluate differently because of that fact. During the year under review no donations have been made to any political or similar organisation.

HUMAN RIGHTS

Management ensures that our 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 our normal activities, South Ocean Holdings procures services from a number of suppliers who reside in various jurisdictions and are governed by various legislative frameworks. We are against any form of child labour as it is a violation of human rights. Although we have not specifically embarked on a campaign to ascertain our stakeholders' position regarding child labour, in our dealings with various stakeholders we have not encountered any instance where we felt that the issue of child labour is a concern.

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 B-BBEE legislation. The Group takes strategic transformation of its workplace very seriously and is very proud to announce that during this period, it has improved it's BEE Status level from a level 6 to a level 3.

RISK REPORT
for the year ended 31 December 2015

RISK MANAGEMENT POLICY

South Ocean Holdings is committed to proactive risk management as a discipline to create value, protect stakeholders and assets, and promote long-term sustainability. The risk management practice is founded on the ethical values of responsibility, accountability, fairness and transparency.

The Group has a formalised Risk Management Policy to ensure that South Ocean Holdings has a uniform approach, philosophy and understanding of risks and risk management.

South Ocean Holdings' Board is responsible for the governance of risk. The Audit and Risk Management Committee assists the Board with risk management oversight. The Board discloses undue, unexpected or unusual risks in the integrated report, together with its view on the effectiveness of the risk management processes.

RISK MANAGEMENT FRAMEWORK

The South Ocean Holdings Board has approved the Risk Management Framework and implementation plan, and delegates responsibility for implementing the Framework to the CFO. The Board reviews the risk policy, framework and plan annually. South Ocean Holdings adopts ISO 31000:2009 Risk Management Principles and Guidelines as the risk management standard for the Group and ISO Guide 73:2009 Risk Management – vocabulary, defining risk related terms.

RISK APPETITE

South Ocean Holdings has a low appetite for risk. The Board prioritises organisational resilience to achieve long-term sustainability. To this end, management will not seek out excessive risk exposure to drive short-term financial performance and growth. The Board approves the Group's risk appetite and risk tolerance limits. Management must ensure that decision-making and risk exposures are maintained within these limits which still needs to be approved by the Board.

RISK MANAGEMENT

South Ocean Holdings' performance objectives are measured in terms of potential financial and/or safety impacts. Risk is the effect of uncertainty on these performance objectives, and can be positive (opportunities) or negative (threats). Exposure, resulting from the potential impact of risk on one or more objectives is identified in the context of the Company's internal and external environments, within strategic, financial, operational and hazard categories. Risks are analysed and evaluated using the approved risk matrix, defining impact and likelihood thresholds and the resultant status (Low, Medium, High, Extreme and Critical).

The risk status mandates the required response in terms of necessary escalation, response planning, decisions, progress, review frequency, reporting and authority to accept or further mitigate residual exposure. The authorisation of unbudgeted mitigation follows due process, and is evaluated in terms of cost/benefit. Management monitors and reviews changing risk status and mitigation progress. The integrity of risk bearing internal controls is tested as part of the combined assurance plan, with findings informing residual risk exposure. The risk management process feedback loops promote continuous improvement. Internal audit will provide the Board with a written assessment of the effectiveness of the system of internal controls and risk management.

Each risk is assigned to an individual risk owner, who is held accountable for the potential consequences of the risk and is responsible for ensuring the adequacy of internal controls and risk mitigation. A risk owner's effectiveness in reducing exposure to assigned threats and exploiting opportunities is formally evaluated as part of South Ocean Holdings employee performance management and incentive programme.

TOP RISK MANAGEMENT AND MITIGATION

	RISK DESCRIPTION	CAUSES	RESIDUAL RISK RATING: CURRENT YEAR (PRIOR YEAR)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK
CRITICAL	Interruption of electricity supply	Interruption of electricity will impact on business continuity and will also impact the production plants in the factory. This will result in the loss of productivity, loss of revenue and ultimately the loss of profitability.	23.0 (20.0)	Offices are equipped with back-up generators to ensure the continuity of business. We are unable to install generators in the factories due to the capacity of electrical power required by the machinery. The factory sources electricity from multiple sub-stations to ensure that they will be productive if a sub-station ceases operations.
CRITICAL	Exchange rate volatility	Ineffective considerations of exchange rate movements and foreign exchange cover will result in an increase in cost of sales and reduced margins and hence reduced profitability.	21.0 (19.0)	Exchange rates are continuously monitored. Foreign exchange rate cover is taken on all foreign purchases and the best possible rates to minimise the impact of forex losses.
EXTREME	Raw Material (Copper) supply	Inability by the supplier to supply raw material on time, which will result in the loss of productivity, and the inability to supply our customers timeously. This will lead to a loss of revenue and loss of customers.	17.0 (14.0)	Raw material levels are constantly monitored, and where cash flow allows a month's buffer of material is retained. Adequate funding is always set aside for the purchasing of material. Three raw material suppliers are currently utilised.
HIGH	Market conditions, weak economic conditions	Weakened economy and markets are leading to a decrease in sales and a decrease in revenue.	15.0 (11.0)	All subsidiaries are aggressively pursuing volume targets and market share growth. Strategic plan reviewed and updated annually.
HIGH	Black economic empowerment	Non-compliance with BEE legislation and lower ratings will lead to loss of customers, inability to tender in the market and loss of revenue.	14.0 (9.0)	BEE strategy is in place. Procurement assessments done to ensure we are buying from high-rated suppliers. Our hiring policies are consistent with employment equity targets of the Group.
HIGH	Supply-chain disruptions	Inability to supply customers or to supply customer's on-time could lead to loss of customers and market share. This will result in erosion of customer base, a loss of revenue and ultimately loss of profitability.	13.0 (14.0)	Effective supply-chain planning. The use of more than one transporter and establishment of good relationships with reliable transporters.
HIGH	Industrial action – Strikes	Industry strike, general strikes and Section 37 strikes can lead to a business continuity affect, increased costs and loss of production and revenue.	14.0 (14.0)	During strikes at manufacturing plant non-union members and office staff are utilised in plant.
HIGH	Cash flow risk	Ineffective monitoring of cash, over-spend on expenses and recoverability of debtors can lead to liquidity constraints.	7.2 (12.0)	Collections are closely monitored to identify distressed customers. Working capital expenses are properly controlled.
MEDIUM	Loss of key staff	Working conditions, a competitive market and shortage of skills can result in the loss of key staff, impacting on profitability.	5.4 (5.4)	Short- and long-term bonus incentives are in place. Key staff succession planning is in place.
LOW	Fraud and sabotage	Lack of controls can lead to fraud and misappropriation and affect business continuity and will also result in loss of assets.	4.2 (4.0)	Directors' approval is necessary to remove assets from premises. Strict security controls to check at gates. Whistle-blowers line available and staff continuously reminded of whistle-blowing system.
LOW	Quality of products	Poor quality of products will lead to loss of customer confidence, decline in sales, loss of revenue and profitability and loss of reputation.	1.0 (1.0)	Strict quality control measures in place. Non-conformance report reviewed and all customer complaints are monitored and followed up.

REMUNERATION COMMITTEE REPORT

for the year ended 31 December 2015

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

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

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

COMPOSITION

The Remuneration Committee consists of two Independent Non-executive Directors and one Non-executive Director.

Collectively, members of this 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 do not participate in discussions on their own remuneration.

REPORTING

The Remuneration Committee Chairman 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 Committee's areas of responsibility.

REMUNERATION COMMITTEE'S ROLES AND RESPONSIBILITIES

The Remuneration Committee does not assume the functions of management, which remains 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.

South Ocean Holdings remuneration philosophy:

- plays an integral part in supporting the implementation of business strategies;
- motivates and reinforces individual and team performance; and
- 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. No increase in remuneration of Non-Executive Directors was recommended during the year.

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.

REMUNERATION COMMITTEE REPORT

for the year ended 31 December 2015

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, 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 Executives 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 2015, 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. No bonuses were paid in respect of 2015.

The long-term incentive scheme

A long-term incentive plan has been in place since 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 to 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 2015 was as follows:

COMPANY	2015 R'000	2014 R'000
South Ocean Holdings Limited	**6 513**	8 337

Details of the remuneration of individual Directors are listed in note 17 in the financial statements section of this report.

Non-executive Directors' remuneration

The fees for Non-executive Directors during 2015 were as follows:

	FIXED FEE PER ANNUM 2015 R
Chairman of the Board	**429 456**
Deputy Vice Chairperson	**247 754**
Member of the Board	**143 152**
Chairperson of the Audit and Risk Management Committee	**214 728**
Member of the Audit and Risk Management Committee	**46 392**
Chairperson of the Remuneration Committee	**66 026**
Member of the Remuneration Committee	**46 392**
Chairperson of the Social and Ethics Committee	**66 026**
Chairperson of a Special Committee	**R2 783/ hour**
Member of a Special Committee	**R1 670/ 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 Director's Report on page 64.

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 12 of the financial statements.

Prescribed officers of the Group who are not Executive Directors

King III Code recommends that the salaries of the prescribed officers, who are not 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 2015 and 2014 are set out in note 17 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 vary 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 6.6% and 15% of basic salary. Numsa union members belong to the Metal Industries Pension Fund or the MEIBC Provident Fund and contributions amounts to 14.0% of basic salary.

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

Remuneration Committee members

The Remuneration Committee members during the year were:

M Chong – Chairperson

KH Pon – Member

HL Li – Member

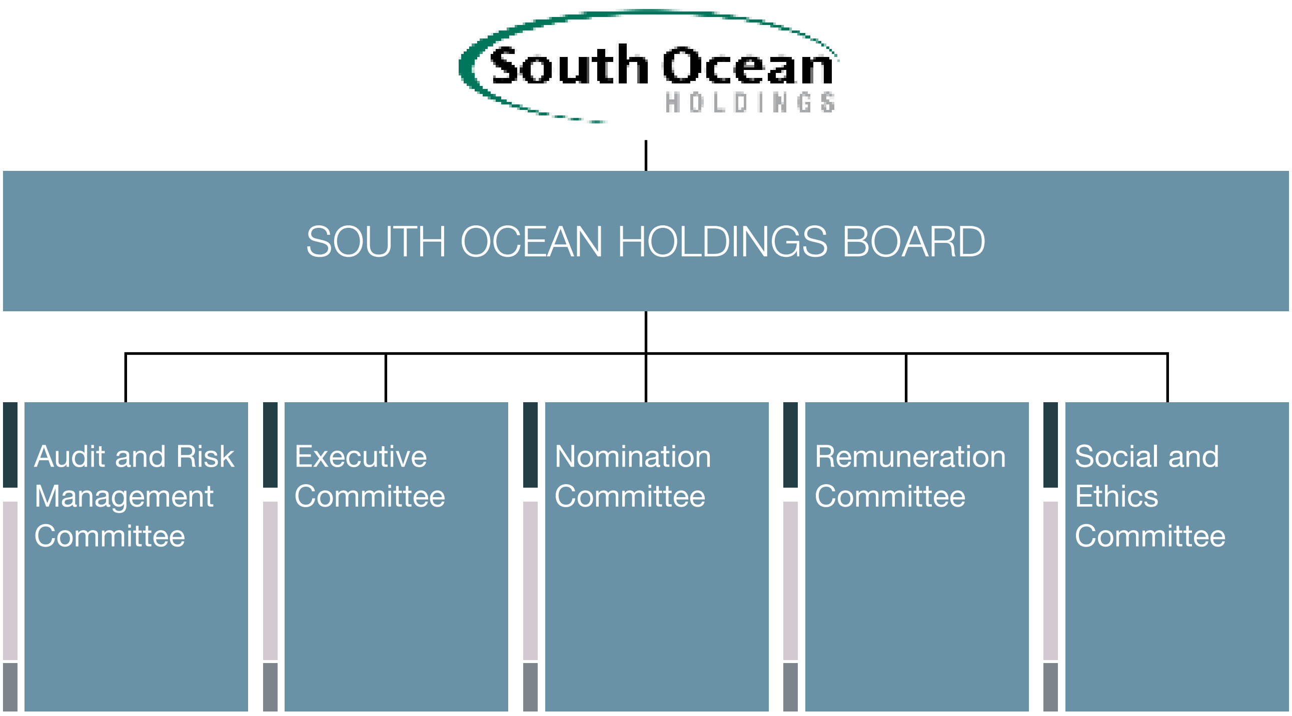
CORPORATE GOVERNANCE REPORT

for the year ended 31 December 2015

South Ocean Holdings' corporate governance structure provides the framework for effective, ethical leadership to integrate strategy, governance and sustainability.

Structure of the highest governing body and committees responsible for decision-making on sustainability issues:

BOARD REPORTING STRUCTURE



INTRODUCTION

The South Ocean Holdings' Board of Directors 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 Code) where relevant. An assessment of the Company's compliance with the principles contained in the King III Code was undertaken during the year under review and areas of non-compliance are explained in this report.

During the period under review South Ocean Holdings continued to practise corporate governance at a high level, aimed at contributing towards the Group's sustainability, the consistent generation of long-term shareholder value and the ongoing realisation of benefits for other stakeholders. Executive management, with the guidance of the Board and the Company Secretary, continue to occupy centre stage in ensuring existence of efficient and effective governance processes. The Board is the accountable structure and is responsible for the Group corporate governance system and its performance, and has therefore considered and reviewed the King III Code and its application to governance processes at various intervals.

Board reporting processes regularly involve compliance issues with the applicable laws and legislation as prescribed by JSE Listing Requirements, Companies Act and any related and applicable legislation and as recommended by King III Code.

The Company's Board is responsible for defining, monitoring and periodically amending the Group's governance and compliance framework. The Board remains principally accountable to shareholders, but also takes into consideration the material interests of customers, as well as the legitimate requirements of employees, suppliers, regulators and community organisations.

In an environment of voluminous and changing regulation, and in the context of acquisitive and organic growth, South Ocean Holdings has worked to attain an appropriate balance between the governance expectations of stakeholders and the requirement to generate consistent and competitive financial returns.

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 Code, the JSE listing requirements, other applicable laws, regulations and internal policies and procedures.

BOARD AND COMMITTEE MEMBERS

BOARD OF DIRECTORS

KH Pon
(Chairman)
Independent Non-Executive

EHT Pan[2]
(Deputy-Vice Chairman)
Non-Executive

CY Wu
Non-Executive

HL Li[3]
Non-Executive

M Chong
Independent Non-Executive

L Stephens
Independent Non-Executive

N Lalla
Independent Non-Executive

JH Yeh[4]
Independent Non-Executive

DJC Pan
(Alternate)
Non-Executive

CH Pan[2]
(Alternate)
Non-Executive

WP Li
(Alternate)
Non-Executive

JP Bekker
Executive

PJM Ferreira[1]
Executive

AUDIT AND RISK MANAGEMENT COMMITTEE

M Chong
(Chairperson)
Independent Non-Executive

KH Pon
Independent Non-Executive

N Lalla
Independent Non-Executive

REMUNERATION COMMITTEE

M Chong
(Chairperson)
Independent Non-Executive

KH Pon
Independent Non-Executive

HL Li
Non-Executive

SOCIAL AND ETHICS COMMITTEE

M Chong
(Chairperson)
Independent Non-Executive

PJM Ferreira[1]
Executive

JP Bekker
Executive

NOMINATION COMMITTEE

KH Pon
(Chairman)
Independent Non-Executive

M Chong
Independent Non-Executive

EHT Pan[2]
Non-Executive

CY Wu [4]
Non-Executive

(1) Resigned 31 August 2015
(2) Resigned 18 February 2016
(3) Appointed Deputy Vice Chairman 18 February 2016
(4) Appointed 18 February 2016

CORPORATE RESPONSIBILITY

Decisions on material matters are approved by the Board, including, but not limited to, decisions on the allocation of capital resources to optimise the return on shareholders' funds, and the authorisation of procurement capital expenditure, property transactions, borrowings and investments, other than where pre-approved materiality levels, which have been identified by the Board.

ENDORSEMENT AND COMPLIANCE WITH KING III CODE

The King III Code requires the Board to consider the interest 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.

CORPORATE GOVERNANCE REPORT continued

for the year ended 31 December 2015

EXCEPTIONS TO KING III CODE

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

The following key principles have not been fully implemented, with explanations for non-compliance:

- 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 an 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.
- The Group has not adopted formal dispute resolution processes for external disputes.
  - The adoption of a formal dispute resolution mechanism is in process of being drawn up.

BOARD OF DIRECTORS

Board composition

The Board consisted 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. The Chief Financial Officer will be appointed during June 2016 to fill the vacant position.

Mr PJM Ferreira resigned as Chief Executive Officer on 31 August 2015 and was replaced by Mr JP Bekker, in an acting capacity. Mr EHT Pan resigned as a Director and Deputy-Vice Chairman on 18 February 2016 and was replaced by Mr HL Li as Deputy-Vice Chairman effective 18 February 2016. Mr JH Yeh was appointed as an Independent Non-executive Director effective 18 February 2016. Ms DJC Pan replaced Mr CH Pan, who resigned as an alternate Director effective 18 February 2016, as alternate Director to Mr HL Li.

Members of the Board are appointed by the Group's shareholders, although the Board also has the authority to appoint Directors to fill any vacancy that may arise from time to time. These appointments, which are a matter for the Board as a whole, are made in terms of a formal and transparent procedure and subject to ratification by shareholders at the next Annual General Meeting.

Members are appointed on the basis of skills, experience and their level of contribution to activities of the Group. The Remuneration and Nominations Committee is mandated to identify and recommend candidates for the Board's consideration through a formal and transparent process. New appointments are appropriately familiarised with the Group's business through an induction programme. The composition of the Board is reviewed on a regular basis to ensure ongoing compliance with requirements entailed in the Act and King III Code, as well as being fit-for-purpose.

The Board takes initiative to ensure that all its members are of the highest ethical standard and they take the lead in directing the activities of the Group in a manner consistent with these ethical standards. The Board takes care to ensure it occupies the centre stage in its review and oversight of the operating environment.

The Board is responsible for monitoring and reporting on the effectiveness of the Company's system of internal control. It is assisted by the Audit and Risk Management Committee in the discharge of this responsibility.

Appointment process

Directors are appointed through a formal and transparent process which includes background checks. Appointments to the Board and proposals for re-election to the Board are recommended by the Nomination Committee and are considered by the Board as a whole. Mr JH Yeh was appointed on 18 February 2016, replacing Mr EHT Pan who resigned as director. All Director appointments are subject to shareholder approval/ratification. The Company's memorandum of incorporation allows the Board to remove any Director by written notice, signed by the majority of that Director's Co-Directors, without the requirement to obtain shareholder approval.

Board Charter

The detailed responsibilities of the Board are contained in a formal Board charter. The charter sets out the powers of the Board and provides a clear division of the responsibilities and accountability of Board members, both collectively and individually.

A review of the charter is done periodically and it is evaluated in line with the changes in legislation and governance guidelines. The 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.

Board processes

The role of the Board is to establish, review and monitor strategic objectives, the approval of disposals and capital expenditure, and oversight of the Group's systems of internal control, governance and risk management.

An approved Board Charter is in place and outlines the responsibilities of the Board. Information is supplied to the Board timeously to allow it to comply with its duties and carry out its responsibilities. The Board also enjoys unrestricted access to all Company information, records, documents and property. Non-executive Directors have access to management without the attendance of Executive Directors. A range of non-financial information is made available to the Board to enable its members to consider qualitative performance that involves broader stakeholder interest. A review of the charter is done periodically and it is evaluated in line with the changes in legislation and governance guidelines.

Daily management of the Company's affairs has been delegated to the Acting Chief Executive Officer who co-ordinates the implementation of Board policies through the Executive Committee.

Full and effective control over all operations of the Company is retained by the Board at all times.

Evaluation of Board performance

The members of the Board conducted a self-evaluation exercise of the Board's performance, mix of skills and individual contributions of Directors, its achievements in terms of corporate governance and the effectiveness of its Board committees. The Board was found to have operated and functioned effectively during the year.

Succession planning

The Nomination Committee evaluates the pool of skills, knowledge and experience of the Board, and identifies the role and capabilities required for individual Board appointments. The committee makes recommendations for appointments to the Board, including recommendations for appointments to the committees of the Board. Appointments to the Audit and Risk Management Committee and to the Board are subject to shareholder approval. A formal succession plan will be put in place for the succession of the Chairman and Chief Executive Officer.

Meetings

Board meetings are held quarterly and more frequently if required. Directors are provided in advance with all necessary information to enable them to discharge their duties. Any Director may request that additional matters be added to the agenda. Proceedings at Board meetings are properly minuted and all minutes are circulated to all Board members for review prior to being approved.

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	13 MAR	2 JUN	5 AUG	17 NOV	1 DEC
KH Pon (Chairman)	✓	✓	✓	✓	✓
EHT Pan (Deputy-Vice Chairman)	✓	✓	✓	✓	✓
HL Li	✓	✓	✓	✓	✓
CY Wu	✓	✓	✓	✓	✓
M Chong	✓	✓	✓	✓	✓
N Lalla	✓	✓	✓	✓	✓
L Stephens	✓	✓	✓	✓	✓
JP Bekker	✓	✓	✓	✓	✓
PJM Ferreira	✓	✓	☐	×	×

✓ Present

× Resigned as at 31 August 2015

☐ Apologies

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.

All members of the Board have a fiduciary responsibility to represent the best interests of the Group and all of its stakeholders. The Group's Non-executive Directors contribute to the Board's deliberations and decisions. They have skills and experience to exercise judgement in areas such as strategy, performance, transformation, diversity and employment equity. They are not involved in the daily operations of the Company.

Executive Directors

The Executive Directors are permanent employees of the Company with a three month 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's role is to set the ethical tone for the Board and to ensure that the Board remains efficient, focused and operates as a unit. Mr KH Pon is an Independent Non-Executive Chairman and his role is separate from that of the Chief Executive Officer.

The role of the Chairman is formalised and the Chairman's ability to add value, and his performance against what is expected of his role and function, is assessed annually by the Board. The Board has elected the Chairman who holds the position until he is replaced by the Board. The Chairman is responsible for the effective leadership of the Board as contemplated in the King III Code. The Board has not considered or discussed a succession plan for the position of Chairman.

The Chairman 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 decisions.

CORPORATE GOVERNANCE REPORT continued

for the year ended 31 December 2015

Chief Executive Officer

The Chief Executive Officer, Paul Ferreira, was responsible for the operational management of the Group until 31 August 2015. As from 1 September 2015 Mr JP Bekker took over the responsibilities for the operational management. His responsibilities include amongst 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

Whitney Green
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 is accountable to the Board to:

- ensure that Board procedures are followed and reviewed regularly;
- ensure that applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- maintain statutory records in accordance with legal requirements as well as submitting them;
- guide the board as to how their responsibilities should be properly discharged in the best interests of the Company;
- keep abreast of, and inform, the Board of current and new developments regarding corporate governance thinking and practice; and
- ensure compliance with the JSE Listing Requirements and statutory requirements.

The appointment and removal of the Company Secretary is a matter of 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 61 on this report.

The Company Secretary is not a member of the Board and has an arm's-length relationship with the Board. The Board has considered and is satisfied with the Company Secretary's independence, competence qualification and experience and that an arm's-length relationship is maintained between the Company and Mr WT Green.

Directors' remuneration

The governance of Directors' remuneration is undertaken by the Remuneration Committee. The responsibility for ensuring that the Executive and Non-executive Directors are fairly and responsibly remunerated has been formally delegated to this committee. Directors' fees for both Executive and Non-executive Directors were submitted in advance for approval by shareholders at the Annual General Meeting of the Company to be held on Thursday, 11 August 2016.

Executive Directors' remuneration

Remuneration for Executive Directors consists of a base salary, a performance-related incentive bonus, retirement contributions, medical scheme membership and participation in long-term incentive schemes. This is discussed in more detail on pages 46 to 48.

Non-Executive Directors' remuneration

Non-Executive Directors receive an annual fee for their Board participation. The fee consists of a base fee and, where applicable, committee membership fees. The Remuneration Committee, which consists of two Independent Non-executive Directors and one Non-executive Director, discussed and proposed the Non-executive Directors' fees to the Board for recommendation to the Annual General Meeting for approval.

BOARD COMMITTEES

Specific responsibilities have been formally delegated to Board committees with defined terms of reference, life-span and function, clearly agreed upon reporting procedures and written scope of authority. The committees are appropriately constituted with due regard to the skills required by each committee and the committees' terms of reference are reviewed once a year. There is transparency and full disclosure from the Board committees to the Board. Board committees are free to take independent outside professional advice as and when necessary and are subject to regular evaluation by the Board to ascertain their performance and effectiveness. 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 13 to 15 of this report. The charters of the Board committees are reviewed on an ongoing basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep trend 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 King III Code. The shareholders elect the members of this committee annually at the Annual General Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of Committee

The Audit and Risk Management Committee consists of only Independent Non-executive Directors in compliance with the requirements of the King III Code. 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 are invited to attend. Executive management, the external auditors and internal auditors are also invited to attend the 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

This 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 of management processes, strategies and systems in place for the identification, management and control of all 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 Code and the JSE Listing 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 appraised the independence, expertise and objectivity of PricewaterhouseCoopers Inc. as external auditor and approved the terms of engagement and the fees paid to PricewaterhouseCoopers Inc. The Committee considered the following aspects to satisfy itself that PricewaterhouseCoopers Inc. is independent:

- identifying the potential threats to the audit independence of any non-audit work which the firm undertakes and, if any, what safeguards the firm has put in place;
- determining whether the firm, 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 PricewaterhouseCoopers Inc. is independent and nominated PricewaterhouseCoopers Inc. to be re-appointed as the registered auditor for the 2016 financial year. The Board re-appointed PricewaterhouseCoopers Inc. 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.

PricewaterhouseCoopers Inc. is accredited in terms of the JSE list of accredited auditors as contemplated in paragraph 3.86 of the JSE Listing Requirements.

The external auditor has unrestricted access to the Group's records and management. The external auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Audit and Risk Management Committee.

South Ocean Holdings has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence.

Internal audit

The Audit and Risk Management Committee has recommended the re-appointment of BDO Advisory Services Proprietary Limited 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 Advisory Services Proprietary Limited.

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

- identifying the potential threats to the internal audit independence of each area of non-internal audit work which

CORPORATE GOVERNANCE REPORT continued

for the year ended 31 December 2015

the firm undertakes and, if any, what safeguards the firm has put in place;

- determining whether the firm, engagement partner or staff 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 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 three year 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. This reporting meeting is also attended by the external auditors.

Internal financial controls

The Committee has assessed information and explanations given by management and discussions with the internal and external auditors on the results of the audit. Through this process no material matter has come to the attention of the Audit and Risk Management Committee or the Board that has caused the Directors to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Evaluation of the Chief Financial Officer and finance function

The Audit and Risk Management Committee is satisfied that the expertise and experience of the CFO is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the Board's assessment of financial knowledge of the CFO.

The Audit and Risk Management Committee is further satisfied as to the appropriateness, expertise and adequacy of the resources of the finance function and the experience of senior members of management responsible for the finance function.

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, operating, 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;

- reviewing the approach through which risk management is conducted and the effectiveness of these processes and systems;
- receiving reports from Internal Audit 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 have 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, 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 Audit and Risk Management Committee oversees integrated reporting and in particular:

- reviews the annual financial statements, interim report, preliminary results announcement and integrated information and ensures compliance with International Financial Reporting Standards;
- considers the frequency of interim reports and whether interim results should be assured;
- reviews and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;
- performs an oversight role on the Group's integrated reporting and considers factors and risks that could impact on the integrity of the integrated report;
- reviews sustainability disclosure in the integrated report and ensures it does not conflict with financial information;
- considers external assurance of material sustainability issues; and
- approves and recommends the integrated report for approval by the Board.

The Audit and Risk Management Committee recommended to the Board not to engage an external assurance provider to confirm material elements of the sustainability part of the integrated annual report.

The Board has subsequently approved the integrated annual report.

Attendance of meetings

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

DIRECTOR	12 MAR	2 JUN	3 AUG	30 SEP	17 NOV
M Chong (Chairperson)	✓	✓	✓	✓	✓
KH Pon	✓	✓	✓	✓	✓
N Lalla	✓	✓	✓	✓	✓

✓ Present

EXECUTIVE COMMITTEE

Composition of Committee

The Executive Committee consists of the Chief Executive Officer, Chief Financial Officer, Managing Directors 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:

- development and 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;
- ensuring that regular, detailed reports on the Group's financial performance and forecasts against budgets are received and submitted to the Board; and
- reviewing and monitoring the Company's system of internal control and an effective risk management process.

REMUNERATION COMMITTEE

Composition of Committee

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.

CORPORATE GOVERNANCE REPORT continued

for the year ended 31 December 2015

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 (the formal evaluation of the CEO and directors still need to be done);
- 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 in 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. The aim is 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	12 MAR	17 NOV
M Chong (Chairperson)	✓	✓
KH Pon	✓	✓
HL Li	✓	✓

✓ Present

NOMINATION COMMITTEE

Meetings

The Nomination Committee only meet when there is a vacancy on the Board.

The Nomination Committee met once during the year, to fill the vacancy of the Chief Executive Officer. The attendance was as follows:

DIRECTOR	25 AUG
KH Pon (Chairperson)	✓
M Chong	✓
EHT Pan[(1)]	×

✓ Present (1) Resigned as at 18 February 2016

× Apologies

Nomination Committee Charter

The Nomination Committee is responsible for finding suitable candidates for any vacancies on the Board. The Nomination Committee may make use of an employment agency to find suitable candidates which 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;
- put processes in place to 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
- put processes in place to ensure that formal succession plans for the Board, Chief Executive Officer and senior management appointments are developed and implemented.

SOCIAL AND ETHICS COMMITTEE

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	16 FEB	21 JUL	4 NOV
M Chong (Chairperson)	✓	✓	✓
PJM Ferreira	✓	✓	×
JP Bekker	✓	✓	✓

✓ Present × Resigned as at 31 August 2015

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 Co-operation and Development recommendations regarding corruption;
    - the Employment Equity Act; and
    - the B-BBEE 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.

Information technology

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

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

Directors are required to disclose their shareholdings and any dealings in shares of the Company to the Chairman and Chief Executive Officer, who together with the Company's sponsor ensure that any such dealings are published on SENS in compliance with the JSE Listing Requirements. In addition, all Directors, employees of the Group and the Company Secretary and Senior Management or any related parties, are prohibited from dealing in the shares of the Company during prohibited periods or at any time when they are in possession of unpublished price sensitive information in relation to those shares. The consent of the Chairman is required before any Director or employee, including the Company Secretary, can deal in the Company's shares.

Interest in contracts

Directors are required to inform the Board timeously of conflicts or potential conflicts of interest they may have in relation to South Ocean Holdings. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

CORPORATE GOVERNANCE REPORT continued

for the year ended 31 December 2015

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 Listing 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 non-closed periods. These interactions include one-on-one meetings with 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 website 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 whilst maintaining the Group's high standards.

Code of conduct and ethics

Every employee within South Ocean Holdings is required to subscribe to a formal Code of Ethics ("the Code") which stipulates the Company's commitment to the highest standards of corporate governance and compliance with the laws of South Africa. The Code sets out standards of integrity and ethics in dealings with suppliers, customers, business partners, stakeholders, government and society at large. It requires all employees to act with honesty and integrity in all dealings with stakeholders and to interact with fairness, dignity and respect to create and protect a credible business reputation and a working environment free from harassment and discrimination.

In line with the Code, subject to Employment Equity Act requirements, the Company recruits and promotes employees on the basis of their suitability for the job without any discrimination on the basis of race, religion, national origin, colour, gender, age, marital status, sexual orientation or disability unrelated to the task at hand.

Employees have been educated about the responsibility of reporting any actual, perceived or potential violation of the Code to management. Management bears the overall responsibility of monitoring compliance with the Code. South Ocean Holdings takes the Code very seriously and, where appropriate, employs disciplinary procedures and/or legal proceedings to address any transgression.

Fraud, bribery, corruption and illegal acts

The Group does not engage in or condone any form of bribery, corruption or any other illegal acts in the conduct of its business. Furthermore, employees are discouraged from accepting any gifts or favours from suppliers that obligate them in any way to reciprocate. The Group's policy is to actively pursue and prosecute the perpetrators of any fraudulent or other illegal activities should they become aware of any such acts.

Corporate social investment

The Group aims to contribute to the economic well-being 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. The Group has an independent hotline and reports are sent to the Chief Executive Officer and the Audit and Risk Management Committee.

Preferential procurement

In terms of BEE codes spending requirements, 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 report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continued to adopt the going concern basis in preparing the annual financial statements for the financial year ended 31 December 2015.

KING III – GAP ANALYSIS

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP				
1	1.1	The Board provides effective leadership based on ethical foundations.	Applied	The ethical foundation on which the Board provides effective leadership is incorporated in the Code of Ethics and Conduct, the Social and Ethics Committee and Board charters.
1	1.2	The Board ensures that the Company is, and is seen to be, a responsible corporate citizen.	Applied	The Board ensures that the Company is, and is seen to be, a responsible corporate citizen and this is also included in the Board Charter as part of the role of the Board.
1	1.3	The Board ensures that the Company ethics are managed effectively.	Applied	The Board adopted the Code of Ethics and Conduct, hereby confirming that the Company's ethics are being managed effectively. An external whistle-blowing process is in place demonstrating this.
2. BOARD OF DIRECTORS				
2	2.1	The Board acts as the focal point for, and custodian of, corporate governance.	Applied	The Board's Charter sets out its responsibilities and the Board meets at least four times per year. Proper minutes are maintained of Board deliberations to ensure that proper corporate governance is being implemented on an ongoing basis.
2	2.2	The Board appreciates that strategy, risk, performance and sustainability are inseparable.	Applied	The Board informs and approves the strategy and it is aligned with the purpose of the Company, its value drivers and the legitimate interests and expectations of its stakeholders to ensure sustainable outcomes. This principle is also included in the Board Charter.
2	2.3	The Board provides for effective leadership based on an ethical foundation.	Applied	The Code of Ethics and Conduct is a fundamental policy of the Group to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards.
2	2.4	The Board ensures that the Company is, and is seen as, a responsible corporate citizen.	Applied	Through the Social and Ethics Committee, the Board identifies and monitors the non-financial aspects relevant to the business and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance of the Group, and looks at other qualitative performance factors, which takes into account broad stakeholder issues.
2	2.5	The Board ensures that the Company's ethics are managed effectively.	Applied	All Directors and employees are required to comply with the spirit as well as the letter of the Code of Ethics and Conduct and maintain the highest standards of conduct in all dealings.
2	2.6	The Board ensures that the Company has an effective and independent Audit and Risk Management Committee.	Applied	The Audit and Risk Management Committee consists of three Independent Non-executive Directors.
2	2.7	The Board is responsible for the governance of risk.	Applied	Through the Audit and Risk Management Committee, the Board identifies the key risk areas and key performance indicators of the Group. The Board has a process by which these risks are updated regularly.

KING III – GAP ANALYSIS continued

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
2	2.8	The Board is responsible for information technology (IT) governance.	Applied	The Board delegated this function to the Audit and Risk Management Committee to ensure that IT governance is properly implemented. The Chief Financial Officer reports to the Audit and Risk Management Committee on the relevant IT matters. An IT Steering Committee will be established during the 2016 financial year.
2	2.9	The Board ensures that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Partially Applied	The Audit and Risk Management Committee oversees this function. Action plan: The Group will be conducting a detailed audit compliance of laws, codes and standards during 2016.
2	2.10	The Board ensures that there is an effective risk-based internal audit conducted.	Applied	Internal audit assists the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2	2.11	The Board appreciates that stakeholders' perceptions affect the Company's reputation.	Applied	We are working hard at improving our engagement with all our stakeholders. We engage and speak openly on important issues.
2	2.12	The Board ensures the integrity of the Company's integrated annual report.	Applied	This responsibility was delegated to the Audit and Risk Management Committee to review the integrity of the Company's integrated annual report prior to tabling this to the Board for final approval, and publication thereafter.
2	2.13	The Board reports on the effectiveness of the Company's internal controls.	Applied	The internal auditor's primary mandate is to examine and evaluate the effectiveness of the systems of internal financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the Board through the Audit and Risk Management Committee.
2	2.14	The Board and its Directors act in the best interest of the Company.	Applied	A standard conflict of interest appears on Board meeting agendas item which allows Directors to report on real or perceived conflicts. The Board and committees are free to take professional advice in the exercise of their duties. A formal policy on insider trading and dealing with shares was adopted by the Board.
2	2.15	The Board will consider business rescue proceedings or other turnaround mechanisms as soon as the Group may be financially distressed, as defined in the Company's Act, 71 of 2008.	Applied	This was included in the Board Charter and will be applied if necessary.
2	2.16	The Board has elected a Chairman of the Board who is an Independent Non-executive Director.	Applied	Mr KH Pon is an Independent Non-executive Director and Chairman of the Board.

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
2	2.17	The Board has appointed the CEO and has established a framework for the delegation of the authority.	Applied	A Delegation of Authority Framework was adopted and the CEO's role is formalised and his performance is evaluated against specific criteria.
2	2.18	The Board comprises a balance of power, with a majority of Non-executive Directors. The majority of Non-executive Directors are independent.	Applied	Five of the Board's eight Directors are Independent Non-executive Directors. The Board's size, diversity and demographics were considered and it is seen to be effective.
2	2.19	Directors are appointed through a formal process.	Applied	Directors are appointed through a formal process and this is overseen by the Remuneration and Nomination Committee and confirmed by the Board.
2	2.20	The induction of, and ongoing training, as well as the development of Directors is conducted through a formal process.	Applied	Following the appointment of new Directors, they visit the Group's businesses and meet with senior management, as appropriate and are offered the opportunity to facilitate their understanding of the Group and their fiduciary responsibilities. Directors receive training as and when required on Company-specific matters.
2	2.21	The Board is assisted by a competent, suitably qualified and experienced Company Secretary.	Applied	Mr Whitney Green was appointed Company Secretary. He is suitably qualified and was found by the Board to have the necessary knowledge and skills. He is a consultant and remains at an arm's-length basis with the Board.
2	2.22	The evaluation of the Board, its Committees and individual Directors is performed every year.	Applied	A self-evaluation was conducted by the Board and its sub-committees during the 2015 financial year. The results were discussed as well as plans to address the identified improvement areas.
2	2.23	The Board delegates certain functions to well-structured Committees without abdicating from its own responsibilities.	Applied	Specific responsibilities have been formally delegated to the Board committees with defined terms of reference, duration and function, clearly agreed upon reporting procedures and written scope of authority documented in its formal charters. Committees in place are Audit and Risk Management, Remuneration, Nomination and Social and Ethics Committee.
2	2.24	A governance framework has been agreed upon between the Group and its subsidiary Boards.	Applied	The Managing Directors of the major subsidiaries provide a written report on progress in their respective businesses. Management meetings are held in the respective subsidiary companies.
2	2.25	The Company remunerates its Directors and executives fairly.	Applied	An approved remuneration philosophy, consisting of fixed pay, a bonus component and participation in an incentive scheme is in place.
2	2.26	The Company has disclosed the remuneration of each individual Director and prescribed officer.	Applied	The Directors' remuneration is disclosed in the 2015 Integrated Annual Report.

KING III – GAP ANALYSIS continued

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
2	2.27	The shareholders have approved the Company's remuneration policy.	Applied	The remuneration philosophy was approved by shareholders in the AGM that was held in 2015 and would again be tabled for shareholder approval at the AGM to be held during 2016.
3. AUDIT COMMITTEE				
3	3.1	The Board has ensured that the Company has an effective and independent Audit and Risk Management Committee.	Applied	The Audit and Risk Management Committee comprises of three Independent Non-executive Directors.
3	3.2	Audit and Risk Management Committee members are suitably skilled and experienced Independent Non-executive Directors.	Applied	The members and Committee attendees have the required financial knowledge and experience to oversee and guide the Board and the Group in respect of the audit and corporate governance disciplines.
3	3.3	Audit and Risk Management Committee is chaired by an Independent Non-executive Director.	Applied	The Committee is chaired by Ms Melanie Chong, a qualified Chartered Accountant, who is an Independent Non-executive Director.
3	3.4	The Audit and Risk Management Committee oversees integrated annual reporting.	Applied	This function is included in the Committee's terms of reference.
3	3.6	The Audit and Risk Management Committee is satisfied with the expertise, resources and experience of the Group's finance function.	Applied	The Committee has satisfied itself with Koos Bekker's work experience, performance and technical skills in fulfilling his role as Chief Financial Officer and providing leadership to the rest of the financial team.
3	3.7	The Audit and Risk Management Committee should be responsible for overseeing internal audit.	Applied	The Group has outsourced its internal audit function to BDO Risk Advisory Services Proprietary Limited, which report the results of its internal audit findings to the Audit and Risk Management Committee.
3	3.8	The Audit and Risk Management Committee is an integral component of the risk management process.	Applied	The Audit and Risk Management Committee has approved and implemented a Risk Management Policy & Framework. The Committee also reviews the Risk Register at each meeting.
3	3.9	The Audit and Risk Management Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	The Audit and Risk Management Committee approves the appointment of the external auditor as well as its engagement letter and terms, nature and scope of the audit function and the audit fee.

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
3	3.10	The Audit and Risk Management Committee has reported to the Board and the shareholders as to how it has discharged its duties.	Applied	The Audit and Risk Management Committee advises the Board on issues ranging from the application of accounting standards to published financial information and feedback is provided at each Board meeting. A report from the Audit and Risk Management Committee is included in the 2015 Integrated Annual Report.

4. GOVERNANCE OF RISK

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
4	4.1	The Board is responsible for the governance of risk.	Applied	The Board has established a comprehensive control environment ensuring that risks are mitigated and the Group's objectives are attained. Oversight function in terms of risk is delegated to the Audit and Risk Management Committee and discussed at each meeting with feedback to the Board.
4	4.2	The Board has determined the levels of risk tolerance.	Partially Applied	The updated risk management framework was approved by the Audit and Risk Management Committee and the Board. The risk tolerance levels have not been determined, discussed and approved by the Audit and Risk Management Committee meeting for recommendation to the Board. Action plan: Risk tolerance levels still need to be discussed and reviewed for approval by the Board during 2016.
4	4.3	The Audit and Risk Management Committee and/or Audit Committee has assisted the Board in carrying out its risk responsibilities.	Applied	The Board's risk management responsibilities are delegated to the Audit and Risk Management Committee. The internal audit plan is based on risk assessments, which are of a continual nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the Audit and Risk Management Committee and senior management.
4	4.4	The Board has delegated to management the responsibility to design, implement and monitor the risk management plan.	Applied	All inherent and residual risks are discussed at each Audit and Risk Management Committee meeting, with feedback provided to the Board. The risk register includes the risks, ratings, internal controls and mitigating actions.
4	4.5	The Board has ensured that risk assessments are performed on a continual basis.	Applied	The inherent and residual risks are discussed at the quarterly Audit and Risk Management Committee meetings.
4	4.6	The Board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The risk registers are continually reviewed and discussed at the quarterly Audit and Risk Management Committee meetings. The Framework was reviewed and Policy was redrafted and approved during 2016.

KING III – GAP ANALYSIS continued

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
4	4.7	The Board has ensured that management has considered and has implemented appropriate risk responses.	Applied	Responses in terms of the risk register are being enhanced so as to include detailed responses from subsidiary levels.
4	4.8	The Board has ensured the continual risk monitoring by management.	Applied	The Board has established a comprehensive control environment, ensuring that risks are mitigated and the Group's objectives are attained.
4	4.9	The Board has received assurance regarding the effectiveness of the risk management process.	Applied	The Internal Auditors conduct continual reviews in terms of internal controls and systems and attend the Audit and Risk Management Committee meetings to table their working report. Internal Audit will formally assess the Risk Management process early in 2017.
4	4.10	The Board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	The major risks are disclosed in the 2015 Integrated Annual Report.
5. GOVERNANCE OF INFORMATION TECHNOLOGY				
5	5.1	The Board is responsible for information technology (IT) governance.	Applied	The Board delegated this function to the Audit and Risk Management Committee by including IT governance in its charter. An IT Steering Committee will be established during 2016. A COBIT framework was implemented during the reporting period.
5	5.2	IT has been aligned with the performance and sustainability objectives of the Group.	Applied	An IT Steering Committee will be established during 2016. The Chief Financial Officer reports to the Audit and Risk Management Committee meetings on IT matters.
5	5.3	The Board has delegated to management the responsibility for the implementation of an IT governance framework.	Applied	Management is responsible for the implementation of an IT governance framework.
5	5.4	The Board monitors and evaluates significant IT investments and expenditure.	Applied	IT investments and expenditure are being monitored and approved in terms of the delegation of authority framework.
5	5.5	IT is an integral part of the Group's risk management plan.	Applied	Inherent and residual IT risks are included in the Company's risk register and also dealt with separately on a semi-annual basis.
5	5.6	The Board ensures that Information Assets are managed effectively.	Applied	Management is responsible to manage the IT assets on behalf of the Board.
5	5.7	An Audit and Risk Management Committee assists the Board in carrying out its IT responsibilities.	Applied	The Audit and Risk Management Committee assists the Board in carrying out its IT responsibilities.

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
6. COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS				
6	6.1	The Board ensures that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The Audit and Risk Management Committee assists the Board in complying with the applicable laws, rules, codes and standards in the ambit of its terms of reference. The balance of the compliance matters will be delegated to the Social and Ethics Committee.
6	6.2	The Board and each individual Director and Senior Manager has a working understanding of the effect of applicable laws, rules, codes and standards on the Group and its business.	Applied	Directors have a working understanding of all applicable laws, rules, codes and standards applicable to the Company.
6	6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	Partially Applied	The compliance framework and processes are not all in place. Action plan: The Company is in the process of further developing a compliance framework to assist the relevant sub-committee in fulfilling its responsibility in this regard.
7. INTERNAL AUDIT				
7	7.1	The Board should ensure that there is an effective risk-based internal audit function.	Applied	The internal audit plan, approved by the Audit and Risk Management Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the Audit and Risk Management Committee and senior management.
7	7.2	Internal Audit should follow a risk-based approach to its plan.	Applied	Refer to 7.1
7	7.3	Internal Audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management.	Applied	Annual report from the internal auditors is submitted to the Audit and Risk Management Committee meetings.
7	7.4	The Audit and Risk Management Committee should be responsible for overseeing Internal Audit.	Applied	The internal audit function forms part of the Audit and Risk Management Committee's responsibility as set out in its terms of reference.
7	7.5	Internal Audit should be strategically positioned to achieve its objectives.	Applied	The internal audit charter was adopted. This is reviewed annually at the Audit and Risk Management Committee meetings which the internal auditors attend by invitation.

KING III – GAP ANALYSIS continued

CHAPTER	PRINCIPLE	PRINCIPLE DESCRIPTION	APPLIED/ PARTIALLY APPLIED/ NOT APPLIED	EXPLANATION/ COMPENSATING PRACTICES
8. STAKEHOLDERS				
8	8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	Applied	Although a formal stakeholder engagement process is not yet in place. The Group, through the CEO, interacts with its major stakeholders on an *ad hoc* basis in the normal course of business.
8	8.2	The Board should delegate to management to deal proactively with stakeholder relationships.	Applied	Although a formal stakeholder engagement process is not yet in place. The Group, through the CEO, interacts with its major stakeholders on an ad hoc basis in the normal course of business.
8	8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	Applied	Although a formal stakeholder engagement process is not yet in place. The Group, through the CEO, interacts with its major stakeholders on an ad hoc basis in the normal course of business.
8	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	The Board strives to ensure that reporting to shareholders is relevant, transparent and accurate.
8	8.6	The Board should ensure that disputes are resolved effectively and as expeditiously as possible.	Partially Applied	All internal disputes resolution mechanisms are in place. The external dispute resolution procedure is not in place. Action plan: Will develop an external dispute resolution procedure during 2016.
9. INTEGRATED ANNUAL REPORTING				
9	9.1	The Board should ensure the integrity of the Group's integrated annual report.	Applied	This forms part of the responsibilities of the Audit and Risk Management Committee and is included as such in its terms of reference prior to presenting the report to the Board.
9	9.2	Sustainability reporting and disclosure should be integrated with the Group's financial reporting.	Applied	The Group endeavours to integrate all information to stakeholders in the form of the integrated report, focusing on sustainability on all levels, including finances.
9	9.3	Sustainability reporting and disclosure should be independently assured.	Not Applied	Sustainability reporting is currently being self-assured; however, this is being reviewed. There is adequate internal capacity to do so presently. Action plan: 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.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

Report of the Audit and Risk Management Committee	58
Directors' responsibilities and approval	60
Statement of Company Secretary	61
Directors' report	62
Independent Auditor's report	65
Statement of financial position	66
Statement of comprehensive income	67
Statement of changes in equity	68
Statement of cash flows	69
Accounting policies	70
Notes to the financial statements	78

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

8 March 2016

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

for the year ended 31 December 2015

The Audit and Risk Management Committee is pleased to present its report for the year ended 31 December 2015.

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 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 2015 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 2015 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 Mr JL Roos as the designated auditor, who is a registered independent auditor, for the year ended 31 December 2015 audit. The appointment of the auditors for the 2016 financial year will be discussed at the next Audit and Risk Management Committee meeting.

The Committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa 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.

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 198 000 (2014: R2 342 234). No fees were charged for non audit services, as no non audit services were performed.

5. Financial statements and accounting controls

The Audit and Risk Management Committee has:

Reviewed the Financial Statements for the year ended 31 December 2015 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 to establish 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 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 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 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.

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

Johannesburg
8 March 2016

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 31 December 2015

The directors are responsible for the preparation and maintenance of adequate accounting records, integrity and fair presentation of the 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 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 and cash flows for the year, and the financial position of the 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 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 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Financial Statements have been prepared on the going concern basis, since the directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The directors have reviewed the Group's cash flow forecast for the year to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and sub-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 Group's Financial Statements. The Financial Statements have been examined by the Group's external auditors and their report is presented on page 65.

Approval of Financial Statements

The Financial Statements set out on pages 66 to 103, which have been prepared on the going concern basis, were approved by the board on 8 March 2016 and were signed on its behalf by:

KH Pon CA (SA)
Independent Non-Executive Chairman

JP Bekker CA (SA)
Chief Executive Officer (Acting) and Chief Financial Officer

STATEMENT OF COMPANY SECRETARY

for the year ended 31 December 2015

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
8 March 2016

DIRECTORS' REPORT
for the year ended 31 December 2015

The directors present their report of the Group for the year ended 31 December 2015.

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 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 the year under review.

4. Special resolutions

At the Annual General Meeting of the Company held on 31 July 2015, shareholders approved the following special resolutions:

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**
Deputy-vice Chairperson	**R247 754**
Non-executive director	**R143 152**
Chairperson of the Audit Committee	**R214 728**
Member of the Audit Committee	**R46 392**
Chairperson of the Remuneration Committee	**R66 026**
Member of the Remuneration Committee	**R46 392**
Chairperson of Social and Ethics Committee	**R66 026**
Chairperson of a Special Committee	**R2 783 per hour**
Member of a Special Committee	**R1 670 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 directors' fees for the first quarter of 2015 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 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 ending 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 year ending 31 December 2015 and quarter ending 31 March 2016 as well as confirming and ratifying the increase in the 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.

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		
KH Pon		
M Chong		
L Stephens		
N Lalla		
JH Yeh		Appointed 18 February 2016
Non-executive		
EHT Pan	Brazilian	Resigned 18 February 2016
HL Li	Taiwanese	
CY Wu	Taiwanese	
DJC Pan (Alternate)	Brazilian	
CH Pan (Alternate)	Taiwanese	Resigned 18 February 2016
WP Li (Alternate)	Taiwanese	
Executive		
PJM Ferreira		Resigned 31 August 2015
JP Bekker		

7. Directors’ emoluments

The directors’ emoluments are set out in note 17 of the Financial Statements.

8. Dividends

The Board did not declare a dividend for the year ended 31 December 2015 (2014: 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

DIRECTORS' REPORT continued

for the year ended 31 December 2015

11. Directors' interests in share capital

The interests of directors in the issued share capital of the Company as at 31 December 2015 were as follows:

Director – Number of ordinary shares	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital %
2015				
JP Bekker	**491 807**	**–**	**491 807**	**0.31**
EHT Pan	**4 728 238**	**28 499 063**	**33 227 301**	**21.25**
	5 220 045	**28 499 063**	**33 719 108**	**21.56**
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

No shares were traded by any director from 31 December 2015 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 12 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. 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.

15. 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 Group or the results of those operations significantly.

16. 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 Holdings, 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.

17. 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.

18. 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

for the year ended 31 December 2015

To the Shareholders of South Ocean Holdings Limited

Report on the Financial Statements

We have audited the consolidated financial statements of South Ocean Holdings Limited set out on pages 66 to 103, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement 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 financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 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 financial statements present fairly, in all material respects, the consolidated financial position of South Ocean Holdings Limited as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 31 December 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated 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 financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of South Ocean Holdings Limited for 7 years. The business of South Ocean Holdings Limited is transacted through South Ocean Electric Wire Company Proprietary Limited, of which PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 26 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: JL Roos
Registered auditors

Pretoria
8 March 2016

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000
Assets			
Non-current assets			
Property, plant and equipment	3	**313 633**	315 993
Intangible assets	4	**8 780**	9 994
Deferred tax	11	**8 977**	4 101
		331 390	330 088
Current assets			
Inventories	5	**321 305**	379 527
Trade and other receivables	6	**229 596**	255 625
Derivative financial instruments		**–**	1
Current tax receivable		**5 556**	2 960
Cash and cash equivalents	7	**21 817**	36 390
		578 274	674 503
Total assets		**909 664**	1 004 591
Equity and liabilities			
Equity			
Share capital	8	**441 645**	441 645
Reserves		**2 513**	1 027
Retained earnings (accumulated loss)		**125 567**	139 486
		569 725	582 158
Liabilities			
Non-current liabilities			
Interest bearing borrowings	10	**63 899**	80 267
Deferred tax	11	**37 183**	37 306
Share-based payments	12	**–**	2 891
		101 082	120 464
Current liabilities			
Trade and other payables	13	**122 163**	127 445
Interest bearing borrowings	10	**20 159**	22 070
Current tax payable		**–**	4 634
Share-based payments	12	**–**	1 772
Bank overdraft	7	**96 535**	146 048
		238 857	301 969
Total liabilities		**339 939**	422 433
Total equity and liabilities		**909 664**	1 004 591

The accounting policies on pages 70 to 77 and the notes on pages 78 to 103 to form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

		GROUP	
	Notes	**2015 R'000**	2014 R'000
Revenue	14	**1 657 358**	1 715 240
Cost of sales	16	**(1 499 277)**	(1 453 059)
Gross profit		**158 081**	262 181
Other operating income	15	**11 647**	3 255
Administration expenses	16	**(75 038)**	(89 644)
Distribution expenses	16	**(25 822)**	(29 124)
Operating expenses	16	**(68 430)**	(67 022)
Operating profit (loss)		**438**	79 646
Finance income	19	**1 037**	1 090
Finance costs	20	**(20 397)**	(22 036)
(Loss) profit before taxation		**(18 922)**	58 700
Taxation	21	**5 003**	(21 182)
(Loss) profit for the year		**(13 919)**	37 518
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1 486**	394
Other comprehensive income for the year net of taxation	9	**1 486**	394
Total comprehensive (loss) income for the year		**(12 433)**	37 912
(Loss) earnings per share:			
Per share information			
Basic and diluted (loss) earnings per share (cents)	22	**(8.9)**	24.0

The accounting policies on pages 70 to 77 and the notes on pages 78 to 103 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	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 01 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 01 January 2015	**1 274**	**440 371**	**441 645**	**1 027**	**139 486**	**582 158**
Loss for the year	–	–	–	–	(13 919)	(13 919)
Total comprehensive income for the year	–	–	–	1 486	–	1 486
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**1 486**	**(13 919)**	**(12 433)**
Balance at 31 December 2015	**1 274**	**440 371**	**441 645**	**2 513**	**125 567**	**569 725**

The accounting policies on pages 70 to 77 and the notes on pages 78 to 103 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

		GROUP	
	Notes	**2015 R'000**	2014 R'000
Cash flows from operating activities			
Cash generated from operations	23	**94 129**	80 732
Finance income	19	**1 037**	1 090
Finance costs	20	**(20 397)**	(22 036)
Taxation paid	24	**(7 230)**	(16 765)
Net cash from operating activities		**67 539**	43 021
Cash flows from investing activities			
Purchase of property, plant and equipment	3	**(15 002)**	(48 427)
Proceeds from sale of property, plant and equipment	3 & 25	**893**	82
Purchase of intangible assets	4	**(1 697)**	(1 496)
Net cash from investing activities		**(15 806)**	(49 841)
Cash flows from financing activities			
Proceeds from interest bearing borrowings		**5 888**	63 450
Repayment of interest bearing borrowings		**(24 167)**	(29 276)
Repayment of loans from Group companies		**–**	–
Proceeds of loans from Group companies		**–**	–
Net cash from financing activities		**(18 279)**	34 174
Total cash, cash equivalents and bank overdrafts movements for the year		**33 454**	27 354
Cash, cash equivalents and bank overdrafts at the beginning of the year		**(109 658)**	(137 406)
Effect of exchange rate movement on foreign entity balances		**1 486**	394
Total cash, cash equivalents and bank overdrafts at end of the year	7	**(74 718)**	(109 658)

The accounting policies on pages 70 to 77 and the notes on pages 78 to 103 form an integral part of the financial statements.

ACCOUNTING POLICIES

for the year ended 31 December 2015

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 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 1.18.

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 re-measured, 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.

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 transactions 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)

1.2. 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.

Borrowing costs are capitalised in terms of the applicable accounting policy. See accounting policy 1.14 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 initial 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.

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;

ACCOUNTING POLICIES continued

for the year ended 31 December 2015

1. Presentation of Financial Statements
(continued)

1.5. Foreign currency translation (continued)

Group companies (continued)

- 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 first-in first-out 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.
- 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.

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

1. Presentation of Financial Statements
(continued)

1.9. Financial instruments (continued)

Classification (continued)

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.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and 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 the Statement of comprehensive income.

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.

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

ACCOUNTING POLICIES continued

for the year ended 31 December 2015

1. Presentation of Financial Statements

(continued)

1.9. Financial instruments (continued)

Trade and other receivables (continued)

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 and 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.

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.

1. Presentation of Financial Statements
(continued)

1.11 Employee benefits (continued)

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:

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 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.

1.14 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.

1.15 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.

1.16 Income tax

Current income tax asset and liabilities

Current income tax assets and current income tax liabilities 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.

ACCOUNTING POLICIES continued

for the year ended 31 December 2015

1. Presentation of Financial Statements

(continued)

1.16 Income tax (continued)

Current income tax asset and liabilities (continued)

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 which 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.

1.17 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.

1.18 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. Stock is split into the different categories (including discontinued items, old stock and damaged stock). Management estimates an obsolete stock percentage, based on an assessment of quality, volume, the extent to which the merchandise for resale on hand at reporting date will not be sold, last selling price and last date of sale. The obsolete stock provision percentage will vary between different items based on extent to which management estimates the stock can 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. Management's debt recovery assessment is based on an internal analysis which considers key areas relating to whether the receivable is fully recoverable or if impairment should be considered. The key areas include the following: the customer has made a debt pay-off arrangement, Credit Guarantee Insurance has provided cover on the debtor and the receivable will be recovered through Credit Guarantee, and Credit Guarantee has provided limited cover on the debtor, and the debtors balance exceeded the cover amount and any defaults on payment will be a bad debts.

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 12 for details on each of the share option schemes).

1. Presentation of Financial Statements

(continued)

1.18 Significant judgements and sources of estimation uncertainty (continued)

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 tangible assets.

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. 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 tangible assets are inherently uncertain and could materially change over time. The value-in-use is sensitive to changes in discount rates, growth rates and interest rates.

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.

1.19 Related party transactions

All subsidiaries, associated companies, major shareholders and key management personnel of the Group are related parties. 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 17. There were no other material contracts with related parties.

1.20 (Loss) earnings per share

(Loss) 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.

1.21 Headline (loss) earnings per share

Headline (loss) 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.

1.22 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

for the year ended 31 December 2015

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IFRS 2 – Share based payment (Amendment)
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 Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IFRS 3 – Business combinations (Amendment)
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 Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IFRS 8 – Operating segments (Amendment)
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 Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IFRS 13 – Fair value measurement (Amendment)
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 Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

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 difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount.

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

The Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IAS 24 – Related party disclosure
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 Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IFRS 13 – Fair value measurement
The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

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

The Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

2. New Standards and Interpretations

(continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

IAS 40 – Investment property

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

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

The Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

IFRS 3 – Business combinations

The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the Financial Statements of the joint arrangement itself.

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

The Group has adopted the amendment for the first time in the 2015 Financial Statements. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group accounting periods beginning on or after 1 January 2016 or later periods:

IFRS 15 – Revenue from contracts with customers

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

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

The Group expects to adopt the amendment for the first time in the 2018 Financial Statements. The impact of the amendment on the Group's Financial Statements have not been assessed.

IFRS 10 – Consolidated financial statements (Amendment) and IAS 28 – Investments in associates and joint ventures on applying the consolidation exemption (Amendment)

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The effective date of the amendments is for years beginning on or after 1 January 2016.

The Group expects to adopt the amendments for the first time in the 2016 Financial Statements. The impact of the amendment on the Group's Financial Statements have not been assessed.

IAS 1 – Presentation of financial statements' disclosure initiative (Amendment)

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

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

The Group expects to adopt the amendments for the first time in the 2016 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

IAS 16 – Property, plant and equipment (Amendment) and IAS 38 – Intangible assets on depreciation and amortisation (Amendment)

In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

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

The Group expects to adopt the amendment for the first time in the 2016 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

IAS 27 – Separate financial statements on equity accounting (Amendment)

In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

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

The Group expects to adopt the amendment for the first time in the 2016 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

2. New Standards and Interpretations

(continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 9 – Financial Instruments (2009 &2010); Financial liabilities; Derecognition of financial instruments; Financial assets; General hedge accounting

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

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

The Group expects to adopt the amendment for the first time in the 2018 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

IFRS 9 – Financial instruments, on general hedge accounting (Amendment)

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

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

The Group expects to adopt the amendment for the first time in the 2018 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

IAS 12 – Income taxes (Amendment)

The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

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

The Group expects to adopt the amendment for the first time in the 2017 financial statements. The impact of the amendment on the Group's financial statements has not been assessed.

IAS 7 – Cash flow statements (Amendment)

In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

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

The Group expects to adopt the amendment for the first time in the 2017 financial statements. The impact of the amendment on the Group's financial statements has not been assessed.

IFRS 16 – Leases

After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

2. New Standards and Interpretations

(continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 16 – Leases (continued)

The effective date of the amendment is for years beginning on or after 1 January 2019.

The Group expects to adopt the amendment for the first time in the 2019 financial statements. The impact of the amendment on the Group's financial statements have not been assessed.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Group and the Company's accounting periods beginning on or after 1 January 2016 or later periods but are not relevant to its operations:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

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

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

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

IFRS 7 – Financial Instruments: Disclosures

Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

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

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

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

IFRS 7 – Financial Instruments: Disclosures

Servicing contracts – The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

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

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

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

IAS 19 – Employee Benefits

Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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

The Group does not envisage the adoption of the amendment until such time as it becomes applicable to the Group's operations

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

IAS 34 – Interim Financial Reporting

Disclosure of information 'elsewhere in the interim financial report' –

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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

The Group does not envisage the adoption of the amendment until such time as it becomes applicable to the Group operations.

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

GROUP	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying value R'000	2014 Cost R'000	2014 Accumulated depreciation R'000	2014 Carrying value R'000
3. Property, plant and equipment						
Land and buildings	**195 068**	**(10 509)**	**184 559**	192 178	(8 861)	183 317
Plant and machinery	**204 934**	**(90 267)**	**114 667**	197 827	(81 169)	116 658
Furniture and equipment	**36 262**	**(27 983)**	**8 279**	34 980	(24 215)	10 765
Motor vehicles	**15 080**	**(9 007)**	**6 073**	14 520	(9 327)	5 193
Leasehold improvements	**70**	**(15)**	**55**	70	(10)	60
Total	**451 414**	**(137 781)**	**313 633**	439 575	(123 582)	315 993

Reconciliation of property, plant and equipment

GROUP	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance R'000
2015					
Land and buildings	**183 317**	**2 890**	**–**	**(1 648)**	**184 559**
Plant and machinery	**116 658**	**7 921**	**(230)**	**(9 682)**	**114 667**
Furniture and equipment	**10 765**	**1 365**	**(24)**	**(3 827)**	**8 279**
Motor vehicles	**5 193**	**2 826**	**(333)**	**(1 613)**	**6 073**
Leasehold improvements	**60**	**–**	**–**	**(5)**	**55**
	315 993	**15 002**	**(587)**	**(16 775)**	**313 633**
2014					
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

Security

Carrying value of assets pledged as security for interest bearing borrowings (note 10):

	GROUP 2015 R'000	GROUP 2014 R'000
Mortgage bonds		
Land and buildings	**184 559**	183 317
Instalment sale agreements		
Plant and machinery	**54 853**	57 703
Motor vehicles and computer equipment	**4 251**	3 709
	243 663	244 729

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	2015 Cost R'000	2015 Accumulated amortisation and impairment R'000	2015 Carrying value R'000	2014 Cost R'000	2014 Accumulated amortisation and impairment R'000	2014 Carrying value R'000
4. Intangible assets						
Goodwill	**–**	**–**	**–**	362 108	(362 108)	–
Trade names	**15 247**	**(7 674)**	**7 573**	14 847	(7 054)	7 793
Customer relationships	**–**	**–**	**–**	10 074	(10 074)	–
Computer software	**15 435**	**(14 228)**	**1 207**	14 136	(11 935)	2 201
Total	**30 682**	**(21 902)**	**8 780**	401 165	(391 171)	9 994

Reconciliation of intangible assets

GROUP	Opening balance R'000	Additions R'000	Amortisation R'000	Closing balance R'000
2015				
Trade names	**7 793**	**400**	**(620)**	**7 573**
Computer software	**2 201**	**1 297**	**(2 291)**	**1 207**
	9 994	**1 697**	**(2 911)**	**8 780**
2014				
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

Other information

Trade names are allocated to their respective underlying cash-generating units. For this purpose, the respective company acquired is defined as the underlying cash-generating unit. These assets relate to the acquisition of Radiant Group Proprietary Limited, the lighting and electrical accessories segment, as well as acquiring What4, as a division of Radiant Group.

	GROUP 2015 R'000	GROUP 2014 R'000
5. Inventories		
Raw materials	**27 608**	56 054
Consumable stores	**17 403**	16 946
Work-in-progress	**48 353**	27 344
Finished goods	**33 556**	78 247
Merchandise	**175 319**	183 617
Goods in transit	**19 066**	17 319
	321 305	379 527
Inventories carried at net realisable value	**36 641**	25 478

The cost of inventories recognised as an expense and included in cost of sales is R1 389 703 254 (2014: R1 352 615 471). Included in the inventory is an amount of R11 029 604 (2014: R10 130 248) relating to inventory impairment.

The cost of inventories pledged as security is disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

	GROUP	
	2015 R'000	2014 R'000
6. Trade and other receivables		
Net trade receivables	**225 072**	252 090
Other receivables	**41**	347
Deposits	**584**	614
South African Revenue Services – VAT receivable	**1 459**	260
Prepayments	**2 440**	2 314
	229 596	255 625
Trade and other receivables past due but not impaired		
Trade receivables of R67 898 424 (2014: R107 696 000) 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	**27 434**	36 264
3 months	**39 744**	59 262
Over 3 months	**720**	12 170
	67 898	107 696
Trade and other receivables impaired		
As at 31 December 2015, trade receivables of R10 191 000 (2014: R5 866 000) were impaired. The amount of the provision in respect of these debtors was R1 933 761 (2014: R1 269 000). 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	**2 253**	1 794
3 months	**5 954**	2 519
Over 3 months	**1 984**	1 553
	10 191	5 866
Reconciliation of provision for impairment of trade and other receivables		
Balance at beginning of year	**1 269**	1 853
Provision for receivables impairment	**1 392**	70
Utilised during the year	**–**	(388)
Unutilised amounts reversed	**(727)**	(266)
Balance at the end of year	**1 934**	1 269

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 2015, trade receivables of R146 983 000 (2014: R138 532 374) 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 27. The fair values are within level 2 of the fair value hierarchy.

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 R43 533 000 (2014: R51 625 333). The Group does not hold any collateral as security.

Trade receivables have been ceded as security for banking facilities as stated in note 7.

Trade and other receivables are distinguished between the various financial instrument categories in note 26.

6. Trade and other receivables (continued)

Credit quality of trade and other receivables

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.

In certain instances, the Group grants credit to certain debtors in excess 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.

Risk exposure and fair value measurements

The Group's exposure to both liquidity risk and price risk is disclosed in note 27. The fair value of the trade and other receivables is also disclosed in note 27.

7. Cash and cash equivalents

	GROUP	
	2015 R'000	2014 R'000
Cash and cash equivalents consist of:		
Bank balances	**21 742**	36 332
Cash on hand	**75**	58
Bank overdraft	**(96 535)**	(146 048)
	(74 718)	(109 658)
Current assets	**21 817**	36 390
Current liabilities	**(96 535)**	(146 048)
	(74 718)	(109 658)
Denominated in South African Rands	**(76 071)**	(109 908)
Denominated in United States Dollars	**1 062**	36
Denominated in Hong Kong Dollars	**291**	214
	(74 718)	(109 658)

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 (2014: R234.3 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 (2014: R55.9 million) registered over Erven 445 and 446 Wynberg, Extension 3, Erven 539, 1111 and 1112 Marlboro, Extension 1 (refer Note 12) and a bond of R30.0 million (2014: R30.0 million) 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 R175.0 million (2014: 127.0 million) (refer note 27). The facility is renewable annually in May. South Ocean Electric Wire Company Proprietary Limited has an instalment sale facility of R45.0 million (2014: R45.0 million) with the same bank of which an amount of R22.5 million (2014: R9.9 million) has not been utilised at year end.

Radiant Group Proprietary Limited has an overdraft facility with First National Bank of R40.0 million (2014: R40.0 million). The facility is secured by 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 R2.8 million (2014: R1.3 million) (refer note 27). The facility is renewable annually in May.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

7. Cash and cash equivalents (continued)

Bank of Taiwan, South Africa Branch

South Ocean Electric Wire Company Proprietary Limited has a usance letter of credit facility amounting to US$ 8.0 million with a Rand value of R124.6 million (2014: R92.9 million). This facility is secured by a deposit of up to 30% (2014: 30%) for the first US$4 million facility and a deposit of 40% (2014: 40%) for the balance of the facility amount. When utilised it attracts interest at prime less 1.6% (2014: 1.6%). The unused facility at 31 December 2015 was R124.6 million (2014: R92.9 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
twA – Bank of Taiwan
Baa2 – Investec Bank Limited
Baa2 – Standard Bank of South Africa

8. Share capital

	GROUP 2015 R'000	GROUP 2014 R'000
Authorised		
500 000 000 ordinary shares of R 0.01 each	**5 000**	5 000
Issued		
156 378 794 ordinary shares	**1 274**	1 274
Share premium	**440 371**	440 371
	441 645	441 645

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.

9. Other comprehensive income

Components of other comprehensive income

GROUP	Gross R'000	Tax R'000	Net R'000
2015			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	**1 486**	**–**	**1 486**
2014			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	394	–	394
	394	–	394

	GROUP	
	2015 R'000	2014 R'000

10. Interest bearing borrowings

	2015 R'000	2014 R'000
Mortgage bonds		
First National Bank, a division FirstRand Bank Limited 3-000-013-732-425	**31 561**	31 496
First National Bank, a division FirstRand Bank Limited 3-000-012-798-538	**15 618**	21 224
First National Bank, a division FirstRand Bank Limited 3-000-013-460-751	**13 185**	13 193
	60 364	65 913
Other loans		
Instalment sale agreements	**23 694**	36 424
	84 058	102 337
Non-current liabilities		
Mortgage bonds	**54 453**	60 306
Other loans	**9 446**	19 961
	63 899	80 267
Current liabilities		
Mortgage bonds	**5 911**	5 607
Other loans	**14 248**	16 463
	20 159	22 070
	84 058	102 337
The maturity of non-current borrowings is as follows:		
Between one and two years	**15 845**	18 911
Between two and five years	**23 078**	28 762
Over five years	**24 976**	32 594
	63 899	80 267

Borrowing powers

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

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

10. Cash and cash equivalents (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 Electric 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. The prime lending rate at year end is 9.75% (2014: 9.25%). The loan is repayable in monthly instalments of R438 912 (2014: 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 Electric Wire Company Proprietary Limited, secured by a debtors financing facility.

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

- Erf 685 Alrode Extension 2 Township of R24 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. The interest is payable at First National Bank's prime lending rate less 1.00% per annum. The prime lending rate at year end is 9.75% (2014: 9.25%). The loan is repayable in monthly instalments of R300 379 (2014: R296 449) inclusive of interest. The loan is also secured by the subordination agreement of South Ocean Electric 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. The prime lending rate at year end is 9.75% (2014: 9.25%). The loan is repayable in monthly instalments of R190 742 (2014: R187 224) inclusive of interest. The loan is also secured by unlimited securityship by South Ocean Electric Wire Company Proprietary Limited and Radiant Group Proprietary Limited.

Instalment sale agreements

Secured by vehicles, plant and equipment (note 3), bears interest at prime minus 1.15% (2014: 1.15%), and are repayable in monthly instalments of R1 578 425 (2014: R1 823 104), inclusive of interest.

11. Deferred tax

The deferred tax assets and the deferred tax liabilities are calculated on all temporary differences under the liability method using a principal taxation rate of 28% (2014: 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 2015 R'000	GROUP 2014 R'000
Deferred tax asset (liability)		
Prior year under provision of deferred tax	**–**	(484)
Property, plant and equipment	**(47 324)**	(43 966)
Provisions	**1 889**	3 199
Tax losses	**17 229**	8 046
Total deferred tax liability	**(28 206)**	(33 205)
Deferred tax asset	**8 977**	4 101
Deferred tax liability	**(37 183)**	(37 306)
Total deferred tax liability	**(28 206)**	(33 205)
Reconciliation of deferred tax asset (liability)		
At beginning of year	**(33 205)**	(33 629)
Current year temporary differences	**(4 184)**	(1 630)
Tax losses	**9 183**	2 538
Prior year under provision of deferred tax	**–**	(484)
	(28 206)	(33 205)

GROUP	Tax losses R'000	Capital allowances R'000	Provisions R'000	Prior year under provision of deferred tax R'000	Total R'000
2015					
Opening balance	**8 046**	**(43 966)**	**3 199**	**(484)**	**(33 205)**
Charged to the statement of other comprehensive income	**9 183**	**(3 358)**	**(1 310)**	**484**	**4 999**
	17 229	**(47 324)**	**1 889**	**–**	**(28 206)**
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)

	GROUP 2015 R'000	GROUP 2014 R'000
Taxation losses at the end of the year deductible from future taxable income	**63 900**	28 274
Unprovided deferred tax asset	**663**	427

Unremitted earnings from a foreign entity

The unremitted earnings from foreign entities total R6 027 035 (2014: R3 708 037). Deferred tax on the future remittances have not been provided for.

Significant estimates

The deferred tax assets include an amount of R7.1 million, which relates to carried forward tax losses of a subsidiary. The subsidiary has incurred losses over the last two financial years following a decline in the general economic environment and the problems experienced with the new warehouse management system and ERP system upgrade. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2016 onwards.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

12. Share-based payments

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

The Group has a 100% cash-settled Share Appreciation Rights (SAR) plan, which has been in place since 2009. The next SAR's are eligible to be exercised in 2016. 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:

	2015	2014
Share price (Volume Weighted Average Price)	**R0.45**	R1.10
Strike price: SOH	**R1.10**	R1.36
Strike price: SOEW	**R37.10**	R24.59
Strike price: Radiant Group	**R1.59**	R6.02
Spot price: SOH	**R0.45**	R1.10
Spot price: SOEW	**R20.82**	R37.10
Spot price: Radiant Group	**R0.0**	R1.59
Dividend yield	**0.0%**	0.0%
Volatility	**60.00%**	60.00%

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	
	2015 R'000	2014 R'000
Reconciliation of liability		
Opening balance	**4 663**	1 774
Charge in statements of comprehensive income	**(2 898)**	2 889
Encashment of units	**(1 765)**	–
Closing balance	**–**	4 663
Current liabilities	**–**	1 772
Non-current liabilities	**–**	2 891
	–	4 663
Reconciliation of units		
Opening balance	**14 310**	12 638
Units granted	**8 456**	5 959
Equity units forfeited	**(10 585)**	(4 287)
Encashment of units	**(1 077)**	–
Closing balance	**11 104**	14 310

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

At year end 2 360 160 (2014: 1 099 158) shares have vested with an intrinsic value of Rnil (2014: R1 771 655).

12. Share-based payments (continued)

Directors' interest in long-term incentive plans

	Number of SAR units '000	Value R'000
2015		
JP Bekker	**4 309**	**–**
2014		
PJM Ferreira	5 689	407
JP Bekker	3 806	277
	9 495	684

	GROUP	
	2015 R'000	2014 R'000
13. Trade and other payables		
Trade payables	**85 734**	88 002
Accruals	**24 086**	22 135
Amounts owing to group companies	**–**	–
Other non-financial payables	**2 402**	2 925
Other payables	**1 000**	1 000
Payroll accruals	**8 076**	12 672
Receiver of Revenue – VAT payable	**865**	711
	122 163	127 445
The trade and other payables will be settled in the following currencies:		
South African Rands	**93 772**	100 332
United States Dollars	**28 297**	27 113
Euro	**94**	–
	122 163	127 445
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 27.		
14. Revenue		
Sale of goods	**1 657 358**	1 715 240
Dividend reversed	**–**	–
Management fees	**–**	–
	1 657 358	1 715 240
15. Other operating income		
Bad debts recovered	**591**	–
Profit on exchange differences	**3 487**	2 359
Profit on disposal of property, plant and equipment	**328**	5
Other income	**1 429**	891
Insurance claims received	**5 812**	–
	11 647	3 255

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

	GROUP	
	2015 R'000	2014 R'000
16. Expenses by nature		
Advertising and promotions	**4 259**	4 472
Amortisation of intangible assets	**2 911**	1 984
Auditors remuneration		
– Audit fees	**2 577**	2 504
– (Over) under provision prior year	**–**	(161)
– Other services	**–**	–
Bad debt provision movement	**1 350**	(574)
Bad debts written off	**727**	225
Changes in finished goods inventories and work-in-progress	**(7 812)**	17 963
Loss on disposal of property, plant and equipment	**22**	1
Depreciation	**16 775**	16 371
Electricity and water	**21 203**	17 804
Employee benefit expense (note 18)	**144 375**	153 327
Enterprise development	**389**	1 927
Finance raising fee	**–**	487
Fines and penalties	**76**	29
Freight	**14 776**	17 548
Foreign exchange loss	**7 136**	–
Insurance – trade receivables	**2 908**	2 561
Insurance – other	**3 975**	3 026
Impairment of investment	**–**	–
Legal fees	**1 118**	959
Levies	**391**	491
Motor vehicle expenses	**6 212**	4 677
Other expenses	**24 896**	33 931
Operating leases		
– Warehouse premises	**3 415**	3 852
Professional fees	**1 027**	2 254
Purchase of merchandise	**223 960**	163 157
Rates and taxes	**1 263**	2 198
Raw materials and consumables used	**1 166 993**	1 167 410
Repairs and maintenance	**21 013**	17 128
Software expenses	**988**	1 823
Secretarial fees	**158**	148
Security expenses	**1 486**	1 327
Total cost of sales, administration, distribution and other operating expenses	**1 668 567**	1 638 849

17. Directors' and prescribed officers' emoluments

GROUP	Salary R'000	Performance bonus R'000	Medical group benefit contributions R'000	Provident fund R'000	Total R'000
2015					
Executive					
PJM Ferreira	**2 874**	**16**	**35**	**157**	**3 082**
JP Bekker	**2 987**	**15**	**90**	**339**	**3 431**
	5 861	**31**	**125**	**496**	**6 513**
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

	GROUP	
	2015 Directors' fees R'000	2014 Directors' fees R'000
Non-executive		
EG Dube	**–**	113
EHT Pan	**248**	236
KH Pon	**522**	491
M Chong	**490**	421
HL Li	**190**	181
CY Wu	**143**	137
N Lalla	**190**	90
L Stephens	**143**	68
	1 926	1 737

	GROUP	
	2015 R'000	2014 R'000
Total directors' and prescribed officers' remuneration		
Executive directors	**6 513**	8 337
Non-executive directors	**1 926**	1 737
Prescribed officers	**4 388**	4 819
	12 827	14 893

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

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

GROUP	Emoluments R'000	Medical aid R'000	Provident fund R'000	Bonus R'000	Total R'000
2015					
Prescribed officers					
D Johnson	**1 504**	**67**	**96**	**–**	**1 667**
F Ally	**1 429**	**67**	**145**	**–**	**1 641**
Y Mahomed	**940**	**75**	**65**	**–**	**1 080**
	3 873	**209**	**306**	**–**	**4 388**
2014					
Prescribed officers					
D Johnson	1 234	54	86	542	1 916
F Ally	1 310	40	86	–	1 436
Y Mahomed	867	64	60	430	1 421
	3 411	158	232	972	4 773

Directors' interests in share capital

The interest of directors in the issued share capital of the Company as at 31 December 2015 were as follows:

GROUP	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital
2015				
JP Bekker	**491 807**	**–**	**491 807**	**0.31**
EHT Pan	**4 728 238**	**28 499 063**	**33 227 301**	**21.25**
	5 220 045	**28 499 063**	**33 719 108**	**21.56**
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

No shares were traded by any director from 31 December 2015 until the date of this report.

18. Employee benefit expense

	GROUP 2015 R'000	GROUP 2014 R'000
Salaries, wages and bonuses	**139 789**	143 246
Share-based payment	**(2 897)**	2 889
Pension and provident fund contributions	**7 483**	7 192
	144 375	153 327

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

	GROUP 2015	GROUP 2014
Number of employees at 31 December		
Full time	**706**	774
Part time	**7**	7
	713	781

	GROUP	
	2015 R'000	2014 R'000
19. Finance income		
Interest received		
Bank	**984**	951
Receiver of Revenue	**53**	139
Subsidiaries	**–**	–
	1 037	1 090
20. Finance costs		
Mortgage bonds	**5 468**	4 217
Bank	**12 153**	13 775
Instalment sale agreements	**2 677**	3 282
Receiver of Revenue	**–**	18
Other interest paid	**99**	744
	20 397	22 036
21. Taxation		
Major components of the tax (credit) expense		
Current		
South African normal tax	**–**	21 556
Prior year (over) under provision	**(4)**	49
	(4)	21 605
Deferred		
Originating and reversing temporary differences	**(5 040)**	(907)
Prior year under provision	**41**	484
	(4 999)	(423)
	(5 003)	21 182
Reconciliation of the tax expense		
(Loss) profit before taxation	**(18 922)**	58 700
Tax at the applicable tax rate of 28% (2014: 28%)	**(5 298)**	16 436
Adjusted for:		
Prior year (over) under provision – current tax	**(4)**	49
Prior year under provision – deferred tax	**41**	484
Expenses not deductible	**168**	3 983
Unprovided deferred tax	**90**	230
Tax losses utilised	**–**	–
South African normal taxation	**(5 003)**	21 182

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

	GROUP	
	2015 R'000	2014 R'000
22. (Loss) earnings per share		
Basic and diluted (loss) earnings per share (cents)	**(8.9)**	24.0
(Loss) profit for the year	**(13 919)**	37 518
Headline (loss) earnings per share		
Headline (loss) earnings and diluted headline (loss) earnings per share (cents)	**(9.1)**	24.0
Reconciliation between (loss) earnings and headline (loss) earnings		
(Loss) profit for the year	**(13 919)**	37 518
Adjusted for:		
Profit on disposal of property, plant and equipment	**(306)**	(4)
Headline (loss) earnings	**(14 225)**	37 514
Number of share in issue ('000)	**156 379**	156 379
23. Cash from operations		
(Loss) profit before taxation	**(18 922)**	58 700
Adjustments for:		
Depreciation, amortisation and impairments	**19 686**	18 355
Profit on disposal of property, plant and equipment	**(306)**	(5)
Finance income	**(1 037)**	(1 090)
Finance costs	**20 397**	22 036
Derivative financial instruments	**1**	142
Share-based payments (reversed) expensed	**(4 663)**	2 889
Changes in working capital:		
Inventories	**58 222**	(90 280)
Trade and other receivables	**26 029**	76 302
Trade and other payables	**(5 278)**	(6 317)
	94 129	80 732
24. Taxation paid		
Net amounts owing at the beginning of the year	**(1 674)**	3 166
Charged to the statement of other comprehensive income	**–**	(21 605)
Balance at end of the year	**(5 556)**	1 674
	(7 230)	(16 765)
25. Proceeds on disposal of property, plant and equipment		
Net book amount of assets disposed of	**587**	78
Profit on disposal of property, plant and equipment	**306**	4
	893	82

26. Categories of financial instruments

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

GROUP	Loans and receivables R'000	Fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2015				
Financial assets				
Cash and cash equivalents	**21 817**	**–**	**–**	**21 817**
Trade and other receivables	**225 697**	**–**	**–**	**225 697**
	247 514	**–**	**–**	**247 514**
Financial liabilities				
Bank overdraft	**–**	**–**	**96 535**	**96 535**
Interest bearing borrowings	**–**	**–**	**84 058**	**84 058**
Trade and other payables	**–**	**–**	**110 820**	**110 820**
	–	**–**	**291 413**	**291 413**
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	–	–	111 137	111 137
	–	–	359 522	359 522

27. 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 6 and 10, cash and cash equivalents disclosed in note 7, 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.

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 2015, the gearing ratio was 27.9% (2014: 36.4%). The gearing ratio declined primarily as a result of a decreased overdraft at year end.

All security and covenants on debt and borrowings are disclosed in notes 5, 7 and 10.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

27. Categories of financial instruments (continued)

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	2015 Credit limit R'000	2015 Balance available R'000	2014 Credit limit R'000	2014 Balance available R'000
Counter party				
First National Bank – Overdraft	**(274 335)**	**(177 800)**	(274 335)	(146 000)
Bank of Taiwan South African Branch – Letter of credit facility	**(124 572)**	**(124 572)**	(92 900)	(83 680)
	(398 907)	**(302 372)**	(367 235)	(229 680)

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 (2014: R45 million) with First National Bank a division of FirstRand Bank Limited of which an amount of R22.5 million (2014: R9.9 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 2015				
Interest bearing borrowings	**26 766**	**20 336**	**34 076**	**29 147**
Trade and other payables	**110 820**	**–**	**–**	**–**
Bank overdraft	**96 535**	**–**	**–**	**–**
	234 121	**20 336**	**34 076**	**29 147**
At 31 December 2014				
Interest bearing borrowings	48 640	39 730	57 019	33 152
Trade and other payables	111 137	–	–	–
Derivative financial instruments	5 188	–	–	–
Bank overdraft	146 048	–	–	–
	311 013	39 730	57 019	33 152

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 25.6% (2014: 24.8%) 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 6.

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 – 21.0% (2014: 34.5%), First National Bank – 77.1% (2014: 65.0%), Standard Bank of South Africa – 0.5% (2014: 0.5%) and HSBC 1.4% (2014: 0%).

The overdraft is renewable annually in May. All the indications from the respective banks are that the facility will be renewed.

27. Categories of financial instruments (continued)

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 its 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 forward cover rate exceeds the FOB rate, cover should be taken to limit the loss to 3% of the transaction value.

At 31 December 2015, 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 R1 089 460 (2014: R277 171), 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

	2015 Foreign currency '000	2015 Rand equivalent '000	2014 Foreign currency '000	2014 Rand equivalent '000
Assets – bank accounts				
United States Dollar	**68**	**1 062**	3	36
Hong Kong Dollar	**145**	**291**	139	214
		1 353		250
Liabilities – trade payables				
United States Dollar	**1 821**	**28 297**	2 337	27 113
European Euro	**6**	**94**	–	–
		28 391		27 113

At year end the Group had entered into the following forward exchange contracts:

	Settlement dates	Foreign currency US$'000	Rand equivalent R'000
2015	–	–	–
2014	04 January 2015	447	5 188

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 purchase copper only for a month's 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 2015.

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 7 and 10.

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 210 291 (2014: R1 473 653) and the Company profit after tax will decrease/increase by R43 315 (2014: R45 504).

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

27. Categories of financial instruments (continued)

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	Carrying value R'000	Fair value R'000
2015		
Trade and other receivables	**225 697**	**225 697**
Amount owing by subsidiaries	**–**	**–**
Cash and cash equivalents	**21 817**	**21 817**
Trade and other payables	**(110 820)**	**(110 820)**
Interest-bearing borrowings	**(84 058)**	**(84 058)**
Bank overdraft	**(96 535)**	**(96 535)**
2014		
Trade and other receivables	253 051	253 051
Amounts owing by subsidiaries	–	–
Cash and cash equivalents	36 390	36 390
Trade and other payables	(111 137)	(111 137)
Interest-bearing borrowings	(102 337)	(102 337)
Bank overdraft	(146 048)	(146 048)
Derivative financial instruments	(5 188)	(5 188)

	GROUP	
	2015 R'000	2014 R'000
28. Commitments		
Capital commitments		
Property, plant and equipment		
– Approved and committed	**5 929**	720
– Approved but not yet contracted for	**1 368**	–
This committed expenditure will be financed from existing credit facilities from Wesbank, a division of FirstRand Bank Limited, as well as privately through Group loans.		
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**1 937**	10 409
– in second to fifth year inclusive	**7 697**	11 551
	9 634	21 960

The Group has the following operating lease agreements:

A Durban property, described as the sales office, 1300 Umgeni Road, Durban is leased monthly from 1 January 2016 to 31 December 2019. The period of the lease is 36 months and average monthly rental of R16 232 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 two months and the average monthly rental is R145 161. A bank guarantee at R227 760 is in place in favour of the lessor.

	GROUP	
	2015 R'000	2014 R'000
29. Related parties		
Transactions with directors		
Details relating to the directors' remuneration and interests are disclosed in notes 17 and 18 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.		
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.		
Compensation to key management		
Salaries and short-term benefits	**12 026**	12 614

Short-term employment benefits comprise salaries, commission and bonuses paid.

Other employment benefits comprise travel allowances, fringe benefits on the use of the 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 17.

30. 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 reconciliation 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 intercompany management fees.

Earnings are defined as the operating profit.

The reported total assets and liabilities exclude current and deferred taxation and intercompany balances.

The details of the business segments are reported as follows:

GROUP	Revenue R'000	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
2015				
Electrical cable manufacturing	**1 342 336**	**26 654**	**431 881**	**148 535**
Lighting and electrical accessories	**326 094**	**(7 906)**	**275 982**	**89 784**
Property investments	**19 280**	**15 664**	**185 749**	**61 490**
	1 687 710	**34 412**	**893 612**	**299 809**
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

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.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

30. Segmental reporting (continued)

	GROUP 2015 R'000	GROUP 2014 R'000
Reconciliation of segment results to statements of comprehensive income and financial position		
Revenue		
Reported segment revenue	**1 687 710**	1 743 368
Inter-segment revenue (property rentals)	**(19 280)**	(17 891)
Inter-segment revenue – other	**(11 072)**	(10 237)
Revenue per consolidated statement of comprehensive income	**1 657 358**	1 715 240
EBITDA		
Adjusted EBITDA	**34 412**	115 127
Corporate and other overheads	**(14 288)**	(17 125)
Depreciation	**(16 775)**	(16 371)
Amortisation of intangible assets – lighting and electrical accessories segment	**(2 911)**	(1 985)
Operating profit per consolidated statement of comprehensive income	**438**	79 646
Operating profit	**438**	79 646
Finance income	**1 037**	1 090
Finance costs	**(20 397)**	(22 036)
(Loss) profit before taxation per consolidated statement of comprehensive income	**(18 922)**	58 700
Assets		
Reportable segment assets	**893 612**	993 498
Corporate and other assets	**1 519**	4 032
Taxation receivable	**5 556**	2 960
Deferred taxation	**8 977**	4 101
Total assets per statement of financial position	**909 664**	1 004 591
Liabilities		
Reportable segment liabilities	**299 809**	374 996
Corporate and other liabilities	**2 947**	5 497
Deferred tax	**37 183**	37 306
Taxation payable	**–**	4 634
Total liabilities per statement of financial position	**339 939**	422 433

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 629 235 519 (2014: R1 709 460 469) and earned from other countries is R28 122 935 (2014: R32 044 437). Revenue in excess of 25.6% (2014: 24.8%) of total revenue was derived from a single external customer.

The total of non-current assets other than financial instruments excluding deferred tax assets located in South Africa is R322 413 000 (2014: R325 897 000) and the total of these non-current assets located in other countries is Rnil (2014: Rnil).

31. 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.

32. Prior period reclassification

Expenses were incorrectly classified between administration expenses and operating expenses. There is no impact on profit and no impact on taxation.

The correction of the error results in adjustments as follows:

	GROUP	
	2015 R'000	2014 R'000
Statement of comprehensive income		
Administration expense	–	23 009
Operating expense	–	(23 009)

33. 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.

34. 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 or the Group or the results of those operations significantly.

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2015

Shareholder Spread	**Number of shareholdings**	**% of total shareholdings**	**Number of shares**	**% of issued capital**
1 – 1 000	**138**	22.92	72 206	0.05
1 001 – 10 000	**233**	38.70	1 079 597	0.69
10 001 – 100 000	**157**	26.08	5 642 718	3.61
100 001 – 1 000 000	**52**	8.64	14 257 125	9.12
Over 1 000 000	**22**	3.65	135 327 148	86.54
Total	**602**	100.00	156 378 794	100.00
Distribution of Shareholders				
Close Corporations	**14**	2.33	641 273	0.41
Collective Investment Schemes	**6**	1.00	16 351 485	10.46
Custodians	**5**	0.83	3 316 122	2.12
Foundations & Charitable Funds	**4**	0.66	154 054	0.10
Hedge Funds	**3**	0.50	4 883 490	3.12
Investment Partnerships	**8**	1.33	150 566	0.10
Managed Funds	**4**	0.66	75 800	0.05
Private Companies	**17**	2.82	5 573 777	3.56
Public Companies	**3**	0.50	61 313 069	39.21
Retail Shareholders	**482**	80.07	36 813 385	23.54
Retirement Benefit Funds	**16**	2.66	5 074 475	3.24
Stockbrokers & Nominees	**3**	0.50	3 647	0.00
Trusts	**37**	6.15	22 027 651	14.09
Total	**602**	100.00	156 378 794	100.00
Shareholder Type				
Non-Public Shareholders	**5**	0.83	72 942 258	46.64
Directors and associates of the company (direct holding)	**2**	0.33	5 220 045	3.34
Directors and associates of the company (indirect holding)	**2**	0.33	28 499 063	18.22
Holders holding more than 10% (excluding directors holding)				
Hong Tai Electric Industrial Company Ltd	**1**	0.17	39 223 150	25.08
Public Shareholders	**597**	99.17	83 436 536	53.36
Total	**602**	100.00	156 378 794	100.00
Fund Managers with a holding > 3% of the issued shares				
Investec Asset Management			13 416 240	8.58
Flagship Asset Management			7 700 000	4.92
Total			21 116 240	13.50
Beneficial shareholders with a holding > 5% of the issued shares				
Hong Tai Electric Industrial Company Ltd			39 223 150	25.08
Metallic City International Ltd			20 069 919	12.83
HS Family Trust			14 245 992	9.11
Mrs MC Pan			8 429 144	5.39
Investec			8 140 325	5.21
Total			90 108 530	57.62
Total number of shareholdings	**602**			
Total number of shares in issue	**156 378 794**			
Share Price Performance				
Opening Price 2 January 2015	**R1.10**			
Closing Price 31 December 2015	**R0.45**			
Closing High for period	**R1.10**			
Closing low for period	**R0.40**			
Number of shares in issue	**156 378 794**			
Volume traded during period	**17 260 976**			
Ratio of volume traded to shares issued (%)	**11.04%**			
Rand value traded during the period	**R12 162 749**			
Price/earnings ratio as at 31 December 2015	**2.09**			
Earnings yield as at 31 December 2015 (%)	**47.78**			
Dividend yield as at 31 December 2015 (%)	**–**			

ANALYSIS OF DIRECTORS' SHAREHOLDING

for the year ended 31 December 2015

Director	Direct beneficial 2015	Indirect beneficial 2015	Direct beneficial 2014	Indirect beneficial 2014	Total	Percentage of issued share capital (%)
Mr Edward Hwei-Ti Pan	**4 728 238**	**28 499 063**	4 728 238	28 499 063	33 227 301	21.25
Mr Jacobus Petrus Bekker	**491 807**	**–**	491 807	–	491 807	0.31
Ms Melanie Chong	**–**	**–**	–	–	–	0.00
Mr Kwok Huen Pon	**–**	**–**	–	–	–	0.00
Mr Eric Li	**–**	**–**	–	–	–	0.00
Ms Natasha Lalla	**–**	**–**	–	–	–	0.00
Ms Louisa Stephens	**–**	**–**	–	–	–	0.00
CY WU (Alternate)	**–**	**–**	–	–	–	0.00
Ms D L Pan (Alternate)	**–**	**–**	–	–	–	0.00
Mr Chung-Hsiang Pan (Alternate)	**–**	**–**	–	–	–	0.00
Mr Wen-Ping (Alternate)	**–**	**–**	–	–	–	0.00
Mr Paulo Jose Monteiro Ferreira (Resigned)	**–**	**–**	1 688 453	–	–	0.00
M H Lee (Resigned)	**–**	**–**	–	–	–	0.00
Mr Ethan Gilbert Dube (Resigned)	**–**	**–**	–	–	–	0.00
Ms Debbie Tam (Resigned)	**–**	**–**	–	–	–	0.00
Mr CC Wu (Resigned)	**–**	**–**	–	–	–	0.00
	5 220 045	**28 499 063**	**6 908 498**	**28 499 063**	**33 719 108**	**21.56**

Directors transactions during the year – 2015	**Total**
Nil	**Nil**
	–

Notes:

Mr PJM Ferreira	Resigned effective 31 August 2015	6 August 2015
Mr EHT Pan	Appointed to the Nomination Committee	14 August 2015
Mr JP Bekker	Appointed as acting CEO	1 September 2015

ADMINISTRATION

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 31 December 2015

Notice is hereby given that the ninth Annual General Meeting of shareholders of South Ocean Holdings Limited ("SOH" or "the Company") will be held in the Conference Room, 16 Botha Street, Alrode, on Thursday, 11 August 2016 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, 5 August 2016 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 financial statements

   Resolved that the financial statements of the Company and its subsidiary companies for the year ended 31 December 2015, 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 N Lalla as a director

   Resolved that Ms N Lalla, who retires in terms of the Company's Memorandum of Incorporation, be re-elected as a director of the Company.

   The *curriculum vitae* for Ms N Lalla appears on page 14 of this annual report.

4. **ORDINARY RESOLUTION NUMBER 4**

   Re-election of Ms L Stephens as a director

   Resolved that Ms L Stephens, who retires in terms of the Company's Memorandum of Incorporation, be re-elected as a director of the Company.

   The *curriculum vitae* for Ms L Stephens appears on page 14 of this annual report.

5. **ORDINARY RESOLUTION NUMBER 5**

   Re-election of Mr JH Yeh as a director

   Resolved that Mr JH Yeh, who retires in terms of the Company's Memorandum of Incorporation, be re-elected as a director of the Company.

   The *curriculum vitae* for Mr JH Yeh appears on page 14 of this annual report.

6. **ORDINARY RESOLUTION NUMBER 6**

   Appointment of Audit and Risk Management Committee member

   Resolved that Ms M Chong be appointed as a member 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.

   The *curriculum vitae* for Ms M Chong appears on page 13 of this annual report.

7. **ORDINARY RESOLUTION NUMBER 7**

   Appointment of Audit and Risk Management Committee member

   Resolved that Ms N Lalla be appointed as 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.

   The *curriculum vitae* for Ms N Lalla appears on page 14 of this annual report.

8. **ORDINARY RESOLUTION NUMBER 8**

   Appointment of Audit and Risk Management Committee member

   Resolved that Mr KH Pon be appointed as 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.

   The *curriculum vitae* for Mr KH Pon appears on page 13 of this annual report.

9. ORDINARY RESOLUTION NUMBER 9

Remuneration Policy

The Remuneration Policy, which forms part of the Remuneration Report, as set out on page 46 of the annual report, for the financial year ended 31 December 2015, 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.

10. SPECIAL RESOLUTION NUMBER 1

Non-executive directors' fees for the financial year ending 31 December 2016 and quarter ending 31 March 2017

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 2016 and the quarter ending 31 March 2017 (being a quarter of the fees payable for the year ending 31 December 2016) be approved as follows:

	31 December 2016
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

Shareholders are advised that the non-executive directors have elected not to receive an increase in their fees for the 2016 financial year.

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 2016 and for the quarter ending 31 March 2017 in accordance with section 66(9) of the Companies Act, 2008. 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 2016 and quarter ending 31 March 2017. The fees payable for the quarter ending 31 March 2017 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 2017 at the 2017 Annual General Meeting.

11. 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.

12. ORDINARY RESOLUTION NUMBER 10

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.

13. ORDINARY RESOLUTION NUMBER 11

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.

NOTICE OF THE ANNUAL GENERAL MEETING continued

for the year ended 31 December 2015

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.

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 SENS announcement will be published giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue was agreed in writing between the Company and party/ies subscribing for such shares at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) of the number of shares in issue prior to that issue;

(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.

14. ORDINARY RESOLUTION NUMBER 12

Directors' or Company Secretary's authority to implement special and ordinary 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.

15. 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 (pages 28 to 32). 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, South Ocean Electric Wire Company Proprietary Limited ("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 SOEW, a wholly-owned subsidiary of SOH, 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 2015 and 21 June 2016.

The directors, whose names are given on page 65 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, 5 August 2016, 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 Monday, 8 August 2016, 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 it; 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 it 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 Monday, 8 August 2016, 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
21 June 2016

FORM OF PROXY

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 Thursday, 11 August 2016. Shareholders listed in the shareholder register as at Friday, 5 August 2016 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 inconsistent 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 Chairman 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 Monday, 8 August 2016, being 48 (forty-eight) hours before the general meeting to be held at 11:00 on Thursday, 11 August 2016; 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 financial statements			
ORDINARY RESOLUTION NUMBER 2:	Appointment of the auditors and designated auditor			
ORDINARY RESOLUTION NUMBER 3:	Re-election of Ms N Lalla as a director			
ORDINARY RESOLUTION NUMBER 4:	Re-election of Ms L Stephens as a director			
ORDINARY RESOLUTION NUMBER 5:	Re-election of Mr JH Yeh as a director			
ORDINARY RESOLUTION NUMBER 6:	Appointment of Audit and Risk Management Committee member Ms M Chong			
ORDINARY RESOLUTION NUMBER 7:	Appointment of Audit and Risk Management Committee member Ms N Lalla			
ORDINARY RESOLUTION NUMBER 8:	Appointment of Audit and Risk Management Committee member Mr KH Pon			
ORDINARY RESOLUTION NUMBER 9:	Approval of Remuneration Committee report			
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 10:	Placing unissued shares under the control of the directors			
ORDINARY RESOLUTION NUMBER 11:	General authority to issue shares for cash			
ORDINARY RESOLUTION NUMBER 12:	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 ________________ 2016

Signature: ______________________________

(Authority of signatory to be attached if applicable – see note 8)

Telephone number: ______________________________

NOTES TO THE FORM OF PROXY

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 form of proxy 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 form of proxy;
- this form of proxy 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 form of proxy;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. 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 form of proxy 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 form of proxy;
- 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, 5 August 2016 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 form of proxy 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 form of proxy 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. Forms of proxy 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 Monday, 8 August 2016, being 48 (forty-eight) hours before the time appointed for the Annual General Meeting of the Company to be held at 11:00 on Thursday, 11 August 2016.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company 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 form of proxy must be initialed 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.

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER
2007/002381/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Holding company

DIRECTORS
KH Pon (Chairman)
HL Li (Deputy Vice-Chairman)
JP Bekker (Chief Financial Officer and Acting Chief Executive Officer)
M Chong
N Lalla
L Stephens
CY Wu
JH Yeh
DJC Pan (Alternate)
WP Li (Alternate)

REGISTERED OFFICE
12 Botha Street
Alrode
1451

Business address
16 Botha Street
Alrode
1451

Postal address
P.O. 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 61501, Marshalltown, 2107)

SHAREHOLDERS' DIARY

2015 FINANCIAL YEAR-END

Annual General Meeting	11 August 2016

FINANCIAL YEAR-END

Financial year-end	31 December

REPORTS

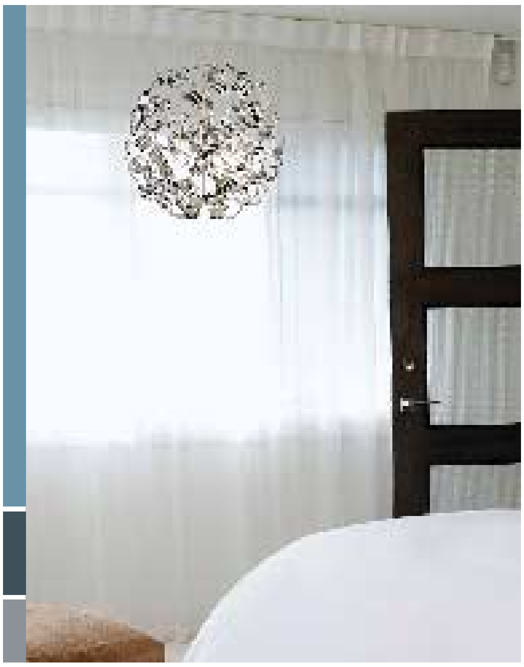
Interim Report – 2016	August 2016
Final Report – 2016	March 2017
Publication of Annual Report 2016	June 2017

DIVIDEND

Final	April 2017

2016 ANNUAL GENERAL MEETING

Annual General Meeting	July 2017

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