

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately. The definitions and interpretations commencing on page 4 of this Circular apply throughout this document.

### **Action required by holders of certificated shares and dematerialised shares (own name registration)**

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instruction contained therein, to be received by the Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 12:00 on Monday, 11 May 2015 or such later date and time which will be released on SENS.

### **Action required by holders of dematerialised shares (other than own name registration)**

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You are entitled to attend, or be represented, at the General Meeting. You must, however, not complete the attached form of proxy. If you do wish to attend or be represented at the General Meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented by proxy at the General Meeting.



## Torre Industries Limited

(previously Torre Industrial Holdings Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number 2012/144604/06)  
("Torre" or "the Company" or "the Group")  
ISIN code: ZAE000188629 Share code: TOR

## CIRCULAR TO TORRE SHAREHOLDERS

Regarding:

- the specific issue of up to 82 013 329 new Torre Shares for cash in terms of section 5.51 of the Listings Requirements ranking *pari passu* with existing Torre Shares, at an issue price of R4.25 to related and unrelated Cash Issue Participants raising a total of R348 556 650;
- the related party acquisition of Set Point Group by Torre for an upfront consideration of R370 000 000, subject to adjustment, with a maximum consideration of R444 000 000, with the upward adjustment to be settled through the issue of new Torre shares at R5.00 per share and a minimum consideration of R298 282 165, with the downward adjustment to be settled through the repurchase of Torre Shares at R0.0001 per share;

and incorporating:

- a notice of General Meeting of Torre Shareholders; and
- a form of proxy (*white*) in respect of the General Meeting of Torre Shareholders (for use by certificated Torre Shareholders and own-name dematerialised Torre Shareholders only)

Corporate Finance  
Adviser and Sponsor



Attorneys



Independent Reporting  
Accountants



Independent Expert



Date of issue: Monday, 13 April 2015

This Circular is only available in English. Copies may be obtained from the registered office of Torre, being 59 Merino Avenue, City Deep, Johannesburg, or from the office of the Company's sponsor, P3, Oxford Corner, 32A Jellicoe Avenue, Rosebank, Johannesburg from 13 April 2015 to 13 May 2015.

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## CORPORATE INFORMATION

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### Company Secretary

Sean Graham

### Business and Registered Address

59 Merino Avenue, City Deep  
Johannesburg, 2197  
(PO Box 86222, City Deep South Africa, 2049)

### Place and date of incorporation

Incorporated in South Africa on 13 August 2012

### Corporate Finance Adviser and Sponsor

AfrAsia Corporate Finance Proprietary Limited  
(Registration number 2007/015289/07)  
Office 202, Cape Quarter  
The Square  
27 Somerset Road  
Green Point  
(Suite No. 54, Dixon Street, Cape Town, 8001 (Level A))  
*And at*

Level P3, Oxford Corner  
Corner of Jellicoe and Oxford, Rosebank  
Johannesburg  
(Suite No. 54, Dixon Street, Cape Town, 8001 (Level A))

### Attorneys

DLA Cliffe Dekker Hofmeyr Incorporated  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

### Independent Expert

BDO Corporate Finance (Pty) Ltd  
(Registration number 1983/002903/07)  
22 Wellington Road  
Parktown, 2193  
(Private Bag X60500, Houghton, 2041)

### Directors

PJ van Zyl (*Chairman*)\*  
CE Pettit (*Chief Executive Officer*)  
SR Midlane (*Chief Financial Officer*)  
JWLM Fizelle<sup>^</sup>#  
CWJ Lyons<sup>#</sup>  
CS Seabrooke<sup>#</sup>  
MM Ngoasheng<sup>#</sup>

*\*Non-executive*

*^Lead independent non-executive director*

*#Independent, non-executive*

### Transfer Secretaries

Link Market Services South Africa Proprietary Limited  
(Registration number 2000/007239/07)  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein, 2001  
(PO Box 4844, Johannesburg, 2000)

### Independent Reporting Accountants

RSM Betty & Dickson (Johannesburg)  
(Practice number 900435)  
Executive City, Cross Street and Charmaine Ave  
President Ridge, Randburg, 2194  
(PO Box 1734, Randburg, 2125)

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<b>Form of Proxy (<i>white</i>)</b>	<b>Attached</b>

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## SALIENT DATES AND TIMES

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SCHEME	2015
Posting of the Scheme Circular to Set Point Shareholders (including the notice convening the Scheme Meeting)	Monday, 13 April
Scheme Meeting to be held at 14:00	Tuesday, 5 May
<b><i>If the Scheme is approved and all conditions have been fulfilled or waived (where capable of waiver)</i></b>	
Expected Operative Date of the Scheme	Friday, 22 May
Expected date of issuing the Upfront Consideration Shares to Scheme Participants	Friday, 22 May
<b>GENERAL MEETING</b>	
Record date in order to be eligible to receive the notice of General Meeting Circular and notice of General Meeting posted to Torre Shareholders	Thursday, 2 April Monday, 13 April
Last date to trade in order to be eligible to vote at the General Meeting	Thursday, 30 April
Record date in order to be eligible to vote at the General Meeting	Friday, 8 May
Last date to lodge forms of proxy for the General Meeting by 12:00	Monday, 11 May
General Meeting at 59 Merino Avenue, City Deep, Johannesburg at 12:00	Wednesday, 13 May
Results of General Meeting released on SENS	Wednesday, 13 May

**Notes:**

1. All times indicated in this Circular are local times in South Africa.
2. The dates and times indicated in the table above are subject to change. Any such changes will be released on SENS.
3. Share certificates in the name of Torre Industries Limited will not be able to be rematerialised or dematerialised between Monday, 4 May 2015 and Friday, 8 May 2015 both days inclusive.
4. To be valid, the completed forms of proxy must be lodged with the Transfer Secretaries, being Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), by no later than Monday, 11 May 2015 at 12:00, alternatively, such forms of proxy may be handed to the company secretary or chairperson of the Company at the meeting until the commencement of the General Meeting.

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## IMPORTANT LEGAL NOTES

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The definitions and interpretations commencing on page 4 of this document shall apply *mutatis mutandis* to this section.

### APPLICABLE LAWS

The release, publication or distribution of this document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this document is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute the solicitation of an offer to purchase shares or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful.

The Transactions may be affected by the laws of the relevant jurisdictions of non-resident shareholders. Such non-resident shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any non-resident shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Transactions, which is the subject of this document, including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due to such jurisdiction.

The Transactions are governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Companies Act and the Takeover Regulations to the extent required.

Any shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

“Acquisition”	the acquisition by Torre of 100% of Set Point, by way of a Scheme, for the Initial Scheme Consideration (subject to adjustment, with a minimum consideration of R298 282 165 and a maximum consideration of R444 000 000) to be settled through the issue of new Torre Shares at R5.00 per share;
“Act” or “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended, and where appropriate in the context includes a reference to the Companies Regulations;
“Adjustment Notice”	notice provided to the Scheme Participants of the results of the adjustments to the Initial Scheme Consideration as envisaged in paragraph 2.3.1 of this Circular, to the extent applicable;
“Adjusted Scheme Consideration”	the Initial Scheme Consideration adjusted (i) proportionately upwards if the FY2016 HEPS is less than the Target HEPS, subject to a maximum Scheme Consideration of R444 000 000; and (ii) proportionately downwards if the SP Earn-out NOPAT is less than the Target NOPAT, subject to a minimum Scheme Consideration of R298 282 165, provided that if both the FY2016 HEPS is less than the Target HEPS, and the SP Earn-out NOPAT is less than the Target NOPAT, then the Initial Scheme Consideration shall be adjusted by the net percentage adjustment, further details of which are set out in paragraph 2.3.1 of this Circular;
“ACF”	AfrAsia Corporate Finance Proprietary Limited (Registration number 2007/015289/07), a private company duly incorporated in South Africa and having its registered address at Office 202, Cape Quarter, The Square, 27 Somerset Road, Green Point and the corporate finance adviser and sponsor to Torre;
“BEE”	Broad-Based Black Economic Empowerment as envisaged by the South Africa, Broad-Based Black Economic Empowerment Act No. 23 of 2003 (as amended from time to time);
“Board”	the board of directors of Torre from time to time;
“broker” or “stockbroker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act, 2012 (Act 19 of 2012);
“business day”	any day excluding a Saturday, Sunday or an official public holiday in South Africa;
“Cash Issue”	the specific issue to the Cash Issue Participants of 82 013 329 new Torre Shares for cash at a subscription price of R4.25 per share, amounting to an aggregate total consideration of R348 556 650;
“Cash Issue Participants”	collectively referring to MIC and Safika as subscribers for the Cash Issue Shares. As detailed in paragraph 3.3 below, Safika is a non-public shareholder and related party to Torre;
“Cash Issue Shares”	82 013 329 new Torre Shares to be issued to the Cash Issue Participants in terms of the Cash Issue;
“certificated shares”	Torre Shares held in the form of certificates or other documents of title and which have not yet been surrendered for dematerialisation in terms of Strate;
“certificated shareholders”	Torre Shareholders holding certificated shares;
“CIPC”	the Companies and Intellectual Property Commission;
“Circular”	this circular, dated 13 April 2015, including all annexures, the notice of General Meeting and form of proxy;

“Commitments”	the letters of commitment provided by the Cash Issue Participants under the Cash Issue;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Companies Regulations”	the Companies Regulations 2011, promulgated in terms of section 223 of the Act (which includes the Takeover Regulations);
“Companies Act”	the South African, Companies Act, No. 71 of 2008 as amended from time to time;
“Competition Act”	the South African, Competition Act, No. 89 of 1998, as amended from time to time;
“Competition Authorities”	the Competition Commission and/or the Competition Tribunal and/or the Competition Appeal Court as contemplated in the Competition Act;
“CSDP”	a Central Securities Depository Participant registered as a participant in terms of the Financial Markets Act;
“dematerialised”	the process whereby physical share certificates or other Documents of Title are replaced with electronic records of ownership under Strate and recorded in the sub-register maintained by a CSDP or stockbroker;
“dematerialised shares”	Torre Shares which have been dematerialised;
“dematerialised shareholders”	Torre Shareholders holding dematerialised shares;
“Directors” or “the Board”	the non-executive and executive directors of Torre;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to shares acceptable to the Board;
“Earliest Exercise Date”	20 business days after the expiry of 18 months after the date of issue of the Upfront Consideration Shares;
“Earn-out Period”	1 July 2015 to 30 June 2016;
“Elephant Lifting”	Elephant Lifting Equipment Proprietary Limited, (Registration number 1983/007900/07), a private company duly incorporated in the Republic of South Africa and a wholly-owned subsidiary of Torre;
“Elephant Lifting Acquisition”	the category 2 acquisition of 100% of the shares in and claims against Elephant Lifting by Torre for a maximum consideration of R180 000 000 as detailed in a SENS announcement dated 20 November 2014 and in the press on 21 November 2014;
“Financial Markets Act”	the South African Financial Markets Act, No. 19 of 2012, as amended from time to time;
“FY2016 HEPS”	the headline earnings per share of Torre for the financial year ended 30 June 2016;
“General Meeting”	the general meeting of Torre Shareholders to be held on 13 May 2015 in order to consider and if deemed fit, approve, the ordinary and special resolutions as set out in the notice of general meeting attached to this Circular;
“Habib Trust”	the trustees for the time being of the Haroon Habib Family Trust (Masters reference number IT 2568/1982/PMB), a South African incorporated trust, with H Habib, R Habib, I Habib, N Omar, CS Seabrooke, P Woodthorpe as the trustees and which beneficiaries are immediate family members of H Habib, and a 13.68% shareholder in Set Point as at the last practicable date;
“HEPS”	headline earnings per share as determined in accordance with the JSE Listings Requirements;
“Independent Expert”	BDO Corporate Finance Proprietary Limited (Registration number 1983/002903/07), a private company duly incorporated in South Africa having its registered address at 22 Wellington Road, Parktown, 2193 and the independent expert in relation to the fairness opinion contained in Annexure 4 of this Circular;
“Initial Scheme Consideration”	an aggregate upfront consideration of R370 000 000;

“JSE” or “the JSE”	the Johannesburg Stock Exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in South Africa on 01 July 2005 having its registered address at 1 Exchange Square, 2 Gwen Lane, Sandown, a licensed stock exchange in accordance with the Financial Markets Act;
“last practicable date”	23 March 2015, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE;
“Main Board”	the main list maintained by the JSE of securities admitted to listing;
“MIC”	Mineworkers Investment Company Proprietary Limited (Registration number 1994/009420/07), a private company duly incorporated in South Africa, whose shareholders are the Mineworkers Investment Trust and the Mineworkers Social Benefit Trust, and having its registered office at MIC Place 4 Eton Road, Parktown, Johannesburg;
“MIC Investments”	MIC Investment Holdings Proprietary Limited (Registration number 1999/007850/07), a private company duly incorporated in South Africa and having its registered office at MIC Place 4 Eton Road, Parktown, Johannesburg, a wholly-owned subsidiary of MIC and a 33.245% shareholder in Set Point as at the last practicable date;
“MOI”	Memorandum of Incorporation of Torre;
“NOPAT”	net operating profit after tax;
“Option”	the option granted to Torre in terms of the Option Agreement to acquire the Option Shares from the SPG Major Shareholders, at R0.0001 per share, in the event of a downward adjustment as detailed in 2.3.1.4 of this Circular;
“Option Agreement”	the written agreement concluded on 31 March 2015 between Torre and the SPG Major Shareholders in terms of which the SPG Major Shareholders grant Torre the right to acquire the Option Shares in the event that the Adjusted Scheme Consideration is less than the Initial Scheme Consideration on the basis outlined in paragraph 2.4 of this Circular;
“Option Period”	the period commencing on the Earliest Exercise Date and expiring on a date not later than 20 business days after the later of (i) the Earliest Exercise Date or (ii) the date on which the Adjusted Scheme Consideration becomes final and binding on the parties, or in the event of a dispute, is determined by independent auditors, as envisaged in paragraph 2.3.1.2;
“Option Shares”	such number of Torre Shares to be repurchased by Torre from the SPG Major Shareholders at a price of R0.0001 per Torre Share in terms of the Option Agreement, which number of Torre shares will not exceed 14 343 854 (calculated as 74 000 000 multiplied by 20% (being the maximum downward adjustment) multiplied by the percentage shareholding in Set Point held by the SPG Major Shareholders at the last practicable date) and which shares will be held in treasury to the extent permitted in terms of the Companies Act and the remaining shares, to the extent applicable, cancelled and delisted once acquired;
“ordinary share(s)” or “Torre Shares”	ordinary shares of no par value in the capital of the Company, which shares are listed on the Main Board of the JSE;
“own name dematerialised shareholders”	Torre Shareholders who have dematerialised their Torre Shares through a CSDP and have instructed that CSDP to hold their Torre Shares in their own name on the sub-register, being the list of shareholders maintained by the CSDP and forming part of the Torre Register;
“Rand”	the lawful currency of South Africa, being South African Rand;



“Reporting Accountants”	RSM Betty & Dickson (Johannesburg) (Practice number 900435), a partnership formed in accordance with the laws in South Africa and having its business address at Executive City, Cross Street and Charmaine Avenue, President Ridge, Randburg, 2194, the reporting accountants of Torre in respect of the <i>pro forma</i> financial information and the review of the Set Point interim results for the period ended 28 February 2015;
“Sabvest Ltd”	Sabvest Limited (Registration number 1987/003753/06), a public company, listed on the Main Board of the JSE and duly incorporated in South Africa and having its registered address at Ground floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton;
“Sabvest”	Sabvest Investments Proprietary Limited (Registration number 1988/006250/07), a wholly-owned subsidiary of Sabvest Ltd, a private company duly incorporated in South Africa and having its registered address at Ground floor, Commerce Square, Building 4, 39 Rivonia Road, Sandhurst, Sandton and a 49.99% shareholder in Set Point as at the last practicable date;
“Safika”	Safika Holdings Proprietary Limited (Registration number 1996/001693/07), a private company duly incorporated in South Africa, whose shareholders are the Macozoma Family Trust, the Bunang Trust, RS Chauke, Aurora Assets (Pty) Ltd, Standard Bank of South Africa Ltd and Liberty Holdings Ltd, and having its registered office at Safika House, First Floor, 89 Central Street, Houghton, Johannesburg;
“Scheme”	a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, as read with section 115 of the Act, to be proposed by the board of directors of Set Point between Set Point and Set Point Shareholders;
“Scheme Circular”	the joint circular prepared by Set Point and Torre outlining the terms of the Scheme which circular will be posted to Set Point Shareholders on or about 13 April 2015;
“Scheme Consideration”	the Initial Scheme Consideration, if applicable, and the Top-up Scheme Consideration and the Top-up Cash Consideration;
“Scheme Consideration Shares”	collectively the Upfront Consideration Shares and, if applicable, the Top-up Shares;
“Scheme Meeting”	the general meeting of Set Point Shareholders to be held at the registered office of Set Point at 11 Avalon Road, West Lake View Ext 11, Modderfontein, Johannesburg at 14:00 on Tuesday, 5 May 2015 in order to consider and if deemed fit, approve, the Scheme Resolution;
“Scheme Operative Date”	the date on which the Scheme becomes operative, which is expected to be on or about 22 May 2015;
“Scheme Participants”	Set Point Shareholders (save for those who elect to exercise their appraisal rights in terms of section 164 of the Act);
“Scheme Resolution”	the special resolution required to be approved by the requisite majority/ies of Set Point Shareholders of the Scheme in terms of section 115(2) of the Act;
“Set Point” or “SPG”	Set Point Group Proprietary Limited (Registration number 1996/014334/07), a private company duly incorporated in South Africa and having its registered office at 11 Avalon Road, West Lake View Ext 11, Modderfontein, Johannesburg, 1645;
“Set Point Shareholders”	holders of Set Point shares;
“SPG Major Shareholders”	collectively Sabvest, MIC Investments and Habib Trust;
“SENS”	Stock Exchange News Service of the JSE;
“South Africa”	Republic of South Africa;
“SP Earn-out NOPAT”	the NOPAT of Set Point for the Earn-out Period after certain agreed upon adjustments;

“Strate”	the settlement and clearance system used by the JSE, managed by Strate Proprietary Limited (Registration number 1998/02224/06), a private company duly incorporated in South Africa on 9 November 1998 having its registered address at 9 Fricker Road, Illovo Boulevard, Illovo and which company is a registered Central Securities Depository in terms of the Financial Markets Act;
“Takeover Regulation Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Takeover Regulations”	the Takeover Regulations, issued pursuant to sections 120 and 223 of the Act;
“Target HEPS”	R0.416;
“Target NOPAT”	R40 000 000;
“Top-up Cash Consideration”	a cash consideration payable by Torre to each Scheme Participant, in an amount equal to the amount, if any, of any dividends or other distributions in respect of the Torre Shares to which such Scheme Participant would have been entitled had it been the registered and beneficial owner of the Top-up Shares as at the date of declaration of such dividends or distributions, further details of which are set out in paragraph 2.3.1 of this Circular;
“Top-up Scheme Consideration”	an amount equal to the difference between the Adjusted Scheme Consideration and the Initial Scheme Consideration owing to each Scheme Participant, to be discharged by the allotment and issue of the Top-up Shares at an issue price of R5.00 per Torre Share;
“Top-up Shares”	such number of Torre Shares as is necessary (at an issue price of R5.00 per Torre Share) to settle the difference between the Adjusted Scheme Consideration and the Scheme Consideration owing to each Scheme Participant;
“Trading Days”	any day on which trading takes place through the usual trading systems of the JSE;
“Transactions”	collectively the Acquisition, the Option and the Cash Issue;
“Transfer Secretaries” or “Link”	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated under the laws of South Africa, having its registered address at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001, and the transfer secretaries of Torre;
“Torre” or “the Company”	Torre Industries Limited (Registration number 2012/144604/06), incorporated in South Africa as a public company with its registered address at 59 Merino Avenue, City Deep, Johannesburg and listed on the Main Board of the JSE;
“the Torre Group” or “the Group”	Torre and its subsidiaries from time to time;
“Torre Register”	the register of the Company as contemplated in section 50(1) of the Act, including any sub-registers;
“Torre Shares”	ordinary shares of Torre;
“Torre Shareholders”	holders of Torre Shares;
“Upfront Consideration Shares”	74 000 000 Torre Shares to be issued by Torre to Scheme Participants in settlement of the Initial Scheme Consideration, which represents 0.3375 Torre Shares for every 1 Set Point Share disposed of pursuant to the Scheme; and
“VWAP”	volume weighted average traded price.

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## **ACTION REQUIRED BY SHAREHOLDERS**

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The definitions and interpretation commencing on page 4 apply, *mutatis mutandis*, to the information set out below.

**Please take note of the following provisions regarding the action required by Torre Shareholders:**

1. If you have disposed of all of your Torre Shares, this Circular should be handed to the purchaser of such shares or the CSDP, broker, banker, attorney or other agent who disposed of your Torre Shares for you.
2. If you are in any doubt as to what action to take, consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.
3. This Circular contains information relating to the Transactions. You should carefully read this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.
4. The General Meeting, convened in terms of the notice incorporated in this Circular, will be held at 59 Merino Avenue, City Deep, Johannesburg, at 12:00 on Wednesday, 13 May 2015.

### **GENERAL MEETING**

1. **If you have dematerialised your Torre Shares**

**Own-name registration**

You are entitled to attend in person, or be represented, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (white), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services South Africa, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000) by no later than 12:00 on Monday, 11 May 2015.

**Other than own-name registration**

You are entitled to attend, or be represented at the General Meeting. You must not however, complete the attached form of proxy (white). You must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the General Meeting, your CSDP or broker will be required to issue the necessary Letter of Representation to you to enable you to attend or to be represented at the General Meeting.

2. **If you hold certificated Torre Shares**

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Link Market Services South Africa, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 12:00 on Monday, 11 May 2015.

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## CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION AND BACKGROUND

Torre is a JSE-listed industrial group that specialises in the value added distribution of branded capital equipment and industrial consumable products, as well as the provision of specialised financial solutions to a diversified customer base across several end-markets including automotive, mining, oil & gas, construction, manufacturing and agricultural.

The initial phase of development for Torre has been one of rapid growth through the combination of a disciplined acquisition strategy, expansion of existing product lines and optimisation of acquired businesses. Successful execution has allowed Torre to establish itself as a scalable industrial group with a proven management team and the operating platforms required to deliver on its strategic objectives.

Torre actively seeks to diversify its product offering and increase its scale via a combination of organic expansion and acquisitions of high quality businesses that have a similar customer base to those of the Group. Accordingly, Torre has made an offer to acquire 100% of Set Point.

In addition, in order to fund the ongoing expansion strategy, Torre is proposing raising capital through the issue of new Torre Shares.

Details of the above were contained in a SENS announcement published on 16 February 2015 and in the press on 17 February 2015.

The purpose of the Circular is to:

- provide Torre Shareholders with relevant information regarding the Transactions and the implications thereof, in order to enable Torre Shareholders to make an informed decision on whether to vote in favour of the resolutions required to implement the Transactions; and
- convene the General Meeting at which the resolutions required to approve and implement the Transactions will be proposed.

The accompanying explanatory material, opinions and information provided in this Circular and the annexures thereto are, unless otherwise specifically set out to the contrary, or appears from the context, solely those of Torre. Torre takes full responsibility for the contents of the Circular, the proposed resolutions and the accompanying explanatory material, opinions and information contained in the Circular.

**The Directors have evaluated the rationale for, and the terms and conditions of, the Transactions, and are of the opinion that the Transactions are both consistent with Torre's strategy and will enhance Torre Shareholder value. Accordingly, after due consideration, the Directors unanimously recommend that Torre Shareholders vote in favour of all the resolutions necessary to approve and implement the Transactions, as set out in the Notice of General Meeting.**

### 2. DETAILS OF THE ACQUISITION

#### 2.1 Nature of the business of Set Point

Set Point is an industrial group that provides distribution and support services to the mining, industrial, energy and manufacturing sectors via 3 divisions, namely: analytical services, fluid handling and mining services. The divisions consist of the following businesses:

##### **Analytical Services**

- WearCheck supplies specialised testing and analysis services in Africa, Dubai and India, including copper, oil, fuel, coolant, grease, filter, silver-strip corrosion and corrosive sulphur.
- African Mineral Standards (AMIS) manufactures and sells a range of matrix and grade matched reference materials for the mining sector and commercial laboratories.
- Set Point Laboratories is an accredited chemical laboratory able to transport, handle and analyse radioactive isotopes.

## Fluid Handling

- Letaba Group offers professional fluid transfer supply through its extensive fleet and pump brands and products to the construction, earthmoving and moving industries.
- Meter Systems supplies flow meters, nozzles, pumps, hoses and hose reels, lubrication equipment, drainers and dispensers to the aviation, petrochemical, transport, mining, agricultural and pharmaceutical industries.
- Pneumax is a leading supplier of pneumatic and automation products.

## Mining Services

- Reng & NW Go Pro manufactures high quality hopper and locomotive wheels and skip guide rollers.

## 2.2 Rationale for the Acquisition

The rationale for the Acquisition is:

- extension of the Group's activities into high margin, complementary areas with similar customer bases to Torre's existing businesses;
- increased scale for the Group via a transaction that is earnings accretive from year one; and
- material opportunities to enhance value accretion for Torre Shareholders via the combination of distribution networks and head office functions.

## 2.3 Terms of the Acquisition

The Acquisition will be concluded by way of the Scheme. Upon implementation of the Scheme, Set Point will become a wholly-owned subsidiary of Torre. Torre will review the MOI of Set Point to ensure that it neither frustrates nor relieves Torre in any way from compliance with its obligations in terms of the Listings Requirements.

Scheme Participants will, if the Scheme becomes operative and with effect from such date, receive the Upfront Consideration Shares at an issue price of R5.00 per Torre Share for a total consideration of R370 000 000, subject to adjustment, if any, as outlined in paragraph 2.3.1 below.

Set Point is not a regulated company in terms of sections 117(1)(i) and 118 of the Companies Act, and accordingly, parts B and C of the Companies Act and the Takeover Regulations do not apply to the Scheme.

The full details of the Scheme have been included in the Scheme Circular, which document is available for inspection by Torre Shareholders as detailed in paragraph 19 of this Circular.

### 2.3.1 Adjustment to the Initial Scheme Consideration

- 2.3.1.1 By no later than 30 September 2016, Torre shall procure that its auditors (i) determine the FY2016 HEPS and the SP Earn-out NOPAT and (ii) notify the Scheme Participants of the results of the determination ("**Adjustment Notice**").

To the extent that:

- 2.3.1.1.1 the FY2016 HEPS is less than the Target HEPS, and the SP Earn-out NOPAT equals or exceeds the Target NOPAT, then the Initial Scheme Consideration shall, in terms of the Scheme, be adjusted upwards by the same percentage as the percentage by which the FY2016 HEPS is less than the Target HEPS, subject to a maximum amount of R444 000 000;
- 2.3.1.1.2 the SP Earn-out NOPAT is less than the Target NOPAT, and the FY2016 HEPS equals or exceeds the Target HEPS, then the Initial Scheme Consideration shall, in terms of the Option Agreement, be adjusted downwards by the same percentage as the percentage by which the SP Earn-out NOPAT is less than the Target NOPAT, subject to a minimum amount of R298 282 165; or

2.3.1.1.3 the FY2016 HEPS is less than the Target HEPS and the SP Earn-out NOPAT is less than the Target NOPAT, then the percentage by which the FY2016 HEPS is less than the Target HEPS (expressed as a positive number) shall be reduced with the percentage by which the SP Earn-out NOPAT is less than the Target NOPAT (expressed as a positive number) ("**Net Difference**"). If the Net Difference is:

- a positive percentage, the Initial Scheme Consideration shall, in terms of the Scheme, be adjusted upwards by an amount equal to such percentage, subject to a maximum amount of R444 000 000; or
- a negative percentage, the Initial Scheme Consideration shall, in terms of the Option Agreement, be adjusted downwards by an amount equal to such percentage, subject to a minimum amount of R298 282 165

2.3.1.2 If (i) Torre, (ii) the Major Shareholders, or (iii) Scheme Participants which collectively held more than 85% of the Set Point shares as at the Scheme Operative Date wish to dispute the results of the determination referred in paragraph 2.3.1.1 and/or the Adjustment Notice setting out the computation of the Adjusted Scheme Consideration, they shall provide the other parties with a joint written notice to that effect within 20 days after receipt of the Adjustment Notice (setting out their reasons therefor), in which event the determination referred to in paragraph 2.3.1.1 and/or the computation of the Adjusted Scheme Consideration shall be referred to an independent auditor for determination, who shall act as an expert and not as an arbitrator and whose decision shall, in the absence of manifest error, be final and binding upon Torre and the Scheme Participant. If no such dispute notice is timeously delivered, the Adjustment Notice and the Adjusted Scheme Consideration envisaged therein shall be final and binding upon Torre and the Scheme Participants.

#### 2.3.1.3 **Settlement of Upward Adjustment**

To the extent that an upward adjustment is required such that the Scheme Consideration payable is greater than R370 000 000, then Torre shall issue to each Scheme Participant pro rata such number of Torre Shares as is necessary (at an issue price of R5.00 per Torre Share) to settle the difference between the Adjusted Scheme Consideration and the Initial Scheme Consideration owing to each Scheme Participants (i.e. the Top-up Shares).

If, after the Scheme Operative Date but prior to the date of issue of the Top-up Shares, Torre declares and/or pays any dividends or other distributions (net of dividend withholding tax, to the extent applicable), in respect of the Torre Shares, and the Adjusted Scheme Consideration is greater than the Initial Scheme Consideration, each Scheme Participant shall receive from Torre, in addition to and simultaneously with the issue of the Top-up Shares, as additional consideration, the Top-up Cash Consideration.

The Scheme Participants shall be issued with the Top-up Shares, and paid the Top-up Cash Consideration, by not later than 31 October 2016, or in the event of a dispute to the Adjustment Notice, within 20 days after the resolution of such dispute.

The maximum number of Top-up Shares to be issued in the event of an upward adjustment is 14 800 000.

#### 2.3.1.4 **Settlement of Downward Adjustment**

To the extent that a downward adjustment is required such that the Scheme Consideration payable is less than R370 000 000, Torre will, in terms of the Option Agreement, have the right to buy the same percentage of Torre Shares issued to the SPG Major Shareholders as the percentage shortfall in the Initial Scheme Consideration, such number of Torre Shares as is calculated at a price of R0.0001 per Torre Share.



In terms of the Option Agreement, if the Adjusted Scheme Consideration is less than the Initial Scheme Consideration then Torre shall be entitled for a period of 20 business days after the later of the Earliest Exercise Date or the date of the delivery of the Adjustment Notice to require each of the SPG Major Shareholders to sell to Torre the same percentage of the Upfront Scheme Consideration shares issued to the SPG Major Shareholders as the percentage shortfall in the Initial Scheme Consideration (i.e. the Option Shares).

If, after the Scheme Operative Date but prior to the date of issue of the Top-up Shares, Torre declares and/or pays a dividend or other distribution (net of dividend withholding tax, to the extent applicable) in respect of the Torre Shares, and the Adjusted Scheme Consideration is less than the Initial Scheme Consideration, then upon exercise of the Option by Torre, the dividends declared or distribution paid in respect of the Option Shares shall be repaid to Torre (net of dividends withholdings tax).

The maximum number of shares that can be repurchased is the maximum number of Options Shares, i.e. 14 343 854.

No fractions of Torre shares shall be issued pursuant to the implementation of the Scheme, and all allocations of Upfront Consideration Shares and Top-up Shares will be rounded down based on standard rounding convention set out in the Listings Requirements as at the last practicable date (i.e. allocations will be rounded down to the nearest whole number if they are less than 0,5 and will be rounded up to the nearest whole number if they are equal to or greater than 0,5) resulting in allocations of whole securities and no fractional entitlements or disposals.

## 2.4 **Salient terms of the Option Agreement**

In terms of the Option Agreement, in the event of a downward adjustment as detailed in 2.3.1.4 above, Torre has the right to acquire the Option Shares at R0.0001 per share from the SPG Major Shareholders. The Option is exercisable during the Option Period. Similarly, the SPG Major Shareholders merely grant an option over the Upfront Consideration Shares for a portion of these to be repurchased by Torre (i.e. the Option Shares) which option Torre may or may not elect to exercise.

The SP Earn-out NOPAT calculation is not a condition to, but a factor in, determining whether Torre will elect to exercise the Option as well as calculating of the number of shares over which Torre can exercise the option (i.e. the Option Shares). Achieving the SP Earn-out NOPAT is not a condition to the issue of the Upfront Consideration Shares.

To the extent that the Option is exercised, this acquisition of the Option Shares would be made from Torre's existing cash resources.

The Upfront Consideration Shares will become fully paid up, listed and vest fully with the Scheme Participants on the Scheme Operative Date. The Top-up Shares, to the extent applicable, will be listed once the Earn-out Period lapses.

No warranties of any nature are provided by the Scheme Participants in relation to the Target HEPS nor the SP Earn-out NOPAT.

### 2.4.1 **Lock-in and Escrow**

Each of the SPG Major Shareholders undertake in favour of Torre that they shall not dispose of any of the Upfront Consideration Shares until the expiry of the Earn-out Period, without the prior written consent of Torre. The SPG Major Shareholders will maintain their voting rights over their portion of the Upfront Consideration Shares to be issued. On occurrence of an event of default (as defined in the Option Agreement, including amongst other events, Torre entering into business rescue or liquidation) 80% of the Upfront Consideration Shares shall be released, and the SPG Major Shareholders may sell such shares, subject to a first right of first refusal in favour of a person nominated by Torre in writing at that time (other than a subsidiary of Torre).

If, after the Scheme Operative Date but prior to 30 June 2016, Torre declares and/or pays a dividend or other distribution in respect of the Torre Shares, then an amount equal to 20% of the aggregate of such dividend or distribution (net of dividend withholding tax, to the extent applicable) payable to the SPG Major Shareholders in respect of the Upfront Consideration

Shares issued (“**Escrow Amount**”) shall be paid into trust with Torre’s attorneys whom will only release funds from the Escrow Amount (including accumulated interest) in accordance with the specific provisions of the Option Agreement and any escrow agreement or in compliance with a court order.

Accordingly, no shares will be held in escrow, only dividends are paid in, to the extent declared and/or distributed.

#### 2.4.2 **Conditions of the Option Agreement**

The Option Agreement is subject to the Scheme becoming unconditional by no later than 31 May 2015 and that the parties to the limited shareholders’ agreement entered into between, *inter alia*, the SPG Major Shareholders and Set Point on or about 15 April 2011, waive any pre-emptive rights, come along rights and tag along right to which they may be entitled pursuant to the implementation of the Scheme and the Option Agreement.

In the event that the exercise of the Option or the lawful implementation of the Option:

- requires the approval of Torre Shareholders, the JSE, any court or any regulatory authority (“**Regulatory Approval**”); or
- is prohibited temporarily by the Listings Requirements or the Financial Markets Act (“**Temporary Prohibition**”),

then the sale arising from the exercise of the Option, shall, if Torre so determines, be subject in its entirety to the fulfilment of the suspensive condition that the requisite Regulatory Approval is granted or the Temporary Prohibition ceases to be of any force and effect in respect of the Option and the relevant time periods recorded in the Option Agreement for the exercise of the Option shall be extended by such period as may be agreed between the parties.

#### 2.4.3 **Categorisation of the Option**

The Option granted to Torre by the SPG Major Shareholders requires Torre Shareholder approval in terms of paragraph 5.69 of the Listings Requirements as well as section 48(8)(a) of the Companies Act. Accordingly, special resolutions requesting approval for the Option Shares have been included in the Notice of General Meeting.

Furthermore, Sabvest, a wholly-owned subsidiary of Sabvest Ltd and one of the SPG Major Shareholders, is an associate of CS Seabrooke, a non-executive director of Torre and shareholder and director of Sabvest Ltd, and accordingly a related party to Torre.

### 2.5 **Conditions Precedent of the Acquisition**

The implementation of the Scheme is subject to the following conditions being fulfilled before 31 May 2015 or such later date/s as may be agreed to between Torre and Set Point in writing:

- Conclusion by Torre of a satisfactory due diligence investigation into Set Point;
- Agreement as to cancellation of any management contracts or similar related party agreements on implementation of the Scheme;
- Approval of the Scheme Resolution; and
  - to the extent required, the approval of the implementation of such resolution by a court in terms of section 115(2)(c) and/or section 115(3) of the Act; and
  - if applicable, Set Point not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Act; and
  - not more than 10% of Set Point Shareholders exercising appraisal rights in terms of section 164 of the Act.
- Receipt of all relevant Set Point board, shareholder and regulatory approvals in respect of the Scheme, including – Torre board and shareholder approval; the Financial Surveillance Department of the South African Reserve Bank and the Competition Authorities, to the extent required;
- The approval by Torre Shareholders of, and fulfilment of all other conditions precedent in relation to the Cash Issue; and
- Material counterparties to contracts with Set Point to consent to the change in control of Set Point.



Torre and Set Point, by agreement in writing and to the extent they are permitted to do so in terms of the Act, may extend the time period of the fulfilment of any of the aforementioned conditions. Save for (i) those conditions above that are of a regulatory nature and cannot be waived, and (ii) the condition in respect of the fulfilment of all conditions precedent in respect of the Cash Issue (which may only be waived by written agreement between Torre and Set Point), Torre may waive any other conditions on written notice to Set Point.

## 2.6 Categorisation of the Acquisition

The Acquisition is a category 2 transaction in terms of section 9 of the Listing Requirements. In addition, in terms of section 10 of the Listings Requirements, the Acquisition is a related party transaction by virtue of Sabvest, one of the SPG Major Shareholders, being an associate of CS Seabrooke, a non-executive director of Torre. CS Seabrooke is a shareholder and director of Sabvest Ltd, the holding company of Sabvest. A fairness opinion, as prepared by the Independent Expert, has been included in Annexure 4 of this Circular.

It is noted that CS Seabrooke is also a trustee of the Habib Trust and a non-executive director of MIC, the holding company of MIC Investments, however neither of these relationships deem CS Seabrooke an associate of the Habib Trust nor MIC Investments.

Due to CS Seabrooke, a non-executive director of Torre, being deemed a related person to Set Point in accordance with the definitions of the Companies Act due to his shareholding in Sabvest Ltd, Torre Shareholders are requested to approve an additional special resolution in accordance with section 41(1) of the Companies Act, in respect of the Acquisition, which resolution is specifically required to enable the issue of shares to persons related or inter-related to Torre.

## 2.7 Irrevocable undertakings

Torre has received irrevocable undertakings from the following Set Point Shareholders to vote in favour of the Scheme at the Scheme meeting in respect of their entire shareholding in Set Point, to the extent they are permitted to do so in terms of the Companies Regulations and the Listings Requirements:

<b>Set Point Shareholder</b>	<b>Number of Set Point shares held</b>	<b>% of issued share capital of Set Point prior to the Acquisition</b>
Sabvest	109 607 609	49.990
MIC Investments	72 893 773	33.245
<b>Total</b>	<b>182 501 382</b>	<b>83.235</b>

### Opinion and recommendation

The Board has considered the terms and conditions of the Acquisition and the Option as contemplated in paragraph 2 and recommends that Torre Shareholders vote in favour of the resolutions. In addition, the Board confirms that the Acquisition and the Option are fair to shareholders. The Board, to the extent that they have an interest in Torre, intends to vote in favour of the Acquisition and Option resolutions.

## 3. DETAILS OF THE CASH ISSUE

### 3.1 Rationale for the Cash Issue

Torre intends raising capital by way of the Cash Issue in order to:

- pursue “bolt-on” acquisition opportunities (acquisitions with complementary services, product ranges and/or geographic footprint to add to the Group’s platform operations);
- provide expansion capital for various business units in the Torre Group, including its African subsidiaries; and
- increase levels of BEE ownership of the Group (which will be at 26% following the completion of both the Cash Issue and the Acquisition).

### 3.2 **Terms of the Cash Issue**

Torre proposes to raise R348 556 650 of new equity by way of a Cash Issue of 82 013 329 Torre Shares at an issue price of R4.25 per share to the Cash Issue Participants. This placement is not an offer to the public as contemplated in the Companies Act and accordingly no prospectus will be issued or registered in respect hereof. The Cash Issue is not subject to a minimum subscription being achieved.

### 3.3 **Cash Issue Participants**

Safika is considered a non-public shareholder and related party of Torre in terms of the Listings Requirements due to it being an associate of Torre's non-executive director, MM Ngoasheng. Safika owns 4.26% in Torre as at the last practicable date. MIC is considered a public shareholder in terms of the Listings Requirements (refer paragraph 3.5 below), and as at the last practicable date, does not hold any shares in Torre.

### 3.4 **Conditions precedent of the Cash Issue**

The Cash Issue is subject to the following remaining condition precedent being fulfilled by no later than 31 May 2015:

- Approval by the requisite majority of Torre Shareholders of the ordinary and special resolutions required in terms of the Companies Act and of the Listings Requirements.

### 3.5 **Categorisation of the Cash Issue**

The Cash Issue is deemed a specific issue of shares for cash in terms of section 5.51(g) of the Listings Requirements and will require Torre Shareholder approval by way of an ordinary resolution requiring support from at least 75% of Torre Shareholders present and eligible to vote at the General Meeting. As detailed in paragraph 3.3 above, Safika is a non-public shareholder and related party to Torre. With reference to paragraph 2.6 above, CS Seabrooke, a non-executive director of Torre, is a non-executive director of MIC. This relationship however does not deem MIC an associate nor a related party to CS Seabrooke or Torre and accordingly, MIC is a public shareholder in terms of the Listing Requirements.

The issue price of R4.25 is at an approximate discount of 9% to the 30-day VWAP as at the date of the Commitments, which were signed on 13 February 2015. The Cash Issue is at a discount to the 30-day VWAP and includes an issue of shares to Safika, a related party to Torre, accordingly a fairness opinion has been obtained and included in Annexure 4 of this Circular.

Furthermore, the number of Torre Shares to be issued in terms of the Cash Issue together with the shares to be issued for the Acquisition will exceed 30% of the issued share capital of Torre. Accordingly, approval of Torre Shareholders by way of a special resolution in terms of section 41(3) of the Companies Act is required.

Resolutions required in order to implement the Cash Issue and the Acquisition have been included in the notice of General Meeting attached to this Circular. Safika and its associates (specifically MM Ngoasheng, Modidima Ventures (Pty) Ltd and the Bunang Trust), who are participating in the Cash Issue, will be precluded from voting on the resolutions relating to the Cash Issue. Sabvest and its associates (specifically CS Seabrooke, the Seabrooke Family Trust and Sabvest Ltd), who are participating in the Acquisition, will be precluded from voting on the resolutions relating to the Acquisition to the extent that they hold shares in Torre.

### 3.6 **Opinion and recommendation**

The Board has considered the terms and conditions of the Cash Issue as contemplated in this paragraph and recommends that Torre Shareholders vote in favour of the resolutions. The Board, to the extent that they have an interest in Torre, intends to vote in favour of the Cash Issue resolutions.

## 4. **EXCHANGE CONTROL REGULATIONS**

### 4.1 **Foreign shareholders**

A foreign shareholder may be affected by the laws of the relevant jurisdiction of that foreign shareholder by the Transactions. A foreign shareholder should acquaint itself with and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the

responsibility of each foreign shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Transactions, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Transactions are governed by the laws of South Africa and are subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any Torre Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

#### **4.2 Exchange control regulations**

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to the Transactions. Torre Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisers without delay.

#### **4.3 Residents of the common monetary area**

In the case of:

4.3.1 Own-name Torre Shareholders holding Torre Shares whose registered addresses in the register are within the common monetary area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the consideration will be posted to such Torre Shareholders; or

4.3.2 Torre Shareholders whose Torre Shares are held by CSDPs or brokers on their behalf as nominees and whose registered addresses in the sub-register managed by CSDPs or brokers are within the common monetary area and whose accounts with their CSDP or broker have not been restrictively designated in terms of the Exchange Control Regulations, the consideration will reflect in the account nominated for the relevant participants by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

#### **4.4 Emigrants from the common monetary area**

4.4.1 The consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

4.4.2 A consideration due to an own-name Torre Shareholder, to the extent applicable, who is an emigrant from South Africa, whose registered address is outside the common monetary area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a blocked account with the authorised dealer in foreign exchange in South Africa controlling the Torre Shareholder's blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.

4.4.3 In terms of a recent relaxation to the exchange control rulings, emigrants may externalise the consideration by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and a consideration may, on application, be externalised free of the levy.

#### **4.5 All other non-residents of the common monetary area**

4.5.1 A consideration due to an own-name Torre Shareholder, to the extent applicable, who is a non-resident of South Africa and who has never resided in the common monetary area, whose registered address is outside the common monetary area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Torre Shareholder. It will be incumbent on the Torre Shareholder concerned to instruct the nominated authorised dealer as to the disposal of a consideration, to the extent applicable, against delivery of the relevant Documents of Title. It will be incumbent on the Torre Shareholder concerned to instruct the nominated authorised dealer as to the acceptance of the Torre Shares (consideration), against delivery of payment.

## 5. DIRECTORS AND MANAGEMENT

### 5.1 Directors of Torre

Director	Age	Business address	Function at Torre
Peter John van Zyl*	38	Office 202, The Square, Cape Quarter, 27 Somerset Road, Green Point, 8001	Chairman
Charles Edward Pettit	33	59 Merino Avenue, City Deep, Johannesburg, 2197	CEO
Stephen Roy Midlane	48	59 Merino Avenue, City Deep, Johannesburg, 2197	CFO
Joseph William Leo Murphy Fizzle#+	44	1st Floor, Exeter House, 54 Peter Place, Bryanston, 2024	Non-Executive
Craig Warwick John Lyons#	44	13 Porter Avenue, Melrose, 2196	Non-Executive
Christopher Stefan Seabrooke#	61	Ground Floor, Commerce Square Building 4, 39 Rivonia Road, Sandhurst, Johannesburg	Non-Executive
Moses Modidima Ngoasheng#	57	Safika House, First Floor, 89 Central Street, Houghton, Johannesburg	Non-Executive

\*Non-executive, #Independent non-executive, +Lead independent non-executive director

Brief CVs for all the directors of Torre are set out below:

#### *Executive directors*

#### **Charles Edward Pettit (BCom (Hons), CFA) (British)**

Charles graduated from the University of Cape Town with a First Class Honours degree in Finance and subsequently qualified as a CFA charter holder while working in London for Close Brothers Corporate Finance. At Close Brothers Charles worked on a wide range of M&A and Restructuring transactions and following his return to South Africa in 2008 he established ACF to focus on the provision of independent advisory services to clients in the SADC region.

Charles advised on the balance sheet restructuring of SA French from 2010 and led the 2011 rights issue for that company as well as its delisting and sale to Torre in November 2013. He was appointed as the Chief Executive Officer of Torre in August 2012.

#### **Stephen Roy Midlane (BCom, BAcc, CA(SA), MBA) (South African)**

Roy started his career in the music industry as part of the leadership team that established Sony Music SA Proprietary Limited. He then joined Set Point Holdings Limited as Group Financial Director prior to the listing on the JSE. Later, he joined MGX Holdings Limited as the Group Financial Director and was integrally involved in the successful turnaround of this distressed business. This business was subsequently renamed Metrofile Holdings Limited. In 2006 Roy became a non-executive director of Metrofile Holdings Limited and he joined Drive Control Services Proprietary Limited, a large distributor of IT hardware, software and consumables, as Financial Director. After a period in private equity as the Chief Financial Officer and Compliance Officer of African Global Capital Proprietary Limited, Roy was approached to join The House of Busby Proprietary Limited as the Group Financial Director to corporatise the group, a business taken private by Ethos in 2008, where he remained until May 2012, within which time he played a senior role in driving strategic initiatives, including a strategic five-year planning process and the raising of a R650 million high yield bond.

#### *Non-executive directors*

##### **Peter John van Zyl (BCom) (South African)**

Peter has wide-ranging operational experience in financial management and Financial Director roles and has entrepreneurial experience, with a particular focus on the Information and Communication Technology industry. From 2004 to 2009 he was Commercial Director of Sekunjalo Investments Limited, where he managed a wide range of transactions, including the Sekunjalo Health Care rights issue, the acquisition of a BEE stake in British Telecom and Marine Growers from Transnet, as well as the restructuring of Sekunjalo Financial Services and hence has many years of experience in the listed environment.

Peter joined the SA French board as the interim Financial Director shortly after the rights issue until its delisting and sale to Torre in 2012 at which time he took on the role of Chairman.

#### *Independent non-executive directors*

##### **Joseph William Leo Murphy Fizelle (BCom, HdipPrAcc, FCA) (Irish)**

Joseph is an independent non-executive director and the chairman of the audit and risk committee of Torre. Joseph is a fellow of the Irish Institute of Chartered Accountants and began his career in the audit and advisory division of PricewaterhouseCoopers in 1993. He joined Mowana Investments Proprietary Limited, a black empowerment investment holding Company, as an executive director in 2004. Prior to this, Joseph gained extensive experience in corporate finance at JPMorgan Chase (Johannesburg) and Standard Bank.

##### **Craig Warwick John Lyons (BCom) (South African)**

Craig studied at the University of the Witwatersrand where he graduated with a Bachelor of Commerce degree and then graduated at Oxford University in England. Craig worked for Standard Corporate and Merchant Bank (Corporate Finance and Private Equity division) prior to joining Mvelaphanda Holdings. He was the co-founder and CEO of Mvelaphanda Strategic Investments Proprietary Limited. As CEO, he was responsible for building and managing its investment portfolio of non-mining assets. He built Mvelaphanda into one of the leading BEE investment houses in South Africa. Shortly after the merger with Rebserve Limited he left Mvelaphanda to pursue personal interests while remaining on as a special adviser to the group, in addition to sitting on a number of portfolio company boards and committees. He is an investment banker with 19 years' experience in investment banking and private equity fund management. He has sat on the boards of various listed and private companies in Southern Africa and is currently actively engaged in private equity investments throughout Africa.

##### **Christopher Stefan Seabrooke (BCom, B Acc, MBA, FCMA) (South African)**

Christopher has over the years, been a director of over 20 stock exchange-listed companies. He is Chief Executive Officer and a director of Sabvest Limited, an investment holding company which is listed on the JSE. Mr. Seabrooke also serves as a non-executive director of the following JSE listed companies: Brait SE, Datatec Limited, Massmart Holdings Limited, Metrofile Holdings Limited, Transaction Capital Limited and Net1 UEPS Technologies Inc. Mr. Seabrooke is a member of The Institute of Directors in South Africa.

##### **Moses Modidima Ngoasheng (MPhil, BSocSci (Hons), BA) (South African)**

Moss, is the Co-founder and Chief Executive of Safika Holdings (Pty) Ltd and is one of South Africa's most distinguished business people. He has a deep knowledge of South African industries and served from 1995 to 2000 as economic adviser in the Presidency of South Africa. He also served on the African National Congress's (ANC)'s economic policy unit for a number of years. He has been a consultant to the World Bank and National Housing Forum (South Africa) on aspects of economic policy in South Africa. He is chairperson of the board of The Kelly Group, a listed human resource and skills provider group. He is a member of the board of Dimension Data Middle east and Africa, South African Breweries and Business Leadership South Africa. He is a member of Harvard University's Index of African Governance Advisory Council.

## 5.2 Directors of major subsidiaries of Torre

### Torre Holdings (Pty) Ltd

Director	Age	Business address	Function at Torre
Charles Edward Pettit	33	59 Merino Avenue, City Deep, Johannesburg, 2197	CEO
Hendrik George Maree*	67	59 Merino Avenue, City Deep, Johannesburg, 2197	COO
Stephen Roy Midlane*	48	59 Merino Avenue, City Deep, Johannesburg, 2197	CFO
Quentin Cecil Alexander van Breda*	62	461 Flower Close Green Hills Industrial Estate, Tunney Ext 9, Germiston, 1401	Managing Director of Torre Heavy Lifting division

\*South African

### Torre Automotive (Pty) Ltd

Director	Age	Business address	Function at Torre
Charles Edward Pettit	33	59 Merino Avenue, City Deep, Johannesburg, 2197	CEO
Stephen Roy Midlane*	48	59 Merino Avenue, City Deep, Johannesburg, 2197	CFO
Hendrik George Maree*	67	59 Merino Avenue, City Deep, Johannesburg, 2197	COO
Francois Kennedy Lombard*	37	59 Merino Avenue, City Deep, Johannesburg, 2197	Financial Director of Torre Automotive
Kevin Brian Rogers*	43	59 Merino Avenue, City Deep, Johannesburg, 2197	Managing Director of Torre Automotive

\*South African

### Senior management of Torre

Other than the above-mentioned executive directors, the following individual is part of senior management:

Name	Business address	Capacity
Delyse Elizabeth van Breda (South African)	59 Merino Avenue, City Deep, Johannesburg, 2197	Group Head of Human Resources

In terms of the declarations lodged by the Torre directors in accordance with Schedule 21 to the Listings Requirements, other than:

- the restructure and voluntary liquidation of EC Hold which came about after all the assets and liabilities were sold, a company of which SR Midlane was a director;
- Mvelaphanda Security Investments (Pty) Ltd and Mvelaphanda Services Investments (Pty) Ltd, voluntarily liquidated due to a winding down and sale of assets of the companies, companies of which CWJ Lyons was a director of at the time; and
- Sure Group Holdings Ltd was placed into liquidation in 1992/1993 for liquidity reasons and Merchant Trade Finance (Pty) Ltd was placed into voluntary liquidation in 2000/2001 due to disagreements between directors and shareholders of the company, companies of which CS Seabrooke was a non-executive director of at the time.



Other than as above, none of the following applies to any of the Torre directors listed above:

- bankruptcies, insolvencies or individual voluntary compromise arrangements;
- business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Companies Act,
- receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company' voluntary liquidations, or any compromise or arrangement with creditors generally or any class of creditors of any company of which such person is or was a director with an executive function of such company at the time of any such event or within 12 months preceding such event;
- compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships of which the person is or was a partner at the time of such event or within 12 months preceding such event;
- receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of such event or within 12 months preceding such event;
- public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, disqualification by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or any offence involving dishonesty;
- offence involving dishonesty committed;
- removal from an office of trust, on grounds of misconduct and involving dishonest; and
- court order declaring such person delinquent or placing him under probation in terms of section 162 of the Act and/or section 47 of the Close Corporations Act, 1984 (Act No 69 of 1984) or disqualifying him to act as a director in terms of section 219 of the Companies Act, 1973 (Act No. 61 of 1973).

## 6. MAJOR BENEFICIAL SHAREHOLDERS

Shareholders, other than directors, holding more than 5% of the total issued share capital of the Company prior to the Transactions and as at the last practicable date are as follows:

Shareholder	Number of Torre Shares		% holding of total issued share capital of Torre before the Transactions
	Direct beneficial	Indirect beneficial	
Asgard Capital Assets <sup>#</sup>	44 662 073	–	12.74
SJP Capital <sup>§</sup>	40 313 599	–	11.50
Investec Asset Management <sup>*</sup>	31 300 000	–	8.93
Sabvest Finance and Guarantee Corporation	23 000 000	–	6.56
<b>TOTAL</b>	<b>139 275 672</b>	<b>–</b>	<b>39.73</b>

<sup>#</sup>Shareholders consist of companies incorporated in Mauritius

<sup>§</sup>Owned by the Barcombe Trust

<sup>\*</sup>Held on behalf of various funds

Shareholders, other than directors, holding more than 5% of the total issued share capital of the Company after the Transactions and as at the last practicable date are as follows:

Shareholder	Number of Torre Shares <sup>1</sup>			Number of Torre Shares <sup>2</sup>		
	Direct beneficial	Indirect beneficial	% holding of total issued share capital of Torre after the Transactions	Direct beneficial	Indirect beneficial	% holding of total issued share capital of Torre after the Transactions
MIC	65 608 334 <sup>§</sup>	–	12.95	70 528 668 <sup>^</sup>	–	13.53
Sabvest Finance and Guarantee Corporation	59 992 600	–	11.85	67 391 120	–	12.93
Safika	55 954 105	–	11.05	55 954 105	–	10.73
Asgard Capital Assets <sup>#</sup>	44 662 073	–	8.82	44 662 073	–	8.57
SJP Capital <sup>§</sup>	40 313 599	–	7.95	40 313 599	–	7.73
Investec Asset Management <sup>*</sup>	31 300 000	–	6.18	31 300 000	–	6.00
<b>TOTAL</b>	<b>297 830 711</b>	<b>–</b>	<b>58.80</b>	<b>310 149 565</b>	<b>–</b>	<b>59.49</b>

<sup>#</sup>Shareholders consist of companies incorporated in Mauritius

<sup>§</sup>Owned by the Barcombe Trust

<sup>\*</sup>Held on behalf of various funds

<sup>1</sup>Assuming that 74 000 000 new Torre Shares are issued for the Acquisition

<sup>2</sup>Assuming that 88 800 000 new Torre Shares are issued for the Acquisition

<sup>§</sup>41 006 664 Torre Shares in respect of the Cash Issue and 24 601 670 Torre Shares in respect of the Acquisition

<sup>^</sup>41 006 664 Torre Shares in respect of the Cash Issue and 29 522 400 Torre Shares in respect of the Acquisition

Insofar as it is known to the directors of Torre, there is no controlling shareholder of Torre as defined in the Listings Requirements, nor has there been a change in control of Torre since its incorporation up to the last practicable date.



## 7. DIRECTORS' INTERESTS IN SECURITIES

The Directors' interests (including associates' interests) in Torre Shares, as at the last practicable date, prior to and after the implementation of the Transactions are as follows:

Director	Beneficial		Prior to the Transactions		After the Transactions <sup>5</sup>		After the Transactions <sup>6</sup>	
	Direct	Indirect	Total	Total %	Total	Total %	Total	Total %
PJ Van Zyl	95 000	–	95 000	0.03	95 000	0.02	95 000	0.02
CE Pettit	232 046	–	232 046	0.07	232 406	0.05	232 406	0.04
SR Midlane	7 550 000	5 000 000 <sup>1</sup>	12 550 000	3.58	12 550 000	2.48	12 550 000	2.41
CWJ Lyons <sup>#</sup>	3 000 000	2 007 500 <sup>2</sup>	5 007 500	1.43	5 007 500	0.99	5 007 500	0.96
J Fizelle <sup>#</sup>	36 284	–	36 284	0.01	36 284	0.01	36 284	0.01
CS Seabrooke <sup>#</sup>	–	23 000 000 <sup>3</sup>	23 000 000	6.56	59 992 600 <sup>7</sup>	11.84	67 391 120 <sup>7</sup>	12.93
MM Ngoasheng <sup>#</sup>	–	15 287 440 <sup>4</sup>	15 287 440	4.36	56 294 105 <sup>8</sup>	11.11	56 294 105 <sup>8</sup>	10.80
	<b>10 913 330</b>	<b>45 294 940</b>	<b>56 208 270</b>	<b>16.04</b>	<b>134 207 895</b>	<b>26.50</b>	<b>141 606 415</b>	<b>27.17</b>

<sup>1</sup>Non-executive, <sup>#</sup>Independent

- Shares held by The Midlane Family Trust of which SR Midlane is a trustee
- Shares are held in the names of minor children of CWJ Lyons
- Total Torre Shares owned by a subsidiary of Sabvest Ltd in which The Seabrooke Family Trust (an associate of CS Seabrooke) has a 67% voting and 32.6% economic interest
- Total Torre Shares held by Safika in which MM Ngoasheng, through the Bunang Trust, has a 28.4% interest. Included in the indirect shares are 340 000 shares held by Modidima Ventures (Pty) Ltd which company is owned by the Bunang Trust in which MM Ngoasheng is one of three trustees
- Assuming that 74 000 000 new Torre Shares are issued in respect of the Acquisition and 82 013 329 new Torre Shares issued for the Cash Issue
- Assuming that 88 800 000 new Torre Shares are issued in respect of the Acquisition and 82 013 329 new Torre Shares issued for the Cash Issue
- Assumes 44 311 200 new Torre Shares are issued to Sabvest Ltd as a 49.99% shareholders in Set Point in terms of the Acquisition
- Assumes 41 006 665 new Torre Shares are issued to Safika in terms of the Cash Issue

No Torre Directors, other than Mr. A Keschner and Mr. QCA van Breda, who both resigned with effect from 11 April 2014, (and neither of which hold any shares in Torre as at the last practicable date), have resigned in the last 18 months since the last practicable date and accordingly no other interests in securities require disclosure.

The Directors' interests are based on the Torre Register of the Company as per Strate and Link as at 13 March 2015.

No Torre Directors have had a beneficial interest, whether directly or indirectly, in transactions, other than the Transactions detailed in this Circular that were effected by Torre in the last 18 months.

Information relating to the directors' dealings in securities for the period from the last preceding financial year to the last practicable date was published on SENS in accordance with section 3.63 to 3.74 of the Listings Requirements. For ease of reference, these dealings are detailed as follows:

<b>Trade Date</b>	<b>Director</b>	<b>Type</b>	<b>Quantity Traded</b>	<b>Trade Price (cents)</b>
16 Mar 2015	PJ van Zyl	Purchase	25 000	446
16 Mar 2015	PJ van Zyl	Purchase	20 000	435
13 Mar 2015	PJ van Zyl	Purchase	10 000	470
13 Mar 2015	PJ van Zyl	Purchase	5 000	479
13 Mar 2015	PJ van Zyl	Purchase	5 000	477
12 Mar 2015	Associate of MM Ngoasheng	Purchase	100 000	480
12 Mar 2015	PJ van Zyl	Purchase	5 000	485
12 Mar 2015	PJ van Zyl	Purchase	25 000	480
11 Mar 2015	SR Midlane	Purchase	10 000	480
11 Mar 2015	CE Pettit	Purchase	1 537	479
11 Mar 2015	CE Pettit	Purchase	30 509	480
2 Dec 2014	Associate of MM Ngoasheng	Purchase	25 500	395
2 Dec 2014	Associate of MM Ngoasheng	Purchase	35 576	396
2 Dec 2014	Associate of MM Ngoasheng	Purchase	1 000 000	400
1 Dec 2014	Associate of MM Ngoasheng	Purchase	52 000	397
28 Nov 2014	Associate of MM Ngoasheng	Purchase	10 000	398
28 Nov 2014	Associate of MM Ngoasheng	Purchase	240 000	400
27 Nov 2014	CE Pettit	Purchase	14 100	399
27 Nov 2014	CE Pettit	Purchase	19 300	395
26 Nov 2014	Associate of MM Ngoasheng	Purchase	88 000	400
31 Oct 2014	CE Pettit	Acceptance of options awarded	2 193 278	301
31 Oct 2014	CE Pettit	Bonus shares granted	657 983	300
31 Oct 2014	SR Midlane	Acceptance of options awarded	643 029	301
31 Oct 2014	SR Midlane	Bonus shares granted	44 862	300
26 Sep 2014	Associate of MM Ngoasheng	Purchase	100 000	302
23 Sep 2014	SR Midlane	Purchase	40 000	300
22 Sep 2014	CE Pettit	Purchase	166 600	300

## 8. DIRECTORS' AND MANAGEMENT REMUNERATION

The Directors' remuneration for the year ended 30 June 2014 was as follows:

	Notes	Basic salary/ Fee as director R'000	Allowances and fringe benefits R'000	Pension and other contributions R'000	Bonuses R'000	Total 2014 R'000	Total 2013 R'000
<b>Executive Directors</b>							
CE Pettit	1	–				–	–
SR Midlane		1 800			450	2 250	1 000
QCA van Breda	2	1 122	66	72		1 260	1 178
<b>Non-Executive Directors</b>							
PJ van Zyl		360				360	300
JWLM Fizelle		114				114	50
S Swana	3	3				3	50
CWJ Lyons		114				114	50
A Keschner	2	87				87	25
MM Ngoasheng		27				27	–
CS Seabrooke		27				27	–
<b>TOTAL</b>		<b>3 654</b>	<b>66</b>	<b>72</b>	<b>450</b>	<b>4 242</b>	<b>2 653</b>

### Notes:

- During the transition from SA French to Torre, all of the corporate finance services were provided by ACF which included the position of CEO performed by CE Pettit. Although he held an executive position with ACF during this period, his duties for ACF were solely to provide the services of CEO to Torre on a full time basis, which he did. With effect from 1 July 2014, CE Pettit resigned from ACF and has been employed directly as CEO of Torre.
- QCA Van Breda and A Keschner resigned as directors of Torre on 11 April 2014.
- Swana resigned with effect from 19 July 2013.

Apart from Mr Q van Breda, the executive directors make their own contributions to a pension scheme.

Bonuses, if any, will depend on the extent to which Torre meets its financial and other objectives and appraisal of the directors' individual performances by independent members of the Torre board. Any shares to be issued in lieu of performance will be done in accordance with the share appreciation rights and bonus share plans adopted by Torre Shareholders on 30 September 2014.

Other than as mentioned above, no other emoluments are receivable from Torre's subsidiaries, associates, joint ventures or from entities that provide management or advisory services to Torre, its subsidiaries, associates or joint ventures.

As at the last practicable date, other than the loan provided to SR Midlane in terms of a loan agreement approved by Torre Shareholders, no other loans have been made or security furnished by Torre or by any of its subsidiaries to or for the benefit of any director or associate of any director.

No part of the business of Torre or any of its subsidiaries is, or is to be, managed by a third party.

Other than the options awarded and bonus shares granted as detailed in paragraph 7 above, there are no other options held by the Directors.

A total of 3 263 368 share appreciation rights have been awarded to Torre employees under the share appreciation rights plan. A total of 702 846 bonus shares have been granted to Torre employees under the bonus share plan. Other than the above-mentioned, no other shares have been allocated to employees in terms of the Torre share appreciation and bonus share plans up to the last practicable date.

All of the executive managements' and certain of the key executives' services contracts contain terms and conditions that are standard in nature and are terminable on 3 months' notice, and provides for retirement at the age of 65. The service contracts contain non-compete provisions in terms of which the directors and certain executive management are restrained from competing with the Company during their employment and for a period of up to eighteen months after termination.

There will be no variation in the remuneration receivable by any of the Directors or the capacity of any Director following the implementation of the Transactions.

## 9. DIRECTORS' INTERESTS IN TRANSACTIONS

Other than, CS Seabrooke who is a director of Sabvest Ltd and Set Point and MM Ngoasheng who is an executive director of Safika, none of the other Directors have any interest in transactions undertaken by Torre.

There are no Directors' interests during the current or immediate preceding financial year or during an earlier financial year that remain in any respect outstanding or unperformed.

## 10. SHARE CAPITAL OF THE COMPANY

The table below sets out the authorised and issued share capital of Torre before and after the Transactions:

<b>SHARE CAPITAL BEFORE THE TRANSACTIONS</b>		<b>R</b>
<b>Authorised share capital</b>		
1 000 000 000 ordinary shares of no par value		
<b>Issued share capital</b>		
Stated capital (350 476 897 no par value shares)		595 445 522
Treasury shares		–
<b>Total issued share capital</b>		<b>595 445 522</b>

<b>SHARE CAPITAL AFTER THE CASH ISSUE</b>		<b>R</b>
<b>Authorised share capital</b>		
1 000 000 000 ordinary shares of no par value		
<b>Issued share capital</b>		
Stated capital (432 490 226 no par value shares)		944 002 171
Treasury shares		–
<b>Total issued share capital</b>		<b>944 002 171</b>

<b>SHARE CAPITAL AFTER THE CASH ISSUE AND THE ACQUISITION*</b>		<b>R</b>
<b>Authorised share capital</b>		
1 000 000 000 ordinary shares of no par value		
<b>Issued share capital</b>		
Stated capital (521 290 226 no par value shares)		1 388 002 171
Treasury shares		–
<b>Total issued share capital</b>		<b>1 388 002 171</b>

\*Assuming the maximum number of new Torre shares are to be issued for the Acquisition (i.e. 88 800 000)

In the event that the Option Shares are repurchased, the share capital of Torre would be the following:

		<b>R</b>
<b>Authorised share capital</b>		
1 000 000 000 ordinary shares of no par value		
<b>Issued share capital</b>		
Stated capital (506 946 372 no par value shares)		1 373 658 316
Treasury shares		–
<b>Total issued share capital</b>		<b>1 373 658 316</b>

No fractions of shares will be issued. The ordinary shares issued in terms of the Transactions will rank *pari passu* with all other ordinary shares issued by Torre.

At the last practicable date, there were no treasury shares in issue. Torre Shareholders control the issue of the authorised but unissued securities of Torre, as the Directors may only resolve to issue shares and/or grant options to subscribe for shares, to the extent that such issue or option has been approved by the shareholders in a general meeting, either by way of a general authority (which may be either conditional

or unconditional) or a specific authority in respect of any particular issue or option in respect of shares, provided that, if such approval is in the form of a general authority to the Torre board, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the shareholders prior to such annual general meeting. Torre Shareholders approved a general authority to repurchase shares resolution on 10 December 2014.

#### 11. **LITIGATION STATEMENT**

There are no legal or arbitration proceedings, including any such proceedings that are pending or threatened, of which the Group is aware, that may have or have had in the recent past (12 months from the last practicable date), a material effect on the financial position of Torre or its subsidiaries.

#### 12. **PRO FORMA FINANCIAL INFORMATION**

The table below sets out the *pro forma* financial effects of the Transactions on Torre.

The *pro forma* financial effects of the Transactions on Shareholders are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Transactions would have affected the financial position and results of Torre and, because of its nature, may not give a fair reflection of Torre's financial performance and position, changes in equity, and results of operations and cash flows after the Transactions, and are based on the assumptions that:

- For the purpose of calculating earnings per share and headline earnings per share, the Transactions were implemented from 1 July 2014; and
- For the purpose of calculating net asset value per share and net tangible asset value per share, the Transactions were implemented on 31 December 2014.

The accounting policies of Torre have been used in calculating the *pro forma* financial effects. The accounting policies used are consistent with previous accounting policies used by Torre and the accounting policies have been applied on the same basis. The *pro formas* have been prepared using the most recent financial period for the six months ended 31 December 2014 for Torre.

The *pro forma* financial information is prepared in terms of the Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants. The below table outlines the effect of the Transactions based on the Initial Scheme Consideration payable for the Acquisition. The detailed *pro forma* financial information and notes thereto, as a result of the Transactions, including the effects in the event of an upward or downward adjustment to the purchase price in respect of the Acquisition, are contained in Annexure 1 of the Circular. The Reporting Accountants' limited assurance report on the *pro forma* financial information is set out in Annexure 2.

	Before the Transactions <sup>1</sup>	After the Elephant Lifting Acquisition <sup>2,3</sup>	After the Acquisition <sup>4</sup>	After the Cash Issue <sup>5</sup>	% Change
Profit for the period (R'000)	48 972	55 362	62 578	76 342	55.89
Headline earnings (R'000)	46 462	52 852	57 865	71 629	54.17
Basic earnings per share (cents)	14.73	16.40	14.90	15.22	3.33
Headline (loss)/earnings per share (cents)	14.36	16.04	14.34	14.75	2.71
Net asset value per share (cents)	173.30	179.06	238.05	269.45	55.48
Net tangible asset per share (cents)	81.17	53.18	76.74	134.77	66.04
Weighted and actual number of shares in issue at the end of the period '000's	323 488	330 093	403 526	486 106	50.27
Shares in issue at the end of the period '000's	334 824	340 862	414 862	496 875	48.70

#### Notes and assumptions:

- The amounts set out in the "Before the Transactions" column have been extracted from the un-reviewed results of the Company for the interim period ended 31 December 2014, as published on SENS on 3 March 2015.
- The Elephant Lifting financial information has been extracted from the unaudited management accounts for the 6 month period ended 31 December 2014. Torre was satisfied with the quality of the unaudited management account information presented and used in these *pro formas*.  
The details of the Elephant Lifting Acquisition were published on SENS on 20 November 2014. The acquisition was funded through interest-bearing debt facilities at a cost of debt of JIBAR + 2.2% (8.325%) for the first 6 months, JIBAR + 3.2% (9.325%) for the next 6 months and JIBAR + 4.2% (10.325%) for the next 5 months.  
The acquisition totaled R180 000 000 and consisted of an upfront payment of shares (R23 715 000, being the issue of 6 038 038 new Torre Shares at an issue price of R3.92759 per Torre Share) and cash (R125 910 000). A maximum deferred component of the purchase consideration, totaling R30 375 000, will be settled through a combination of cash and shares on the 1<sup>st</sup> and 2<sup>nd</sup> anniversary of the transaction. The share component has been assumed to be calculated based on the 30-day VWAP as at 2 February 2015.  
Goodwill is calculated at R121 million, which is the fair value of the purchase consideration (R177 million) less the fair value of assets and liabilities (R56 million) as determined by the preliminary purchase price allocation in terms of IFRS 3.
- It is assumed that a portion of the R348 556 650 will be used to repay a bridging facility to the value of R45 910 000, which bridging facility was used to pay for a portion of the Elephant Lifting Acquisition. This will result in a net interest saving. The cash balance noted in the statement of comprehensive income above of R294 888 000 has been calculated as: the capital of R348 556 650 raised plus the return on the funds raised (R13 763 846), less the repayment of the bridging facility (R45 910 000) as well as the payment of the share issue costs (R11 040 558).
- The Set Point financial information has been extracted from the reviewed management accounts for the interim period ended 28 February 2015. The review report is set out in Annexure 3 of this Circular.  
The Acquisition is to be funded through the issue of 74 000 000 new Torre Shares at R5.00 per Torre Share, totaling R370 000 000, subject to an upward or downward adjustment, which adjustments have been detailed in paragraph 2.3 of this Circular.  
Due to the fact that the Initial Scheme Consideration, as defined in the Torre Circular, will be subject to adjustment, the above *pro formas* set out the various scenarios to show shareholders the impact that each may have on the Group's results. The variation between scenarios will have an impact on (i) goodwill as well as (ii) the number of shares in issue. These are outlined in the detailed *pro formas* contained in Annexure 1 of the Circular.  
The above scenario is based on the assumption that FY2016 HEPS is equal to the Target HEPS (R0.416 as defined in the Circular). In this instance, no adjustment to the purchase price will be required. This scenario assumes that 74 000 000 new Torre Shares will be issued at R5.00 per share, totalling R370 000 000. Under this scenario, goodwill is calculated at R210 870 000, being the purchase consideration of R370 000 000 less the fair value of the assets and liabilities of Set Point of R159 130 000 as determined by the preliminary purchase price allocation in terms of IFRS 3.  
Goodwill has been calculated as the difference between fair value of assets and liabilities and the purchase consideration. Goodwill is not amortised but tested on an annual basis for impairment.  
Acquisition related costs of R0.950 million have been expensed.
- In terms of the Cash Issue, Torre will issue 82 013 329 new Torre Shares in the Company at R4.25 per share, raising R384 556 648. Interest revenue of R17 205 449 has been accounted for in the statement of comprehensive income at an interest rate of 8.5% per annum post tax, which represents the return currently earned by the Company on its excess liquidity.  
In practice the cash will be utilised to acquire businesses and also be deployed towards organic growth and working capital requirements. Share issue costs of R11.04 million have been capitalised to stated capital.
- It has been assumed that the Transaction was implemented on 31 December 2014 for purposes of compiling the statement of financial position and on 1 July 2014 for purposes of compiling the statement of comprehensive income.
- Tax consequences in relation to the corporate actions have been taken into account at 28%.
- All adjustments, other than transaction costs described above, will have a continuing effect.

### 13. **WORKING CAPITAL STATEMENT**

The directors of Torre have considered the impact of the Transactions and are of the opinion that:

- (a) the Torre Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of the Circular;
- (b) the assets of the Torre Group will be in excess of its liabilities for a period of not less than 12 months after the date of approval of the Circular, where for this purpose, the assets and liabilities recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company;
- (c) share capital and reserves of the Torre Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of the Circular; and
- (d) working capital of the Torre Group will be adequate for ordinary business purposes for a period of not less than 12 months after the date of approval of the Circular.

Furthermore:

- (a) in terms of section 46(1)(a)(ii) and section 48(2)(a) of the Companies Act and section 5.69(d) of the Listings Requirements, the Directors have authorised the Transactions and the Option Shares by resolution;
- (b) in terms of section 46(1)(b) of the Companies Act, the Directors are satisfied that it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the Transactions and the Option Shares; and
- (c) in terms of section 46(1)(c) of the Companies Act, the Directors have, by resolution, acknowledged that they have applied the solvency and liquidity test as set out in section 4 of the Companies Act, and reasonably concluded that Torre will satisfy the solvency and liquidity test immediately after completing the Transactions and the Option Shares. Since the solvency and liquidity tests were done, there have been no material changes to the financial position of any company in the Group.

### 14. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are set out on page 18 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Torre and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the Listings Requirements.

### 15. **MATERIAL CHANGES, CONTRACTS AND TRANSACTIONS**

Save for the material contracts and transactions detailed in Annexure 9, there have been no other known material changes in the financial or trading position of Torre and its subsidiaries since the end of the last financial year ended 30 June 2014 up to and including the last practicable date (specifically transactions listed 11 – 14 in Annexure 9) and no other known material contracts and transactions entered into over the past two years preceding this Circular and no other that contain any obligation and settlement. In addition, Torre and its subsidiaries have not entered into any restraint payments or technical fees.

## 16. EXPENSES RELATING TO THE TRANSACTIONS

Costs relating to the Transactions as detailed in this Circular are outlined below:

<b>Name</b>	<b>Description</b>	<b>ZAR (excl. VAT)</b>
ACF	Adviser and Arranger	9 600 000
ACF	Sponsor	400 000
Grant Thornton	Due Diligence Torre	650 000
RSM (JHB)	Due Diligence Set Point	210 000
Independent Expert	Fairness opinion	125 000
DLA Cliffe Dekker Hofmeyr	Legal	100 000
SA Competition Commission (including legal fees)	Competition Commission	200 000
JSE	Documentation	47 358
JSE	Listing fees	237 780
Transfer Secretaries	Share Issue	20 000
Reporting Accountants	Pro formas	45 000
Ince	Printing and publication	60 000
Other	Other	120 458
<b>TOTAL</b>		<b>11 815 596</b>

## 17. CONSENTS

The sponsor and corporate finance adviser, reporting accountants, legal advisers, independent expert and transfer secretaries have consented in writing to act in the capacities stated in this document and to their names being stated in this document and in the case of the reporting accountants, reference to their report in the form and context in which it appears and have not withdrawn their consent prior to the publication of this document.

## 18. GENERAL MEETING

The General Meeting of Torre Shareholders will be held at 59 Merino Avenue, City Deep, Johannesburg, at 12:00 on Wednesday, 13 May 2015, to consider and, if deemed fit, to pass, with or without modification, the resolutions contained in the notice of General Meeting.

A form of proxy for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the General Meeting, but who wish to be represented thereat, is attached to, and forms part of this Circular. In order to be valid, duly completed forms of proxy must be received by Torre's Transfer Secretaries, Link, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), no later than 12:00 on Monday, 11 May 2015.

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



## 19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Torre as well as at the offices of the Corporate Finance Adviser, during normal office hours from Monday, 13 April 2015 to Wednesday, 13 May 2015:

- (a) the memorandum of incorporation for Torre and its subsidiaries;
- (b) the Scheme Circular;
- (c) the Commitments;
- (d) the Option Agreement;
- (e) copies of directors' service agreements;
- (f) material contracts referred to in paragraph 15;
- (g) report of the independent reporting accountant regarding the *pro forma* financial information;
- (h) report of the independent reporting accountant on the interim results for Set Point
- (i) the reviewed interim results for Set Point for the period ended 28 February 2015;
- (j) fairness opinion prepared by the Independent Expert;
- (k) the Set Point irrevocable undertakings in respect of the Scheme;
- (l) the signed consent letters of the parties referred to in paragraph 17;
- (m) the audited financial statements of Torre for the years ended 30 June 2013 and 30 June 2014 as well as the interim results as at 31 December 2014;
- (n) the King Report on compliance; and
- (o) a signed copy of this Circular.

Signed at Johannesburg by or on behalf of Torre during March 2015, in terms of powers of attorney granted by the Directors of Torre.

By order of the Directors

**CE PETTIT**

*Chief Executive Officer*

For and on behalf of Torre

25 March 2015

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**PRO FORMA FINANCIAL INFORMATION**

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The *pro forma* financial information set out below has been prepared to assist shareholders to assess the impact of the Transactions, including the recent acquisition of Elephant Lifting on the unreviewed, interim results of Torre for the period ended 31 December 2014. The *pro forma* statement of financial position at 31 December 2014 and statement of comprehensive income for the period ended 31 December 2014 of Torre have been prepared to illustrate the impact of the Transactions as if the Transactions had occurred on 1 July 2014 for purpose of adjusting the *pro forma* statement of comprehensive income, and on 31 December 2014 for purposes of adjusting the *pro forma* statement of financial position of Torre.

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

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

The *pro forma* financial information of Torre should be read in conjunction with the limited assurance report of the Reporting Accountants which is included as Annexure 2 to this Circular.

**PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF TORRE**

	Before the Transactions <sup>1</sup>		Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>		Elephant Lifting Acquisition <sup>2,3</sup>		After the Elephant Lifting Acquisition		Set Point 28 February 2015 <sup>4</sup>		Acquisition		After the Acquisition		Cash Issue adjustment <sup>5</sup>		After the Cash Issue	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	562 402	74 330	–	636 732	279 129	–	915 861	–	915 861	–	–	–	–	–	–	–	–	915 861
Cost of sales	(367 833)	(36 091)	–	(403 924)	(163 198)	–	(567 122)	–	(567 122)	–	–	–	–	–	–	–	–	(567 122)
<b>Gross Profit</b>	<b>194 569</b>	<b>38 239</b>	<b>–</b>	<b>232 808</b>	<b>115 931</b>	<b>–</b>	<b>348 739</b>	<b>–</b>	<b>348 739</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>348 739</b>
Other Income	16 458	320	–	16 778	–	–	16 778	–	16 778	–	–	–	–	–	–	–	–	16 778
Operating Expenses	(123 793)	(26 610)	(758)	(151 161)	(91 955)	(950)	(244 066)	(950)	(244 066)	(950)	(950)	(244 066)	–	(244 066)	–	–	–	(244 066)
<b>EBITDA</b>	<b>87 234</b>	<b>11 949</b>	<b>(758)</b>	<b>98 425</b>	<b>23 976</b>	<b>(950)</b>	<b>121 451</b>	<b>(950)</b>	<b>121 451</b>	<b>(950)</b>	<b>(950)</b>	<b>121 451</b>	<b>–</b>	<b>121 451</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>121 451</b>
Amortisation and depreciation	(15 119)	(531)	–	(15 650)	(9 737)	–	(25 387)	–	(25 387)	–	–	(25 387)	–	(25 387)	–	–	–	(25 387)
<b>Profit from operations</b>	<b>72 115</b>	<b>11 418</b>	<b>(758)</b>	<b>82 775</b>	<b>14 239</b>	<b>(950)</b>	<b>96 064</b>	<b>(950)</b>	<b>96 064</b>	<b>(950)</b>	<b>(950)</b>	<b>96 064</b>	<b>–</b>	<b>96 064</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>96 064</b>
Investment income	3 008	126	–	3 134	–	–	3 134	–	3 134	–	–	3 134	17 205	20 339	17 205	–	–	20 339
Finance Costs	(10 996)	–	(1 911)	(12 907)	(3 489)	–	(16 396)	–	(16 396)	–	–	(16 396)	1 911	(14 485)	1 911	–	–	(14 485)
Income from Equity Accounted Investments	(1 577)	–	–	(1 577)	–	–	(1 577)	–	(1 577)	–	–	(1 577)	–	(1 577)	–	–	–	(1 577)
<b>Profit/(Loss) before tax</b>	<b>62 550</b>	<b>11 544</b>	<b>(2 669)</b>	<b>71 425</b>	<b>10 750</b>	<b>(950)</b>	<b>81 225</b>	<b>(950)</b>	<b>81 225</b>	<b>(950)</b>	<b>(950)</b>	<b>81 225</b>	<b>19 116</b>	<b>100 341</b>	<b>19 116</b>	<b>–</b>	<b>–</b>	<b>100 341</b>
Taxation	(13 578)	(3 232)	747	(16 063)	(2 850)	266	(18 647)	266	(18 647)	266	(5 352)	(23 999)	(5 352)	(23 999)	(5 352)	–	–	(23 999)
<b>Profit for the year</b>	<b>48 972</b>	<b>8 312</b>	<b>(1 922)</b>	<b>55 362</b>	<b>7 900</b>	<b>(684)</b>	<b>62 578</b>	<b>(684)</b>	<b>62 578</b>	<b>(684)</b>	<b>(684)</b>	<b>62 578</b>	<b>13 764</b>	<b>76 342</b>	<b>13 764</b>	<b>–</b>	<b>–</b>	<b>76 342</b>
Other comprehensive income	(1 352)	–	–	(1 352)	–	–	(1 352)	–	(1 352)	–	–	(1 352)	–	(1 352)	–	–	–	(1 352)
<b>Total Comprehensive Income for the year</b>	<b>47 620</b>	<b>8 312</b>	<b>(1 922)</b>	<b>54 010</b>	<b>7 900</b>	<b>(684)</b>	<b>61 226</b>	<b>(684)</b>	<b>61 226</b>	<b>(684)</b>	<b>(684)</b>	<b>61 226</b>	<b>13 764</b>	<b>74 990</b>	<b>13 764</b>	<b>–</b>	<b>–</b>	<b>74 990</b>
<b>Profit/(Loss) attributable to:</b>																		
Owners of the parent	47 643	8 312	(1 922)	54 033	6 789	(684)	60 138	(684)	60 138	(684)	(684)	60 138	13 764	73 902	13 764	–	–	73 902
Non-controlling interest	1 329	–	–	1 329	1 111	–	2 440	–	2 440	–	–	2 440	–	2 440	–	–	–	2 440

	Before the Transactions <sup>1</sup>	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition adjustment <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash adjustment <sup>5</sup>	After the Cash Issue
<b>Scenario 1: The below scenario assumed that Torre pays the Initial Scheme Consideration for the Acquisition, i.e. R370 000 000 through the issue of 74 000 000 new Torre Shares</b>									
Basic earnings per share (cents)	14.73			16.40		14.90			15.22
Headline (loss)/earnings per share (cents)	14.36			16.04		14.34			14.75
Weighted and actual number of shares in issue at the end of the period '000's	323 488			330 093		403 526			486 106
Shares in issue at the end of the period '000's	334 824			340 862		414 862			496 875
<b>Scenario 2: The below scenario assumed that Torre pays the maximum consideration for the Acquisition, i.e. R444 000 000 through the issue of 88 800 000 new Torre Shares (being the Initial Scheme Consideration shares of 74 000 000 and the Top-up Shares of 14 800 000)</b>									
Basic earnings per share (cents)	14.73			16.40		14.38			14.77
Headline (loss)/earnings per share (cents)	14.36			16.04		13.83			14.32
Weighted and actual number of shares in issue at the end of the period '000's	323 488			330 093		418 326			500 906
Shares in issue at the end of the period '000's	334 824			340 862		429 662			511 675
<b>Scenario 3: The below scenario assumed that Torre pays the minimum consideration for the Acquisition, i.e. R298 282 165 through the issue of 74 000 000 new Torre Shares and the repurchase of 14 343 854 existing Torre Shares from the SPG Major Shareholders</b>									
Basic earnings per share (cents)	14.73			16.40		15.45			15.68
Headline (loss)/earnings per share (cents)	14.36			16.04		14.87			15.20
Weighted and actual number of shares in issue at the end of the period '000's	323 488			330 093		389 182			471 763
Shares in issue at the end of the period '000's	334 824			340 862		400 518			482 532

## PRO FORMA STATEMENT OF FINANCIAL POSITION OF TORRE

**Scenario 1:** The below scenario assumed that Torre pays the Initial Scheme Consideration for the Acquisition, i.e. R370 000 000 through the issue of 74 000 000 new Torre Shares

	Before the Transactions <sup>1</sup> R'000	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup> R'000	Elephant Lifting Acquisition adjustment <sup>2,3</sup> R'000	After the Elephant Lifting Acquisition R'000	Set Point period ended 28 February 2015 <sup>4</sup> R'000	Acquisition adjustment <sup>4</sup> R'000	After the Acquisition R'000	Cash Issue adjustment <sup>5</sup> R'000	After the Cash Issue R'000
<b>ASSETS</b>	<b>641 731</b>	<b>4 067</b>	<b>120 611</b>	<b>766 409</b>	<b>98 784</b>	<b>210 870</b>	<b>1 076 063</b>	<b>-</b>	<b>1 076 063</b>
<b>Non-current assets</b>									
Property, plant and equipment	253 188	2 340	-	255 528	64 757	-	320 285	-	320 285
Goodwill	247 194	-	120 611	367 805	29 243	210 870	607 918	-	607 918
Intangible assets	61 280	-	-	61 280	-	-	61 280	-	61 280
Investments in associates	2 096	-	-	2 096	-	-	2 096	-	2 096
Other financial assets	54 789	-	-	54 789	-	-	54 789	-	54 789
Deferred tax	23 184	1 727	-	24 911	4 784	-	29 695	-	29 695
<b>Current assets</b>	<b>437 475</b>	<b>70 866</b>	<b>(63 121)</b>	<b>445 220</b>	<b>230 001</b>	<b>7 216</b>	<b>682 437</b>	<b>294 881</b>	<b>977 318</b>
Inventory	244 259	40 323	-	284 582	106 047	-	390 629	-	390 629
Other financial assets	10 037	-	-	10 037	10 315	-	20 352	-	20 352
Current taxation receivable	-	-	-	-	6 545	-	6 545	-	6 545
Trade and other receivables	130 127	20 474	-	150 601	84 602	-	235 203	-	235 203
Cash and cash equivalents	53 052	10 069	(63 121)	-	22 492	7 216	29 708	294 881	324 589
<b>TOTAL ASSETS</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>1 211 629</b>	<b>328 785</b>	<b>218 086</b>	<b>1 758 500</b>	<b>294 881</b>	<b>2 053 381</b>

	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition adjustment <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash Issue adjustment <sup>5</sup>	After the Cash Issue
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>EQUITY AND LIABILITIES</b>								
<b>Equity</b>	<b>580 241</b>	<b>56 715</b>	<b>(26 610)</b>	<b>159 130</b>	<b>218 086</b>	<b>987 562</b>	<b>351 280</b>	<b>1 338 842</b>
Stated capital	515 108	10	23 705	2 193	367 807	908 823	337 516	1 246 339
Merger reserve	9 746	-	-	-	-	9 746	-	9 746
Other reserves	(3 138)	-	-	(605)	605	(3 138)	-	(3 138)
Retained income	56 486	56 705	(50 315)	155 778	(148 562)	70 092	13 764	83 856
Non-controlling interest	2 039	-	-	1 764	(1 764)	2 039	-	2 039
<b>Non-current liabilities</b>	<b>216 218</b>	<b>-</b>	<b>1 131</b>	<b>10 912</b>	<b>-</b>	<b>228 261</b>	<b>-</b>	<b>228 261</b>
Interest-bearing borrowings	107 396	-	-	9 845	-	117 241	-	117 241
Other financial liabilities	3 238	-	-	1 067	-	4 305	-	4 305
Deferred purchase consideration	62 060	-	1 131	-	-	63 191	-	63 191
Deferred taxation	43 524	-	-	-	-	43 524	-	43 524
<b>Current liabilities</b>	<b>282 747</b>	<b>18 218</b>	<b>82 969</b>	<b>158 743</b>	<b>-</b>	<b>542 677</b>	<b>(56 399)</b>	<b>486 278</b>
Interest-bearing borrowings	25 665	4 257	45 910	7 567	-	83 399	(45 910)	37 489
Current tax payable	3 422	7 574	-	-	-	10 996	-	10 996
Other financial liabilities	26 599	-	-	35 586	-	62 185	-	62 185
Trade and other payables	195 393	6 387	-	115 590	-	317 370	-	317 370
Deferred purchase consideration	10 981	-	26 570	-	-	37 551	-	37 551
Bank overdraft	20 687	-	10 489	-	-	31 176	(10 489)	20 687
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>328 785</b>	<b>218 086</b>	<b>1 758 500</b>	<b>294 881</b>	<b>2 053 381</b>

**Scenario 2:** The below scenario assumed that Torre pays the maximum consideration for the Acquisition, i.e. R444 000 000 through the issue of 88 800 000 new Torre Shares (being the Initial Scheme Consideration shares of 74 000 000 and the Top-up Shares of 14 800 000)

	Before the Transactions <sup>1</sup>	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition adjustment <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash Issue adjustment <sup>5</sup>	After the Cash Issue
ASSETS	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Non-current assets</b>	<b>641 731</b>	<b>4 067</b>	<b>120 611</b>	<b>766 409</b>	<b>98 784</b>	<b>284 870</b>	<b>1 150 063</b>	<b>-</b>	<b>1 150 063</b>
Property, plant and equipment	253 188	2 340	-	255 528	64 757	-	320 285	-	320 285
Goodwill	247 194	-	120 611	367 805	29 243	284 870	681 918	-	681 918
Intangible assets	61 280	-	-	61 280	-	-	61 280	-	61 280
Investments in associates	2 096	-	-	2 096	-	-	2 096	-	2 096
Other financial assets	54 789	-	-	54 789	-	-	54 789	-	54 789
Deferred tax	23 184	1 727	-	24 911	4 784	-	29 695	-	29 695
<b>Current assets</b>	<b>437 475</b>	<b>70 866</b>	<b>(63 121)</b>	<b>445 220</b>	<b>230 001</b>	<b>7 216</b>	<b>682 437</b>	<b>294 881</b>	<b>977 318</b>
Inventory	244 259	40 323	-	284 582	106 047	-	390 629	-	390 629
Other financial assets	10 037	-	-	10 037	10 315	-	20 352	-	20 352
Current taxation receivable	-	-	-	-	6 545	-	6 545	-	6 545
Trade and other receivables	130 127	20 474	-	150 601	84 602	-	235 203	-	235 203
Cash and cash equivalents	53 052	10 069	(63 121)	-	22 492	7 216	29 708	294 881	324 589
<b>TOTAL ASSETS</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>1 211 629</b>	<b>328 785</b>	<b>292 086</b>	<b>1 832 500</b>	<b>294 881</b>	<b>2 127 381</b>

	Before the Transactions <sup>1</sup>	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period end- ed 28 Febru- ary 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash Issue adjustment <sup>5</sup>	After the Cash Issue
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>	<b>580 241</b>	<b>56 715</b>	<b>(26 610)</b>	<b>610 346</b>	<b>159 130</b>	<b>292 086</b>	<b>1 061 562</b>	<b>351 280</b>	<b>1 412 842</b>
Stated capital	515 108	10	23 705	538 823	2 193	441 807	982 823	337 516	1 320 339
Merger reserve	9 746	-	-	9 746	-	-	9 746	-	9 746
Other reserves	(3 138)	-	-	(3 138)	(605)	605	(3 138)	-	(3 138)
Retained income	56 486	56 705	(50 315)	62 876	155 778	(148 562)	70 092	13 764	83 856
Non-controlling interest	2 039	-	-	2 039	1 764	(1 764)	2 039	-	2 039
<b>Non-current liabilities</b>	<b>216 218</b>	<b>-</b>	<b>1 131</b>	<b>217 349</b>	<b>10 912</b>	<b>-</b>	<b>228 261</b>	<b>-</b>	<b>228 261</b>
Interest bearing borrowings	107 396	-	-	107 396	9 845	-	117 241	-	117 241
Other financial liabilities	3 238	-	-	3 238	1 067	-	4 305	-	4 305
Deferred purchase consideration	62 060	-	1 131	63 191	-	-	63 191	-	63 191
Deferred taxation	43 524	-	-	43 524	-	-	43 524	-	43 524
<b>Current liabilities</b>	<b>282 747</b>	<b>18 218</b>	<b>82 969</b>	<b>383 934</b>	<b>158 743</b>	<b>-</b>	<b>542 677</b>	<b>(56 399)</b>	<b>486 278</b>
Interest bearing borrowings	25 665	4 257	45 910	75 832	7 567	-	83 399	(45 910)	37 489
Current tax payable	3 422	7 574	-	10 996	-	-	10 996	-	10 996
Other financial liabilities	26 599	-	-	26 599	35 586	-	62 185	-	62 185
Trade and other payables	195 393	6 387	-	201 780	115 590	-	317 370	-	317 370
Deferred purchase consideration	10 981	-	26 570	37 551	-	-	37 551	-	37 551
Bank overdraft	20 687	-	10 489	31 176	-	-	31 176	(10 489)	20 687
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>1 211 629</b>	<b>328 785</b>	<b>292 086</b>	<b>1 832 500</b>	<b>294 881</b>	<b>2 127 381</b>



**Scenario 3:** The below scenario assumed that Torre pays the minimum consideration for the Acquisition, i.e. R298 282 165 through the issue of 74 000 000 new Torre Shares and the repurchase of 14 343 854 existing Torre Shares from the SPG Major Shareholders

	Before the Transac-tions <sup>1</sup>	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash Issue adjustment <sup>5</sup>	After the Cash Issue
ASSETS	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Non-current assets</b>	<b>641 731</b>	<b>4 067</b>	<b>120 611</b>	<b>766 409</b>	<b>98 784</b>	<b>139 152</b>	<b>1 004 345</b>	<b>-</b>	<b>1 004 345</b>
Property, plant and equipment	253 188	2 340	-	255 528	64 757	-	320 285	-	320 285
Goodwill	247 194	-	120 611	367 805	29 243	139 152	536 200	-	536 200
Intangible assets	61 280	-	-	61 280	-	-	61 280	-	61 280
Investments in associates	2 096	-	-	2 096	-	-	2 096	-	2 096
Other financial assets	54 789	-	-	54 789	-	-	54 789	-	54 789
Deferred tax	23 184	1 727	-	24 911	4 784	-	29 695	-	29 695
<b>Current assets</b>	<b>437 475</b>	<b>70 866</b>	<b>(63 121)</b>	<b>445 220</b>	<b>230 001</b>	<b>7 216</b>	<b>682 437</b>	<b>294 881</b>	<b>977 318</b>
Inventory	244 259	40 323	-	284 582	106 047	-	390 629	-	390 629
Other financial assets	10 037	-	-	10 037	10 315	-	20 352	-	20 352
Current taxation receivable	-	-	-	-	6 545	-	6 545	-	6 545
Trade and other receivables	130 127	20 474	-	150 601	84 602	-	235 203	-	235 203
Cash and cash equivalents	53 052	10 069	(63 121)	-	22 492	7 216	29 708	294 881	324 589
<b>TOTAL ASSETS</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>1 211 629</b>	<b>328 785</b>	<b>146 368</b>	<b>1 686 782</b>	<b>294 881</b>	<b>1 981 663</b>

	Before the Transac-tions <sup>1</sup>	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition	Cash Issue adjustment <sup>5</sup>	After the Cash Issue
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>	<b>580 241</b>	<b>56 715</b>	<b>(26 610)</b>	<b>610 346</b>	<b>159 130</b>	<b>146 368</b>	<b>915 844</b>	<b>351 280</b>	<b>1 267 124</b>
Stated capital	515 108	10	23 705	538 823	2 193	296 089	837 105	337 516	1 174 621
Merger reserve	9 746	-	-	9 746	-	-	9 746	-	9 746
Other reserves	(3 138)	-	-	(3 138)	(605)	605	(3 138)	-	(3 138)
Retained income	56 486	56 705	(50 315)	62 876	155 778	(148 562)	70 092	13 764	83 856
Non-controlling interest	2 039	-	-	2 039	1 764	(1 764)	2 039	-	2 039
<b>Non-current liabilities</b>	<b>216 218</b>	<b>-</b>	<b>1 131</b>	<b>217 349</b>	<b>10 912</b>	<b>-</b>	<b>228 261</b>	<b>-</b>	<b>228 261</b>
Interest bearing borrowings	107 396	-	-	107 396	9 845	-	117 241	-	117 241
Other financial liabilities	3 238	-	-	3 238	1 067	-	4 305	-	4 305
Deferred purchase consideration	62 060	-	1 131	63 191	-	-	63 191	-	63 191
Deferred taxation	43 524	-	-	43 524	-	-	43 524	-	43 524
<b>Current liabilities</b>	<b>282 747</b>	<b>18 218</b>	<b>82 969</b>	<b>383 934</b>	<b>158 743</b>	<b>-</b>	<b>542 677</b>	<b>(56 399)</b>	<b>486 278</b>
Interest bearing borrowings	25 665	4 257	45 910	75 832	7 567	-	83 399	(45 910)	37 489
Current tax payable	3 422	7 574	-	10 996	-	-	10 996	-	10 996
Other financial liabilities	26 599	-	-	26 599	35 586	-	62 185	-	62 185
Trade and other payables	195 393	6 387	-	201 780	115 590	-	317 370	-	317 370
Deferred purchase consideration	10 981	-	26 570	37 551	-	-	37 551	-	37 551
Bank overdraft	20 687	-	10 489	31 176	-	-	31 176	(10 489)	20 687
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 079 206</b>	<b>74 933</b>	<b>57 490</b>	<b>1 211 629</b>	<b>328 785</b>	<b>146 368</b>	<b>1 686 782</b>	<b>294 881</b>	<b>1 981 663</b>

	Elephant Lifting period ended 31 December 2014 <sup>2,3</sup>	Elephant Lifting Acquisition adjustment <sup>2,3</sup>	After the Elephant Lifting Acquisition	Set Point period ended 28 February 2015 <sup>4</sup>	Acquisition adjustment <sup>4</sup>	After the Acquisition adjustment <sup>5</sup>	After the Cash Issue
<b>Scenario 1: The below scenario assumed that Torre pays the Initial Scheme Consideration for the Acquisition, i.e. R370 000 000 through the issue of 74 000 000 new Torre Shares</b>							
Net asset value per share (cents)	173.30		179.06		238.05		269.45
Net tangible assets value per share (cents)	81.17		53.18		76.74		134.77
<b>Scenario 2: The below scenario assumed that Torre pays the maximum consideration for the Acquisition, i.e. R444 000 000 through the issue of 88 800 000 new Torre Shares (being the Initial Scheme Consideration shares of 74 000 000 and the Top-up Shares of 14 800 000)</b>							
Net asset value per share (cents)	173.30		179.06		247.07		276.12
Net tangible assets value per share (cents)	81.17		53.18		74.10		130.87
<b>Scenario 3: The below scenario assumed that Torre pays the minimum consideration for the Acquisition, i.e. R298 282 165 through the issue of 74 000 000 new Torre Shares and the repurchase of 14 343 854 existing Torre Shares from the SPG Major Shareholders</b>							
Net asset value per share (cents)	173.30		179.06		228.66		262.60
Net tangible assets value per share (cents)	81.17		53.18		79.49		138.78

### Notes and assumptions:

1. The amounts set out in the "Before the Transactions" column have been extracted from the un-reviewed results of the Company for the interim period ended 31 December 2014, as published on SENS on 3 March 2015.
2. The Elephant Lifting financial information has been extracted from the unaudited management accounts for the 6 month period ended 31 December 2014. Torre was satisfied with the quality of the unaudited management account information presented and used in these *pro formas*.  
The details of the Elephant Lifting Acquisition were published on SENS on 20 November 2014. The acquisition was funded through interest-bearing debt facilities at a cost of debt of JIBAR + 2.2% (8.325%) for the first 6 months, JIBAR + 3.2% (9.325%) for the next 6 months and JIBAR + 4.2% (10.325%) for the next 5 months.  
The acquisition totalled R180 000 000 and consisted of an upfront payment of shares (R23 715 000, being the issue of 6 038 038 new Torre Shares at an issue price of R3.92759 per Torre Share) and cash (R125 910 000). A maximum deferred component of the purchase consideration, totalling R30 375 000, will be settled through a combination of cash and shares on the 1st and 2nd anniversary of the transaction. The share component has been assumed to be calculated based on the 30-day VWAP as at 2 February 2015.  
Goodwill is calculated at R121 million, which is the fair value of the purchase consideration (R177 million) less the fair value of assets and liabilities (R56 million) as determined by the preliminary purchase price allocation in terms of IFRS 3.
3. It is assumed that a portion of the R348 556 650 will be used to repay a bridging facility to the value of R45 910 000, which bridging facility was used to pay for a portion of the Elephant Lifting Acquisition. This will result in a net interest saving. The cash balance noted in the statement of comprehensive income above of R294 888 000 has been calculated as: the capital of R348 556 650 raised plus the return on the funds raised (R13 763 846), less the repayment of the bridging facility (R45 910 000) as well as the payment of the share issue costs (R11 040 558).
4. The Set Point financial information has been extracted from the reviewed management accounts for the interim period ended 28 February 2015. The review report is set out in Annexure 3 of this Circular.  
The Acquisition is to be funded through the issue of 74 000 000 new Torre Shares at R5.00 per Torre Share, totalling R370 000 000, subject to an upward or downward adjustment, which adjustments have been detailed in paragraph 2.3 of this Circular.  
Due to the fact that the Initial Scheme Consideration, as defined in the Circular, will be subject to adjustment, the above *pro formas* set out the various scenarios to show shareholders the impact that each may have on the Group's results. The variation between scenarios will have an impact on (i) goodwill as well as (ii) the number of shares in issue.  
Scenario 1: is based on the assumption that FY2016 HEPS is equal to the Target HEPS (R0.416 as defined in the Circular). In this instance, no adjustment to the purchase price will be required. This scenario assumes that 74 000 000 new Torre Shares will be issued at R5.00 per share, totalling R370 000 000. Under this scenario, goodwill is calculated at R210 870 000, being the purchase consideration of R370 000 000 less the fair value of the assets and liabilities of Set Point of R159 130 000 as determined by the preliminary purchase price allocation in terms of IFRS 3.  
Scenario 2: is based on the assumption that FY2016 HEPS exceeds the Target HEPS (R0.416 as defined in the Circular). In this instance, an upward adjustment to the purchase price will be required. This scenario assumes that both the 74 000 000 new Torre Shares in terms of the Initial Scheme Consideration, and the additional 14 800 000 new Torre Shares in terms of the Top-up Shares are issued to the Scheme Participants at R5.00 per share, totalling R444 000 000. Under this scenario, goodwill is calculated at R284 870 000, being the purchase consideration of R444 000 000 less the fair value of the assets and liabilities of Set Point of R159 130 000 as determined by the preliminary purchase price allocation in terms of IFRS 3.  
Scenario 3: is based on the assumption that the FY2016 HEPS is below the Target HEPS. In this instance, a downward adjustment to the purchase price will be required such that Torre pays the minimum consideration being, R298 282 165. This scenario assumes that Torre will elect to exercise the Option (as defined in paragraph 2.4 of the Circular), which Option will be granted to Torre by the SPG Major Shareholders, and which Option will enable Torre to repurchase up to 14 343 854 Torre Shares (Option Shares) held by the SPG Major Shareholders at R0.0001 per Torre Share.  
The Option Shares have been calculated based on the maximum downward adjustment (20%) to the SPG Major Shareholders portion of the Initial Scheme Consideration (74 000 000 x 96.9179% x 20%) totalling 14 343 854. The minimum consideration has been calculated based on the maximum downward adjustment (20%) to the Initial Scheme Consideration held by the SPG Major Shareholders (R370 000 000 x 96.9179% x 20% x R5 = R358 596 346) less the Option Shares (14 343 854 at R0.0001) totalling R298 282 165. Scenario 3 assumes all of the Option Shares are repurchased. Under this scenario, goodwill is calculated at R139 152 165, being the purchase consideration of R298 282 165 less the fair value of the assets and liabilities of Set Point of R159 130 000 as determined by the preliminary purchase price allocation in terms of IFRS 3.  
Goodwill has been calculated as the difference between fair value of assets and liabilities and the purchase consideration. Goodwill is not amortised but tested on an annual basis for impairment.  
Acquisition related costs of R0.950 million have been expensed.
5. In terms of the Cash Issue, Torre will issue 82 013 329 new Torre Shares in the Company at R4.25 per share, raising R348 556 648. Interest revenue of R17 205 449 has been accounted for in the statement of comprehensive income at an interest rate of 8.5% per annum post tax, which represents the return currently earned by the Company on its excess liquidity.
6. In practice the cash will be utilised to acquire businesses and also be deployed towards organic growth and working capital requirements. Share issue costs of R11.04m have been capitalised to stated capital.  
It has been assumed that the Transaction was implemented on 31 December 2014 for purposes of compiling the statement of financial position and on 1 July 2014 for purposes of compiling the statement of comprehensive income.
7. Tax consequences in relation to the corporate actions have been taken into account at 28%.
8. All adjustments, other than transaction costs described above, will have a continuing effect.

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## REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

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25 March 2015

The Directors  
Torre Industries Limited  
P O Box 86222  
City Deep  
2049

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Torre Industries Limited by the Directors. The *pro forma* financial information as set out in Annexure 1 of this Circular, to be dated on or about 8 April 2015, consists of the *pro forma* statement of financial position as at 31 December 2014, the *pro forma* statement of comprehensive income for the period ended 31 December 2014, and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events described in paragraphs 2 and 3 of this Circular, on the company's financial position at 31 December 2014 and the company's financial performance for the period ended 31 December 2014 as if the corporate action or event had taken place at 01 July 2014, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 31 December 2014, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position, financial performance has been extracted by the Directors from the company's unaudited financial results for the interim period ended 31 December 2014.

#### ***The Directors' Responsibility for the Pro forma Financial Information***

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraphs 2 and 3 and Annexure 1 of the Circular.

#### ***Practitioner's Responsibilities***

Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *pro forma* financial information on the basis specified in the JSE Listings Requirements.

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

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

### **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described on paragraphs 2 and 3 and Annexure 1 of the Circular.

**RSM Betty & Dickson (Johannesburg)**

**Registered Auditors**

**Jackie Kitching CA (SA) RA**

**Partner**

**Randburg**

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**REPORTING ACCOUNTANT'S REVIEW REPORT ON THE INTERIM RESULTS OF SET POINT**

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25 March 2015

The Directors  
Torre Industries Limited  
P O Box 86222  
City Deep  
2049  
Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEW OF FINANCIAL INFORMATION OF SET POINT GROUP PROPRIETARY LIMITED (SET POINT GROUP)**

We have reviewed the financial information of Set Point Group for the six month period ended 28 February 2015, as set out in Annexure A attached hereto, which comprise the condensed consolidated statement of financial position as at 28 February 2015, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

***Directors' Responsibility for the Financial Information***

The directors of Set Point Group are responsible for the preparation and fair presentation of this financial information in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act No. 71 of 2008, and for such internal controls as the directors determine is necessary to enable the financial information to be free from material misstatement, whether due to fraud or error.

***Reporting Accountants' Responsibility***

Our responsibility is to express a conclusion on the financial information based on our review.

We conducted our review in accordance with International Standards on Review Engagements ISRE 2400 (revised), "Engagements to Review Historical Financial Statements". This Standard requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 (revised) is a limited assurance engagement. The reporting accountant performs procedures primarily consisting of making inquiries of management, and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the financial information does not present fairly, in all material respects, the financial position of Set Point Group as at 28 February 2015 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act No. 71 of 2008.

Yours faithfully

**RSM Betty & Dickson (Johannesburg)**

Jackie Kitching

**Partner**



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## FAIRNESS OPINION

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25 March 2015

The Directors  
Torre Industries Limited  
59 Merino Avenue  
City Deep  
Johannesburg  
2197

Dear Sirs

### **REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO TORRE INDUSTRIES LIMITED REGARDING THE PROPOSED SPECIFIC ISSUE OF SHARES FOR CASH AND THE PROPOSED ACQUISITION OF 100% OF THE ORDINARY ISSUED SHARE CAPITAL OF SET POINT GROUP PROPRIETARY LIMITED**

#### **INTRODUCTION**

BDO Corporate Finance has been appointed by the board of directors (“the Directors” or “the Board”) of Torre Industries Limited (“Torre” or “the Company” or “the Group”) to provide an independent fairness opinion to the shareholders of Torre with regard to the:

- the specific issue of up to 82 013 329 new ordinary shares in the issued share capital of Torre (“Torre Shares”) for cash to MIC Investment Holdings Proprietary Limited (“MIC Investments”) and Safika Holdings Proprietary Limited (“Safika Holdings Proprietary Limited”) (collectively the “Cash Issue Participants”) in terms of section 5.51 of the JSE Limited (“JSE”) Listings Requirements ranking *pari passu* with existing Torre Shares, at an issue price of R4.25 raising a total of R348 556 650 (“Cash Issue”); and
- acquisition by Torre of 100% of the ordinary issued share capital of Set Point Group Proprietary Limited (“Set Point” or “SPG”), being 219 259 098 ordinary shares for an upfront consideration to be settled through the issue of 74 000 000 new Torre Shares at R5.00 per share (“Initial Consideration”) (subject to adjustment, with a minimum consideration of 59 200 000 Torre Shares and a maximum consideration of 88 800 000 Torre Shares) (“the SPG Acquisition”).

The SPG Acquisition will be concluded by way of a scheme of arrangement in terms of section 114(1)(c) of the South African, Companies Act, No 71 of 2008 as amended from time to time (“Companies Act”), as read with section 115 of the Companies Act, to be proposed by the board of directors of SPG between SPG and SPG Shareholders (“Scheme Participants”).

The Initial Consideration is subject to an adjustment, either upwards to downwards depending on whether or not certain financial metrics have been met for both Torre and SPG, namely:

- Torre is required to achieve headline earnings per share as determined in accordance with the JSE Listings Requirements for the financial year ended 30 June 2016 (“FY2016 HEPS”) of R0.416 per share (“Target HEPS”); and
- SPG is required to achieve net operating profit after tax for the period 1 July 2015 to 30 June 2016 (“SP Earn-out NOPAT”) of R40 000 000 (“Target NOPAT”).

To the extent that:

- the FY2016 HEPS is less than the Target HEPS, then the Initial Scheme Consideration shall be adjusted upwards by the same percentage as the percentage by which the FY2016 HEPS is less than the Target HEPS, subject to a maximum Scheme Consideration of 88 800 000 Torre Shares;
- the SP Earn-out NOPAT is less than the Target NOPAT then the Initial Scheme Consideration shall be adjusted downwards by the same percentage as the percentage by which the SP Earn-out NOPAT is less than the Target NOPAT;

- the FY2016 HEPS is less than the Target HEPS and the SP Earn-out NOPAT is less than the Target NOPAT, then the percentage by which the FY2016 HEPS is less than the Target HEPS (expressed as a positive number) shall be reduced with the percentage by which the SP Earn-out NOPAT is less than the Target NOPAT (expressed as a positive number) (“Net Difference”). If the Net Difference is:

a positive percentage, the Initial Scheme Consideration shall, in terms of the Scheme, be adjusted upwards by an amount equal to such percentage, subject to a maximum amount of R444 000 000; or

a negative percentage, the Initial Scheme Consideration shall, in terms of the Option Agreement, be adjusted downwards by an amount equal to such percentage, subject to a minimum amount of R298 282 165.

The Adjusted Scheme Consideration shall be based on the net adjustment required, as follows.

- Upward Adjustment

To the extent that an upwards adjustment is required, then Torre shall issue to each Scheme Participant such number of Torre Shares as is necessary (at an issue price of R5.00 per Torre Share) to settle the difference between the Adjusted Scheme Consideration and the Scheme Consideration owing to each Scheme Participants (“Top-up Shares”);

If, prior to the issue of the Top-up Shares, Torre declares and/or pays any dividends or other distributions in respect of the Torre Shares and the Adjusted Scheme Consideration is greater than the Initial Scheme Consideration, each Scheme Participant shall receive from Torre, in addition to and simultaneously with the issue of the Top-up Shares, as additional consideration, an amount in cash equal to the amount to which such Scheme Participant would have been entitled had it been the registered and beneficial owner of the Top-up Shares as at the date of declaration of such dividends or distributions;

- Downward Adjustment

To the extent that a downwards adjustment is required such that the Scheme Consideration payable is less than R370 000 000, in terms of the agreement between Torre, Sabvest Investments Proprietary Limited (“Sabvest”), MIC Investments and the trustees for the time being of the Haroon Habib Family Trust (“the Habib Trust”) (collectively “the SPG Major Shareholders”) (“the Option Agreement”), Torre has the right to acquire the same percentage of Torre Shares issued to the SPG Major Shareholders as the percentage shortfall in the Initial Scheme Consideration (the “Option Shares”), at a price of R0.0001 per Torre Share (“Repurchase Price”) (“the SPG Option”). The number of Torre Shares subject to the Option Agreement will not exceed 14 343 854, which shares shall be held in treasury to the extent permitted by the Companies Act and the remaining, to the extent applicable, be cancelled and delisted once acquired;

If, after the Scheme Operative Date but prior to the date of issue of the Top-up Shares, Torre declares and/or pays any dividends or other distribution (net of dividend withholding tax, to the extent applicable) in respect of the Torre Shares and the Adjusted Scheme Consideration is less than the Initial Scheme Consideration, then upon exercise of the Option by Torre, the dividends declared or distribution paid in respect of the Option Shares shall be repaid to Torre (net of dividends withholdings tax).

## **FAIRNESS OPINIONS REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS**

Safika is an associate of non-executive director, MM Ngoasheng and consequently a related party to Torre as defined in section 10.1(b)(vii) of the JSE Listings Requirements. The issue price of R4.25 is at an approximate discount of 9% to the 30-day volume weighted average traded price (“VWAP”) of Torre Shares on the JSE on 13 February 2015, being the signature date of letters of commitment provided by the Cash Issue Participants (“Commitments”). As the Cash Issue is to a related party and at a discount to the 30-day VWAP as at the date of the Commitments, in terms of section 5.51(f) of the JSE Listing Requirements, the Board is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms of the Cash Issue are fair insofar as the shareholders of Torre are concerned (“the Cash Issue Fairness Opinion”).

Sabvest, a wholly owned subsidiary of Sabvest Limited, holds 109.6 million ordinary shares in SPG comprising 49,9% of the SPG shares in issue. Sabvest is an associate of Mr CS Seabrooke, a non-executive director of Torre and Sabvest is consequently a related party to Torre as defined in section 10.1(b)(vii) of the JSE Limited (“JSE”) Listings Requirements.

The SPG Acquisition is a related party transaction and in terms of section 10.4 of the JSE Listing Requirements, the Board is required to provide the JSE with written confirmation from an independent professional expert confirming whether the terms of the SPG Acquisition are fair insofar as the shareholders of Torre are concerned (“the SPG Acquisition Fairness Opinion”).

## **RESPONSIBILITY**

Compliance with the JSE Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the Directors and shareholders of Torre on the fairness of the terms of the Cash Issue and SPG Acquisition.

## **EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE TRANSACTIONS**

Schedule 5.7 of the JSE Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. In the case of the acquisition of an asset from a related party, a transaction may be said to be fair if the value of the consideration paid is less than or equal to the value of the asset that is the subject of the transaction.

The SPG Acquisition would therefore be considered fair to the shareholders of Torre if the Scheme Consideration is less than or equal to the value of SPG, or unfair if the Scheme Consideration is more than the value of SPG.

The Cash Issue may be said to be fair to the shareholders of Torre if the price at which Torre Shares are issued is greater than or equal to the value of a Torre Share.

## **DETAILS AND SOURCES OF INFORMATION**

In arriving at our opinion we have relied upon the following principal sources of information:

- The terms and conditions of the Cash Issue and SPG Acquisition;
- Audited Annual Reports of Torre for the years ended 30 June 2014 and 2013, unaudited interim results for the period ended 31 December 2014 and forecast financial information for the year ending 30 June 2015 – 2020, including for each of the underlying business units of Torre;
- Audited Annual Reports of SPG for the years ended 31 August 2014 and 2013, management accounts for the five months ended 31 January 2015 and forecast financial information for the 10 months ending 30 June 2015 and years ending 30 June 2016 – 2019, including a split by business unit of SPG;
- Discussions with Torre directors and management regarding the rationale for the SPG Acquisition;
- Discussions with Torre and SPG directors and management regarding the historical, budgeted and forecast financial information;
- Discussions with Torre and SPG directors and management on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Torre and SPG with regards to the markets in which they operate.

The information above was secured from:

- Directors and management of Torre and SPG and their advisers; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to or potentially influencing Torre and SPG.

## **PROCEDURES**

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Cash Issue and SPG Acquisition:

- Reviewed the terms and conditions of the Cash Issue and SPG Acquisition;
- Reviewed the financial information related to Torre, as detailed above;
- Reviewed the financial information related to SPG, as detailed above;
- Reviewed and obtained an understanding from management as to the forecast financial information of Torre and SPG and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- Held discussions with directors of Torre and SPG and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Compiled consolidated forecast free cash flows for Torre by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance’s assumptions of cost of capital to the consolidated forecast cash flows to produce a consolidated discounted cash flow valuation for Torre;

- Compiled a capitalisation of maintainable earnings valuation for Torre by using adjusted consolidated historical and forecast financial information and applied BDO Corporate Finance’s calculated earnings multiples based on market comparables, adjusted for factors specific to Torre relative to listed peers to revenue, earnings before interest and tax (“EBIT”), earnings before interest, taxation, depreciation and amortisation (“EBITDA”) and profit after tax (“PAT”);
- Compiled forecast free cash flows for SPG by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance’s assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation for SPG;
- Compiled a capitalisation of maintainable earnings valuation for SPG by using adjusted consolidated historical and forecast financial information and applied BDO Corporate Finance’s calculated earnings multiples based on market comparables, adjusted for factors specific to SPG relative to listed peers to revenue, EBIT, EBITDA and PAT;
- Assessed the long-term potential of Torre and SPG;
- Performed a sensitivity analysis on key assumptions included in the discounted cash flow valuations, specifically related to cost of capital and growth in the businesses;
- Evaluated the relative risks associated with Torre and SPG the industries in which they operate;
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industries in which Torre and SPG operate, and to analyse external factors that could influence the businesses; and
- Held discussions with the directors and management of Torre and their advisers as to their strategy and the rationale for the Cash Issue and SPG Acquisition and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends.

## **ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the Cash Issue and SPG Acquisition will be legally enforceable;
- That the Cash Issue and SPG Acquisition will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Torre; and
- That reliance can be placed on the financial information of Torre and SPG.

## **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Torre and SPG and the economic environment in which they operate.

## **LIMITING CONDITIONS**

This opinion is provided to the Directors and shareholders of Torre in connection with and for the purposes of the Cash Issue and SPG Acquisition. The opinion does not purport to cater for each individual shareholder’s perspective, but rather that of the general body of Torre shareholders.

Individual shareholders’ decisions regarding the Cash Issue and SPG Acquisition may be influenced by such shareholders’ particular circumstances and accordingly individual shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Cash Issue and SPG Acquisition.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Torre and SPG relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of SPG will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Cash Issue and SPG Acquisition will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of Torre and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **INDEPENDENCE**

We confirm that we have no direct or indirect interest in Torre shares or in the Cash Issue and SPG Acquisition. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the Cash Issue and SPG Acquisition.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Cash Issue and SPG Acquisition.

## **VALUATION APPROACH**

### *Torre*

Torre is a diversified Industrial Supplies Group comprising:

- Plant and Equipment – comprising the Heavy Lifting (SA French and Elephant Lifting Equipment (Pty) Limited (“Elephant Lifting”)), Manhand and Kanu operations;
- Services and Supplies – comprising the Tractor and Grader Supplies (“TGS”) and Torre Automotive operations;
- Financial Solutions – comprising the Torre Capital operation; and
- Central – comprising the Torre Head Office function (collectively “the Torre Divisions”).

The valuation of Torre was performed by applying the discounted cash flow methodology. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the discounted cash flow valuation. The valuation of Torre was performed on a consolidated basis, using consolidated cash flow forecasts, which were based on the cash flow forecasts for each of the Torre business units.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Torre.

Key internal value drivers to the discounted cash flow valuations of Torre included the discount rate, revenue growth, gross profit margins, growth in operating expenses, investment in working capital and capital expenditure requirements.

External value drivers include key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, and prevailing market and industry conditions in the sectors in which the Torre Divisions operate were also considered in assessing the forecast cash flows and risk profile of the Torre Divisions.

The Torre Divisions are highly dependent on the demand for the products and services provided by each division which is driven primarily by the following factors:

- Heavy Lifting – levels of building and construction activity, specifically related to earthworks and civil construction in the mining, oil and gas, agriculture, forestry and manufacturing sectors in South Africa, Central Africa (DRC and Malawi), Southern Africa (Botswana, Mozambique, Zambia and Zimbabwe), East Africa (Kenya and Tanzania) and West Africa (Ghana);
- Manhand – demand for materials handling solutions in the agriculture, transport, manufacturing, defence and chemical sectors primarily in South Africa;
- Kanu – demand for earth moving, road construction and agricultural equipment in West and Central Africa;
- TGS – demand for aftermarket repair parts and components in the construction, capital equipment and mining sectors in parts of Southern, Central and West Africa;

- Torre Automotive – demand for aftermarket parts and accessories primarily in Southern Africa; and
- Torre Capital – levels of sales activities within the Group requiring asset backed financing solutions for customers as well as risk solutions for Group companies and customers

The base case assumptions used for the DCF valuation are as follows (based on the forecasts for the year ending 30 June 2015):

<b>Torre Division</b>	<b>Revenue growth <sup>1</sup></b>	<b>Gross profit margin <sup>2</sup></b>	<b>Operating expense growth <sup>3</sup></b>
Plant and Equipment	15.1%	42.7%	8.3%
Services and Supplies	11.0%	34.8%	8.7%
Financial Solutions	15.0%	n/a	11.4%
Central	n/a	n/a	7.8%

*Note 1: Compound annual growth rate in revenue over forecast period, adjusted for the effect of the acquisition of Elephant Lifting on 1 January 2015*

*Note 2: Sustainable gross profit margin*

*Note 3: Compound annual growth rate*

A base case weighted average cost of capital (“WACC”) of 14.4% was utilised in the valuation of Torre. Sustainable net working capital investment as a percentage of revenue of 21.0% was assumed. Sustainable capital expenditure of 2.1% of consolidated revenue was assumed.

In addition sensitivity analyses were performed in respect of revenue growth and the weighted average cost of capital by increasing and decreasing the revenue growth rates by a maximum of 2% and the WACC range by a maximum of 1%. The revenue growth rate and WACC sensitivity analysis did not indicate a sufficient effect on the valuation of Torre to alter our opinion in respect of the fairness of the Cash Issue and SPG Acquisition.

Key internal value drivers to the capitalisation of maintainable earnings valuation included an assessment of non-recurring transactions included in historical results, operating margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of Torre, as well as an assessment of market-related earnings multiples applicable to comparable companies in the industry in which the company operates.

#### SPG

SPG provides distribution and support services to the mining, industrial, energy and manufacturing sectors via 3 divisions, each of which consists of a number of business units. In addition, SPG has operations in a number of countries in the rest of Africa as well as a head office function. The principal divisions comprise:

- Analytical Services – comprising Set Point Laboratories, WearCheck Africa and African Mineral Standards (“AMIS”);
- Fluid Handling – comprising Letaba, Pneumax Southern Africa and Meter Systems;
- Mining Services – comprising North West Gopro and Reng Fixtrade;
- Foreign Operations – comprising operations in Zambia, Ghana, Gabon, Mozambique, UAE, Botswana and Namibia; and
- Central Services – comprising the Torre Head Office function
- (the “SPG Divisions).

The valuation of SPG was performed by applying the discounted cash flow methodology. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the discounted cash flow valuation. The valuation of SPG was performed on a consolidated basis, using consolidated cash flow forecasts, which included a breakdown of key metrics by divisions.

The valuation was performed taking cognisance of risk and other market and industry factors affecting SPG.

Key internal value drivers to the discounted cash flow valuations of SPG included the discount rate, revenue growth, gross profit margins, growth in operating expenses, investment in working capital and capital expenditure requirements.



External value drivers include key macro-economic parameters such as GDP growth, interest rates, exchange rates, and prevailing market and industry conditions in the sectors in which the SPG Divisions operate were also considered in assessing the forecast cash flows and risk profile of the SPG Divisions. The SPG Divisions are highly dependent on the demand for the products and services provided by each division which is driven primarily by the following factors:

- Analytical Services – demand for chemical analysis for mineral exploration and mining companies as well as other industries (Set Point Laboratories), demand for scientific analysis of used oil samples from mechanical and electrical systems in the earth-moving, industrial, transport, shipping, aircraft and electrical industries (WearCheck Africa) and demand for certified matrix and grade matched reference materials for a wide range of ore and grade types for the mining sector and commercial laboratories (AMIS);
- Fluid Handling – demand for industrial and mining pumps, accessories and services (Letaba) to the construction and earth moving industries, demand for pneumatic automation products (Pneumax Southern Africa) and demand for fuel handling and flow measurement products and services primarily in the petro chemical and aviation industries;
- Mining Services – demand for hopper and locomotive skip guide roller systems for the South African gold and platinum sectors; and
- Foreign Operations – demand for the above products and services in the foreign markets where operations have been established.

The base case assumptions used for the DCF valuation are as follows (based on the annualised forecasts for the 10-month period ending 30 June 2015):

<b>SPG Division</b>	<b>Revenue growth <sup>1</sup></b>	<b>Gross profit margin <sup>2</sup></b>	<b>Operating expense growth <sup>3</sup></b>
Analytical Services	14.2%	46.1%	7.0%
Fluid Handling	9.0%	45.4%	7.0%
Mining Services	5.0%	30.1%	7.0%
Foreign Operations	14.8%	53.2%	7.0%

*Note 1: Compound annual growth rate in revenue over forecast period based on the annualised forecasts for the 10 month period ending 30 June 2015*

*Note 2: Sustainable gross profit margin*

*Note 3: Compound annual growth rate*

A base case weighted average cost of capital (“WACC”) of 17.0% was utilised in the valuation of SPG. Sustainable net working capital investment as a percentage of revenue of 18.3% was assumed. Sustainable capital expenditure of 3.5% of consolidated revenue was assumed.

In addition sensitivity analyses were performed in respect of revenue growth and the weighted average cost of capital by increasing and decreasing the revenue growth rates by a maximum of 2% and the WACC range by a maximum of 1%. The revenue growth rate and WACC sensitivity analysis did not indicate a sufficient effect on the valuation of SPG to alter our opinion in respect of the fairness of the SPG Acquisition.

Key internal value drivers to the capitalisation of maintainable earnings valuation included an assessment of non-recurring transactions included in historical results, operating margins and expected future growth in the business. Prevailing market and industry conditions were also considered as key external value drivers in assessing the risk profile of SPG, as well as an assessment of market-related earnings multiples applicable to comparable companies in the industry in which the company operates.

## **OPINION**

BDO Corporate Finance has considered the terms and conditions of the Cash Issue and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Cash Issue, based on quantitative considerations, are fair to the Torre shareholders.

BDO Corporate Finance has considered the terms and conditions of the SPG Acquisition and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the SPG Acquisition, based on quantitative considerations, are fair to the Torre shareholders.



Our opinion is necessarily based upon the information available to us up to 25 March 2015, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Cash Issue and SPG Acquisition have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

**BDO Corporate Finance Proprietary Limited**

**Nick Lazanakis**

*Director*

22 Wellington Road

Parktown, 2193

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**SET POINT SHAREHOLDERS**


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Below is a summary of the Set Point shareholders' register as at the last practicable date:

#	Name of Shareholder
1	A Moosa
2	A van der Veen
3	AD Lategan
4	AS Ghuvantray & P Bhagattjee
5	BM Lillyman
6	Brubin Pumps (Pty) Ltd
7	C Khaw
8	Cannon International
9	CF Snyders
10	Chestnut Grove Trust
11	D Sacks
12	DA Cramb
13	DT Fourie
14	GJ Horsfield
15	GR Moopanar
16	Grason Fin. Trust
17	Grason Fin. Trust
18	Habib Trust
19	HW Van Zyl
20	IJ Mr Doyle
21	J Biccard
22	JA Steenkamp
23	JE Morris
24	JJ Serfontein
25	JK Roelofse
26	JS Winter
27	K Pillay
28	Kandam Trust
29	M Nair
30	MD Evers
31	Miborne Asset Management Corporation
32	MIC Investments
33	MJ Lillyman
34	MP Beckenstrater
35	MV Jensen
36	NVN Correia
37	Peter James Duncun Family Trust
38	Sabvest
39	SH Orié
40	The Akeroyd Family Trust
41	The PC-T Trust
42	WG Van Pittius
43	WGM Gilfillan Trust

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## TORRE SHARE PRICE HISTORY

The share price history of the Company's ordinary shares traded on the JSE over the last 12 months and up until the last practicable date are given below:

<b>Date</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume Traded</b>	<b>Value Traded</b>
<b>Monthly</b>					
January 2014	350	191	249	3 916 652	10 244 843
February 2014	290	230	278	2 170 739	5 765 969
March 2014	320	260	305	5 213 010	15 259 476
April 2014	310	200	282	16 732 781	47 032 481
May 2014	283	219	264	15 392 853	39 414 283
June 2014	295	264	278	11 666 863	31 319 711
July 2014	278	241	248	10 292 727	26 248 320
August 2014	275	235	270	9 013 835	23 249 585
September 2014	317	267	312	9 934 185	28 727 963
October 2014	350	265	345	21 892 806	66 525 789
November 2014	450	339	399	8 449 419	31 103 837
December 2014	410	370	408	12 557 458	48 607 557
January 2015	500	392	495	7 357 763	32 149 795
February 2015	549	480	512	6 204 586	31 180 270
<b>Daily</b>					
6 February 2015	510	502	505	192 394	971 612
9 February 2015	520	500	500	439 502	2 217 905
10 February 2015	515	500	505	186 397	935 186
11 February 2015	510	500	501	133 176	669 929
12 February 2015	505	500	500	1 104 864	5 524 483
13 February 2015	505	500	504	104 075	522 779
16 February 2015	505	501	503	132 362	667 709
17 February 2015	505	500	505	163 600	820 450
18 February 2015	505	500	505	96 635	485 575
19 February 2015	510	500	505	90 919	457 987
20 February 2015	505	500	505	40 716	204 609
23 February 2015	510	500	505	181 144	906 995
24 February 2015	505	500	505	69 199	347 682
25 February 2015	505	500	505	91 609	460 730
26 February 2015	505	500	500	395 077	1 975 666
27 February 2015	512	500	512	233 487	1 169 064
2 March 2015	504	485	485	325 398	1 592 438
3 March 2015	495	485	485	1 598 279	7 753 715
4 March 2015	498	485	485	179 823	888 083
5 March 2015	495	485	495	226 603	1 119 576
6 March 2015	499	484	492	117 459	578 062
9 March 2015	490	480	480	172 290	839 914
10 March 2015	490	452	480	2 610 683	12 522 834
11 March 2015	485	475	485	425 018	2 042 144
12 March 2015	490	450	480	862 379	4 136 728
13 March 2015	480	465	467	214 633	1 018 956
16 March 2015	467	405	456	1 095 237	4 827 004
17 March 2015	479	458	474	227 000	1 067 110
18 March 2015	485	455	480	319 656	1 526 571
19 March 2015	490	473	490	145 412	697 158
20 March 2015	490	476	480	24 576	117 807
23 March 2015	490	473	475	93 158	443 262

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## CORPORATE GOVERNANCE AND INCORPORATION OF KING III COMPLIANCE CHECKLIST BY REFERENCE

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### STATEMENT OF COMMITMENT

The Group's policy is to conduct business with honesty and integrity and with the highest standard of personal and corporate ethics. This includes the promotion, enhancement, development and protection of the business interests, reputation and goodwill of the Group.

The Board is responsible for corporate citizenship and accountability for the stewardship of Group assets. The Board provides stakeholders with the assurance that the Group's business is managed responsibly.

Torre endorses the Code of Corporate Practices and Conduct, as well as the King Code of Governance for South Africa 2009 (King III) and its Code of Governance Principles. The South African Companies Act (Act 71 of 2008) (Companies Act) also contains governance requirements. King III has been adopted on an "apply or explain" approach.

The Audit Committee has adopted its corporate governance practices with a view to complying with the requirements of the Companies Act and the King III recommendations. Torre will continue to adopt, as appropriate, existing and new principles, which advance good practical corporate governance and add value to the Group's business activities.

### APPLICATION OF KING III

The Board is of the opinion that the Group currently complies in nearly all respects with the material provisions of King III relating to the Board and Directors.

The Company's full King III compliance checklist including detailed responses to each principle is available on the Company's website at <http://torreindustries.com/wp-content/uploads/2015/03/Torre-King-III-Compliance-ChecklistFeb2015.compressed.pdf> as well as available for inspection between 13 April 2015 and 13 May 2015, at no charge to Torre's Shareholders, at either Torre's registered office or at the Sponsors offices.

A summary of the King III principles adopted by the Group are:

Principle	Description	Response
Principle 2.1	The board acts as the focal point for and custodian of corporate governance	Compliant. The board has a charter and terms of reference setting out its responsibilities and meets regularly to fulfil its duties
Principle 2.2	The Boards appreciates that the strategy, risk, performance and sustainability are inseparable	Compliant. The board has a strategic plan and progress is continually monitored
Principle 2.3	The Board provides effective leadership base on ethical foundation	Compliant. Effective leadership is based on an ethical foundation
Principle 2.4	The Board ensures that the Group is and is seen to be a responsible corporate citizen	Compliant. Economic, social and environmental performance are considered
Principle 2.5	The Board ensures that the Group ethics are managed effectively	Compliant. The board ensures that ethics is an integral part of the way in which the Group conducts its business and ensures the standards are integrated in all strategies and operations

<b>Principle</b>	<b>Description</b>	<b>Response</b>
Principle 2.6	The Board ensures that the Group has an effective and independent audit committee	Compliant. The committee meet at least three times a year and meet with the external and internal auditors without management being present. The committee consists of four non-executive directors of which three are independent
Principle 2.7	The Board is responsible for the governance of risk	Compliant. A policy and risk management plan has been implemented
Principle 2.8	The Board is responsible for information technology (IT) governance	Compliant. The board implemented an IT governance framework for the Group
Principle 2.9	The Board ensures that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards	Compliant. The board mandates the Social, Ethics and Transformation Committee to monitor compliance with laws, codes and standards of the Group
Principle 2.10	The Board ensures that there is an effective risk-based internal audit	Compliant. The Group has appointed internal auditors for the 2015 financial year
Principle 2.11	The Board appreciates that stakeholders' perceptions affect the Group's reputation	Compliant. The gap between stakeholder perceptions and performance is managed and measured
Principle 2.12	The Board ensures the integrity of the Group's integrated report	Compliant. The board ensures that it provides a holistic and integrated representation of the Group's financial performance and sustainability
Principle 2.13	The Board reports on the effectiveness of the Group's system of internal controls	Compliant. The board reports on the effectiveness hereof in the Integrated Annual Report
Principle 2.14	The Board and its directors act in the best interests of the Group	Compliant. The directors exercise objective judgment on the affairs of the Group independently from management, but with sufficient management information to enable a proper and objective assessment to be made
Principle 2.15	The Board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Companies Act, 71 of 2008	Compliant. The board monitors on a frequent basis whether the Group is able to pay all of its debts as they fall due and payable and whether the Group is solvent
Principle 2.16	The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO of the Group should not also fulfill the role of Chairman of the Board	Not fully compliant. The role of CEO and Chairman is separate. The board appointed a lead independent director. The Chairman of the Board is a non-executive director, but not considered independent due to his previous role as an executive director of SA French prior to the listing of Torre in November 2012. Mr J Fizelle is the Group's Lead Independent Director. The Chairman will be considered independent from 1 July 2015
Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	Compliant. The board is responsible for the appointment of the CEO on recommendation by the Nominations Committee

<b>Principle</b>	<b>Description</b>	<b>Response</b>
Principle 2.18	The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent	Compliant. The majority of the directors are independent and non-executive
Principle 2.19	Directors are appointed through a formal process	Compliant. Procedures for appointments to the board are formal and transparent and are a matter for the board as a whole, assisted by the Nominations Committee
Principle 2.20	The induction of and ongoing training, as well as the development of directors are conducted through a formal process	Compliant. The board has an induction programme to familiarise incoming directors. Ongoing director development is encouraged
Principle 2.21	The Board is assisted by a competent, suitably qualified and experienced company secretary	Compliant. The board assisted by the Nominations Committee, is satisfied with the competence, qualifications and experience of the Group company secretary
Principle 2.22	The evaluation of the Board, its committees and individual directors is performed every year	Compliant. Evaluation procedures are adopted and performed every year
Principle 2.23	The Board delegates certain functions to well-structured committees without abdicating from its own responsibilities	Compliant. The terms of reference of committees are reviewed at least annually and the committee are appropriate constituted considering any relevant legislation and objectives of the Group
Principle 2.24	A governance framework has been agreed upon between the Group and its subsidiary Boards	Compliant. The board has approved an Authority Levels Framework across the Group
Principle 2.25	The company remunerates its directors and executives fairly and responsibly	Compliant. The remuneration policies and practises aim to create value for the Group over the long term. The Remuneration Committee assists the board in its responsibility for setting and administering remuneration policies
Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer	Compliant. The Group provides full disclosure of each individual executive and non-executive directors remuneration in the Integrated Annual Report
Principle 2.27	The shareholders have approved the company's remuneration policy	Compliant. The Group's remuneration policy is presented to shareholders as a non-binding advisory vote at each annual general meeting

Torre is committed to and endorses the application of the principles of transparency, integrity and accountability as recommended in the King III Code. The Directors are satisfied that the Company applies the King Code in all material respects with the related Listings Requirements.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder:

## **OUR BOARD**

### **The Board is responsible for:**

- Setting and reviewing corporate governance standards;
- Approving the Board charter and the charters of the Board committees;
- The strategic direction and control of the Group;
- Reviewing business plans and budgets proposed by management;
- Monitoring performance;
- Approving major policy decisions;
- The appointment of the Chairman and the executive directors; and
- The agreement of management succession plans.

While the Board is responsible to shareholders it places considerable reliance on the Group's employees, its suppliers, partners and customers.

### **Board Meetings**

The Board met four times in person during the year and up to the last practicable date.

Teleconference meetings are held on an ad-hoc basis if necessary. The Chief Executive Officer and Chief Financial Officer update the Board through regular reports.

### **Directorate**

The Board currently comprises two executive and five non-executive directors of whom four are independent.

The Board is satisfied that no one individual director or block of directors has undue power of decision-making and there is a clear division of responsibilities at board level to ensure an appropriate balance of power and authority.

### **Chief Executive Officer**

Mr Charles Pettit was appointed Chief Executive Officer with effect from 13 August 2012.

### **Directors retiring by rotation**

In terms of the Company's Memorandum of Incorporation, one-third of the directors retire by rotation and are eligible for re-election at each annual general meeting. Executive directors are not subject to rotation.

### **Evaluation**

In terms of the evaluation process, independent non-executive directors are evaluated individually with regard to their independence.

The Board considers each director's independence. The Committee feels that the following aspects are important in assessing a nonexecutive director's independence:

- the director had been employed in an executive capacity in the Group in the previous three years;
- the director is a representative of a major shareholder; and
- the proportion of that director's shareholding in the Company or director's fees represented a material part of their wealth or income.

Internal assessments of the Board, Company Secretary and its committees were conducted in June 2014. Following the assessment the Board was satisfied that the individual directors have the necessary skills, competence and knowledge to conduct their duties.

An evaluation of the executive directors was performed in September 2014.

The next evaluation of the Board, its members and its committees will be conducted in June 2015.

### **Company Secretary**

Mr Sean Graham CA(SA), RA, ACMA was appointed as Company Secretary effective 14 April 2014. Mr Graham is also the Risk Manager to the Group. Prior to the appointment of Mr Graham the Board considered and was satisfied with his competence, qualifications and experience.



Mr Graham was previously the Company Secretary and Group Risk Manager of Control Instruments Group, which was acquired by Torre during May 2014. All Board members have access to the Company Secretary, and he supports the Board as a whole and the Directors individually in fulfilling their duties. The Company Secretary is required to fulfil the duties as set out in the Companies Act and the JSE Listings Requirements, and to ensure that appropriate procedures and processes are in place for Board and Shareholder proceedings in compliance with the Memorandum of Incorporation of the Company. He is a resource in the Group on governance, ethics and risk management and is entitled to obtain independent advice to achieve these objectives at the request of the Board and its Committees. The Board concluded that an arm's length relationship has been maintained between the Board members and the Company Secretary in terms of the JSE Listings Requirements.

### **Directors' interests in contracts**

No director had a material interest in any significant contract, other than his/her contract of employment, with the Company or any of its subsidiaries during the year and up to the last practicable date.

### **Directors' service contracts**

Executive directors are appointed in terms of written letters of appointment, which endure until retirement and are subject to termination with up to six months' notice. The terms of employment are not subject to a restraint of trade undertaking.

The contractual relationship between the Company and its executive directors is controlled through the Remuneration and Nominations Committees.

### **Conflicts of interests**

All Board members are required to report any conflicts of interest that may arise in the course of their duties. No members of the Board have actual or potential political connections or exposure.

## **BOARD COMMITTEES**

The Audit and Risk, Remuneration, Nominations, and Social Ethics and Transformation Committees are sub-committees of the Board. The Information Technology Committee is a sub-committee of the Audit and Risk Committee.

The Board and its sub-committees have adopted charters and terms of reference that set out their roles and a clear division of responsibilities that ensures a balance of power and authority so that no one individual has unfettered powers of decision-making.

### **Audit and Risk Committee**

The Audit and Risk Committee comprises non-executive directors and is chaired by Mr Joseph Fizelle.

Audit and Risk Committee meetings are held at least three times a year, attended by the external auditors and, where appropriate, the executive directors. The internal and external auditors have unfettered access to the Chairman and the Audit and Risk Committee.

The Audit and Risk Committee sets the principles for recommending the use of external and internal auditors for non-audit purposes and provides assistance to the Board with respect to:

- Reviewing the financial reporting process;
- Systems of internal control and the management of financial and information technology risks;
- The audit process; and
- The Group's procedures for monitoring compliance with laws and regulations and its own code of business conduct.

The Audit and Risk Committee considers the Group and Company annual financial statements of Torre to be a fair presentation of their financial positions at 30 June 2014 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and the South African Companies Act. The Audit and Risk Committee considered and was satisfied with competence, qualifications and experience of the Chief Financial Officer, SR Midlane.

## **Remuneration Committee**

The Remuneration Committee comprises five non-executive directors of whom four are independent and is chaired by Mr CS Seabrooke. Remuneration Committee meetings are held at least three times a year and where appropriate the Chief Executive Officer and Chief Financial Officer attend meetings by invitation.

The Remuneration Committee is responsible for the remuneration policy and determining and approving the remuneration of the Group's executive directors and senior executives. The Group aims to motivate, incentivise and retain competent and committed people when remunerating its executive directors and senior executives.

## **Nominations Committee**

The Nominations Committee comprises five non-executive directors, of whom four are independent and is chaired by the Chairman of the Board, Mr PJ van Zyl.

The Nominations Committee meets at least twice a year. Responsibilities of the Nominations Committee include:

- Reviewing proposals for executive and non-executive appointments;
- Reviewing proposals for the appointment of the Company Secretary; and
- Performance evaluation of the Board.

The procedure for appointments to the Board is formal and transparent. Appointments are a matter for the Board as a whole and it is assisted where appropriate by the Nominations Committee.

## **Social, Ethics and Transformation Committee**

The Social, Ethics and Transformation Committee was formally established in June 2013 and its terms of reference were accepted by the Board. The Committee is chaired by Mr MM Ngoasheng, an independent non-executive director.

The Social, Ethics and Transformation Committee monitors the Group's performance in social and economic development, good corporate citizenship, transformation environment, health and public safety, consumer relationships, and labour and employment.

## **Attendance at Board meetings**

Attendance by directors at Torre Board meetings and Board committee meetings is set out in the Integrated Annual Report for 30 June 2014, available on the Company's website. Various members of the Board also met informally on a number of occasions.

## **ACCOUNTABILITY AND AUDIT**

### **Going concern**

The directors regularly perform assessments of the Company and the Group's ability to continue as a going concern. The directors have every reason to believe that the Company and the Group have adequate resources in place to continue operating for the foreseeable future and the financial reports have been prepared on the basis of this assumption.

### **Internal financial control**

The Group subscribes to a combined assurance model that attempts to limit or control risk in the business by making use of both in-house and third party assurance providers.

The Board of Directors is responsible for the Group's internal control systems and for reviewing their effectiveness. The implementation of internal control systems is management's responsibility and to this end management maintains accounting records and develops and maintains appropriate systems of internal control. One of these is the internal audit function, which examines and evaluates the Group's activities and resultant business risks in terms of the annual Risk Management Plan and Internal Audit Charter that is approved by the Board.

The annual Risk Management Plan and Internal Audit Charter ensures the effective managing of risk within the Group to give assurance to the Board and other stakeholders that:

- Risks are appropriately identified and managed using a disciplined approach throughout the Group;
- Interaction with various assurance stakeholders within the Group is co-ordinated appropriately;

- Critical financial, managerial and operational information is accurate, reliable and timely; and
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations and are in line with the values and strategies of the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives and therefore provide reasonable, but not absolute, assurance with respect to the integrity and reliability of the financial statements.

Progress in terms of the Risk Management Plan and Internal Audit Charter is monitored and evaluated at each Audit and Risk Committee meeting. No material loss or misstatement arising from a material breakdown in the functioning of the system of internal controls has been identified or reported to the directors in respect of this financial year. The Group appointed KPMG as internal auditors in January 2015.

### **Internal controls**

The directors have responsibility for the Group's systems of internal controls. These are designed to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. Operational and financial responsibilities are delegated to the managers and executives of the principal operating divisions.

The Group's system of internal controls is designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. Furthermore, because of changing internal and external factors, the effectiveness of an internal control system may vary over time and must be continually reviewed and adapted.

The system of internal controls is monitored throughout the Group by the Audit and Risk Committee, management and employees as an integrated approach.

### **The Board reports that:**

- to the best of its knowledge and belief, no material malfunction of the Group's internal control system occurred during the period under review;
- it is satisfied with the effectiveness of the Group's internal controls and risk management;
- it has no reason to believe that the Group's code of ethics has been transgressed in any material respect; and
- to the best of its knowledge and belief, no material breaches have occurred during the period under review, of compliance with any laws and regulations applicable to the Group.

Internal reviews are used for mitigating and tracking of risks. The internal review plan focuses on the risks identified to which the Group are exposed. The correct balance between risk-based versus cyclical-based reviews are considered and conducted in all operations in the Group.

The balance depends on the maturity of the specific operation's systems and processes, the extent to which specific policies and procedures are designed and complied with, and the strength of the overall internal control environment.

Based on the results of the risk identification and assessment process, the majority of the internal review function during the year is focused on ensuring that critical controls in critical cycles are adequately designed and are operating as intended in order to successfully prevent or detect non-compliance with internal controls and are able to successfully mitigate the related risks identified. Members of the internal audit review function have reasonable right of access to all operations, personnel and records in the Group.

Findings and recommendations of the internal audit function are reported to management and the Audit and Risk Committee.

### **Information Technology (IT) governance**

The Board is satisfied that the correct processes are in place to ensure complete, timely, relevant, accurate and accessible IT reporting. The Group's IT Steering Committee oversees the function of IT governance.

The Board is regularly informed of the Group's IT function, its objectives, projects, risks and level of investment.

Compliance with legislative requirements contributes towards the protection of corporate information, but in itself only addresses a small part of the total number of threats posed to the business arising from its dependencies on information technology and the internet. Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring and detection

are applied, as well as frequent application of software security “patches” issued by vendors as and when vulnerabilities are discovered. Ensuring proper system security, data integrity and business continuity are the responsibility of the Board, but are given effect by the Audit and Risk Committee.

### **Whistle-blowing ethics hotline**

The Group has implemented a 24-hour whistle-blowing ethics hotline in all the countries in which it operates.

The whistle-blowing line is monitored 24 hours a day in all official local languages by an external party. Anyone (whistle-blower) can anonymously report corruption, fraudulent activity or other problems for investigation. All whistle-blowers are, depending on local legislation protected against any form of victimisation provided disclosures are made in accordance with the provisions of the respective legislation per country.

### **Insider trading – dealing in the Company’s shares**

The Company Secretary and Sponsor monitors directors’ dealings in shares and ensures adherence to closed periods for share trading. A closed period for trading in the Group’s shares is maintained for prescribed periods to prevent any insider trading of the Group’s shares. Directors and members of executive management are prohibited from dealing in Torre shares during price-sensitive or closed periods. Closed periods apply at least every six months from 31 December and 30 June until the publication of the interim or annual financial results respectively. A closed period is also applicable when the Company has issued a cautionary announcement to its shareholders.

Directors and members of executive management may only deal in Torre shares outside a closed period, with the approval of the Chairman, Company Secretary and the Chief Executive Officer.

### **Donations and gifts**

The Group does not donate to political parties. Employees may not accept gifts, hospitality or favours from suppliers or customers valued in excess of a nominal value.

## PREVIOUS ISSUE OF TORRE SHARES

Details of shares issued by Torre since listing date, 26 November 2012, up until the last practicable dates are as follows:

	Number of shares Issued	Date	Issue Price	Note
Cash issue in terms of raising R30 million as part of the Mirror Listing	30 000 000	26/11/2012	R1.00	1
Shareholder loan as part of the Mirror Listing	7 500 000	26/11/2012	R1.00	1
Specific issue of shares to directors in lieu of directors fees	40 000	26/11/2012	R1.00	1
Conversion of shareholder loan as part of the Mirror Listing	462 251	26/11/2012	R1.00	1
Shares issued in lieu of the acquisition of Forktech	5 500 000	3/12/2013	R1.00	1
Forktech vendor shares delisted due to understatement of liabilities on acquisition	1 000 000	18/12/2013	–	–
General issue of shares for cash	25 000	15/01/2013	R1.00	2
Shares delisted – error on share register	200 000	25/03/2013	–	–
Acquisition issue in respect of portion settlement of the TGS Acquisition	4 082 645	20/06/2013	R1.10	3
Specific issue of shares for cash raising R80 million	72 727 273	20/06/2013	R1.10	4
General issue of shares for cash	46 150	11/3/2014	R2.60	5
Specific issue of shares for cash raising R300 million	136 363 636	7/4/2014	R2.20	6
General issue of shares for cash	50 000	28/5/2014	R2.84	5
Manhand acquisition issue	4 004 138	6/10/2014	R2.55	7
Manhand vendor loan settlement	689 192	6/10/2014	R2.55	8
TGS acquisition issue	7 894 370	27/10/2014	R2.71	9
General issue of shares for cash	5 000 000	31/10/2014	R2.85	5
DR Forklift acquisition issue	460 000	17/10/2014	R4.00	10
Elephant Lifting acquisition issue	6 038 038	9/1/2015	R3.927	11
General issue of shares for cash	62 249	19/1/2015	R4.016	5
Power Parts acquisition issue	1 276 408	28/1/2015	R3.535	12
Kanu settlement	8 276 408	28/1/2015	R3.535	13
	<b>350 476 897</b>			

1. Issue price determined at the listing of Torre on 26 November 2012 based on the net asset value of Torre at that time, no discount or premium.
2. Issue price at a discount of less than 2% to the 28-day VWAP as at 8 January 2013.
3. Issue price at a premium of approximately 5% to the then 30-day VWAP of Torre.
4. Issue price at a discount between 11% and 18% to the then 30-day VWAP.
5. Issue price at a maximum discount of 10% to the then 30-day VWAPs.
6. Issue price at a 10% discount to the 30-day VWAP as at 31 December 2014.
7. Issue price at a 10% discount to the 30-day VWAP as at 31 March 2014.
8. Issue price at a R2.61 as agreed to in the sale agreement.
9. Issue price at the 30-day VWAP as at 30 June 2014.
10. Issue price at the 30-day VWAP as at 12 December 2014.
11. Issue price at a 10% discount to the 30-day VWAP as at 31 December 2014.
12. Issue price at a 10% discount to the 30-day VWAP as at 31 December 2014.
13. Issue price at a 10% discount to the 30-day VWAP as at 31 December 2014.

Torre repurchased 11 542 shares on 1 July 2013 as a result of an odd-lot and specific offer to repurchase the shares of those Torre shareholders holding up to and including 2 000 shares, these shares were subsequently issued under Torre's general authority to issue shares for cash. Torre has no treasury shares.

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## MATERIAL CONTRACTS AND TRANSACTIONS

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Torre and its subsidiaries have entered into the following material contracts and transactions, which are outside of the ordinary course of business, during the two years preceding this Circular:

### 1. ACQUISITION OF TGS

With effect from 13 June 2013, Torre acquired 100% of TGS for a maximum purchase consideration of R120 million subject to achieving certain profit warranties ("**TGS Acquisition**"). The acquisition was a category 1 acquisition.

### 2. PRIVATE PLACEMENT – JUNE 2013

Torre entered into subscription agreements with selected investors to issue 72 727 272 new Torre Shares at an issue price of R1.10 per share raising R80 000 000. The monies raised were used to partly settle the TGS Acquisition as well as provide balance sheet support to Torre.

### 3. ODD-LOT AND SPECIFIC OFFERS

Torre undertook an odd-lot offer and specific offer to repurchase the shares of those Torre shareholders holding up to and including 2 000 shares at an offer price of 132.78773 cents per share. Torre repurchased a total of 11 542 Torre shares.

### 4. ACQUISITION OF POWER PARTS

Torre entered into an agreement to acquire 51% of the issued shares in and claims against Power Parts (Pty) Ltd ("**Power Parts**") which acquisition became effective on or about 1 March 2014. Subsequently, Torre acquired an additional 29% of Power Parts from a director who exited the business. A remaining director holds 20% of Power Parts.

### 5. INTERNAL RESTRUCTURE

The Torre Group underwent an internal restructure whereby it established a South African based holding company for the businesses within the Group that operate out of South Africa and the common monetary area, namely Torre Holdings (Pty) Ltd (which is wholly-owned by Torre South Africa Holdings (Pty) Ltd), as well as a Mauritian based holding company for the businesses that operate outside of South Africa and the common monetary area, namely Torre International Holdings Ltd.

### 6. ACQUISITION OF THE KANU GROUP

In February 2014 Torre agreed to acquire 85% of the issued ordinary share capital of Kanu Equipment Limited, Kanu SA, Kanu Ltd and Kanu Congo (a wholly owned subsidiary of Kanu SA) ("**Kanu Group**") from a consortium of shareholders (the "**Kanu Acquisition**") for a maximum total consideration of EUR 5,500,000.

The Kanu Acquisition was categorised as a category 2 transaction in terms of the Listings Requirements.

### 7. CONTROL INSTRUMENTS RESTRUCTURE

Prior to Torre acquiring the Control Instruments Group ("**CI Group**"), the CI Group implemented a process of repositioning and restructuring to focus primarily on the automotive aftermarket and to service the South African and the Sub-Saharan markets. In the course of restructuring its operations, it disposed of (i) 100% of Pi Shurlok (Pty) Ltd ("**Pi Shurlok**") to PFK Electronics (Pty) Ltd ("**PFK**") with effect from 07 November 2011 (ii) its Pi Shurlok offshore operations, comprising Pi Shurlok Limited in the UK and Pi Shurlok LLC in the USA, (iii) the Ariston and Specialised Plastics Engineering divisions of Pi Shurlok to Smiths Plastics (Pty) Ltd and (iv) its fleet management businesses to TeliMatrix Limited.

Control Instruments Automotive and Control Instruments Corporate Services (Pty) Ltd (“**CICS**”) entered into an agreement of sale of business, wherein Control Instruments Automotive purchased the management and administration services business of CICS as a going concern with effect from 15 May 2012.

**8. ACQUISITION OF THE CONTROL INSTRUMENTS GROUP**

With effect from 12 December 2013, Torre acquired 34.26% of the Control Instruments Group for a purchase consideration of R65 259 520. With effect from May 2014, Torre acquired the remaining shares in the Control Instruments Group to own 100% of the company for a purchase consideration of R128 465 771. This acquisition was done by way of a scheme of arrangement and the purchase consideration was settled in cash. The details of the acquisition were contained in a circular to Torre shareholders dated 6 March 2014.

**9. PRIVATE PLACEMENT – JUNE 2014**

Torre entered into subscription agreements with selected investors to issue 136 363 636 new Torre Shares at an issue price of R2.20 per share raising R300 000 000. The additional capital, combined with new debt facilities that were raised by the Group, was used to fund organic expansion plans, the Control Instruments acquisition and the acquisitions of Kanu and Power Parts.

**10. ACQUISITION OF MANHAND**

With effect from 1 April 2014, Torre acquired 100% of Manhand SA (Pty) Ltd for a maximum consideration of R25 920 000 settled through a combination of cash and Torre Shares. The acquisition was a category 2 transaction in terms of the Listing Requirements.

**11. ADOPTION OF A SHARE APPRECIATION AND BONUS SHARES PLAN**

On 30 September 2014, Torre shareholders approved the adoption of a share appreciation rights and bonus share plan, the terms of which were detailed in a circular to shareholders dated 1 September 2014.

**12. ACQUISITION OF MINOSUCRA**

With effect from 1 October 2014, Torre acquired 100% of Minosucra SARL which acquisition fell below the categorisation thresholds of the Listing Requirements.

**13. TRANSFER FROM THE ALTERNATIVE EXCHANGE TO THE MAIN BOARD**

On 15 October 2015 Torre transferred from the Alternative Exchange of the JSE lists on to the Main Board. Torre is listed under the “Industrial Goods and Services – Industrial Suppliers” sector of the Main Board.

**14. ACQUISITION OF ELEPHANT LIFTING**

With effect from 1 January 2015, Torre acquired 100% of Elephant Lifting for a purchase consideration of R180 000 000 settled through a combination of upfront and deferred payments in both cash and shares. This acquisition was a category 2 transaction in terms of the Listing Requirements.

In addition, the Torre Group confirms that, save for the contracts contained in this Annexure:

It has not entered into any contracts which contain an obligation for settlement that is material to the Torre Group at the date of the Circular;

It is not subject to any third party management contracts;

No restraint payments or technical fees are payable by the Torre Group; and

It has not entered into any promoters’ agreements during the three years preceding the date of the Circular.



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## EXTRACTS FROM THE MEMORANDUM OF INCORPORATION

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This Annexure details various provisions from the Memorandum of Incorporation of Torre, as required under the Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the Memorandum of Incorporation.

### EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE VARIATION OF RIGHTS ATTACHING TO SECURITIES

- 6.2 The Company may from time to time by special resolution as contemplated in clause 6.3 below –
- 6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;
  - 6.2.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class;
  - 6.2.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
  - 6.2.4 cancel Shares not taken up by anyone or undertaken to be taken up;
  - 6.2.5 reclassify any classified Shares that have been authorised but not issued;
  - 6.2.6 classify any unclassified Shares that have been authorised but not issued; or
  - 6.2.7 determine the preferences, rights, limitations or other terms of any Shares,
- and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.
- 6.3 The creation, authorisation and classification of Shares, the subdivision or consolidation of Shares, amendments to the numbers of authorised Shares of each class, the conversion of one class of Shares into one or more other classes of Shares, the conversion of Shares from par value to no par value and variations to the preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution and in accordance with the Listings Requirements.
- 6.4 All allocation of Shares will be rounded up or down based on standard rounding convention resulting in allocations of whole securities and no fractional entitlements.
- 6.5 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 22.2. If any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitation and other terms associated with any class of Shares already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 22.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.
- 6.6 No further securities ranking in priority to, or *pari passu* with, existing preference shares, of any class, shall be created without a special resolution passed at a separate general meeting of such preference shareholders.
- 6.7 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

## **EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE ACQUISITION BY THE COMPANY OF ITS OWN SHARES**

- 17.1 Subject to the JSE Listings Requirements, the provisions of the Act and the further provisions of this clause 17:
  - 17.1.1 the Board may determine that the Company acquire a number of its own Shares; and
  - 17.1.2 the board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but:
    - 17.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and
    - 17.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.
- 17.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of the Act and, accordingly, for as long as it is required in terms of the JSE Listings Requirements, the acquisition shall be approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders and such acquisition shall otherwise comply with sections 5.67 to 5.69 of the JSE Listings Requirements (or such other sections as may be applicable from time to time), provided that no such approval of Shareholders shall be required in respect of a pro rata acquisition by the Company from all its Shareholders.

## **EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO DIRECTORS, INCLUDING THEIR APPOINTMENT AND ROTATION**

### **26 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

#### **26.1 Number of Directors**

- 26.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.
- 26.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.
- 26.1.3 Every person holding office as a Director, Prescribed Officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

#### **26.2 Appointment and nomination of Directors**

- 26.2.1 In any election of Directors –
  - 26.2.1.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and
  - 26.2.1.2 in each vote to fill a vacancy –
    - 26.2.1.2.1 each vote entitled to be exercised may be exercised once; and
    - 26.2.1.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.
- 26.2.2 Subject to the provisions of clauses 26.4.1.1 and 29, the Company shall only have elected Directors and there shall be no appointed or ex officio Directors as contemplated in section 66(4).

### **26.3 Eligibility, resignation and retirement of Directors**

- 26.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a Prescribed Officer of the Company.
- 26.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 26.3.2 –
- 26.3.2.1 at each annual general meeting referred to in clause 20.2.1, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;
- 26.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 26.3.2.3 a retiring Director shall be eligible for re-election;
- 26.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 25;
- 26.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.4.2 to 20.4.6 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.
- 26.3.3 The Board shall, through its nomination committee (if such nomination committee has been constituted in terms of clause 32), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in South Africa.

### **26.4 Powers of the Directors**

- 26.4.1 The Board has the power to –
- 26.4.1.1 appoint or co-opt any person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as an additional Director provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and
- 26.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1), and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.

- 26.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 26.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 26.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 26.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Board or invalidate anything done by the Board while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 26.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

## **26.5 Directors' interests**

- 26.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.
- 26.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 26.5.3 Each Director and each alternate Director, Prescribed Officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

- 26.5.4 The Directors shall not, for as long as the Securities of the Company is listed on the JSE, have the power to propose any resolution in terms of sections 20(2) and 20(6) to Shareholders to ratify an act of the Directors that is inconsistent with any limit imposed by this Memorandum of Incorporation on the authority of the Directors to perform such an act on behalf of the Company in the event that such a resolution would lead to ratification of an act that is contrary to the Listings Requirements, unless the Directors have obtained the prior approval of the JSE to propose such a resolution to Shareholders.

## **EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE BORROWING POWERS OF TORRE DIRECTORS**

### **31 BORROWING POWERS**

- 31.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time:
- 31.1.1 borrow for the purposes of the Company such sums as they think fit; and
  - 31.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 31.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by:
- 31.2.1 the Company; and
  - 31.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),
- shall not exceed, to the extent applicable, the aggregate amount at that time authorised to be borrowed or secured by the Company or the subsidiaries for the time being of the Company (as the case may be).

## **EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO DISTRUBUTIONS**

### **36 DISTRIBUTIONS**

- 36.1 Subject to the provisions of the Act, and particularly section 46 and this Memorandum of Incorporation, the Company may make any proposed distribution, as defined and contemplated in the Act, if such distribution:
- 36.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
  - 36.1.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements.
- 36.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 36.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 36.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 36.5 No larger distribution shall be declared by the Company in general meeting than is recommended by the Directors, but the Company in general meeting may declare a smaller distribution.

- 36.6 All unclaimed dividends may be invested by the Company in trust for the benefit of the Company until claimed, and dividends that remain unclaimed for a period of 3 (three) years from the date on which they were declared may be declared by the Directors to be forfeited for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. Subject to the provisions of clause 18.2, all unclaimed monies, other than dividends, that are due to Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s.
- 36.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to:
- 36.7.1 the holder at his registered address; or
  - 36.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
  - 36.7.3 such person and at such address as the holder or joint holders may in writing direct.
- 36.8 Every such cheque or warrant shall:
- 36.8.1 be made payable to the order of the person to whom it is addressed; and
  - 36.8.2 be sent at the risk of the holder or joint holders.
- 36.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.
- 36.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.
- 36.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.
- 36.12 A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.
- 36.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part:
- 36.13.1 by the distribution of specific assets; or
  - 36.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or
  - 36.13.3 in cash; or
  - 36.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.
- 36.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.
- 36.15 The Directors may:
- 36.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and
  - 36.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.
- 36.16 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.
- 36.17 Without limiting the provisions above, all payments made to holders of Securities listed on the JSE ("**Listed Securities**") must be in accordance with the JSE Listings Requirements and capital payments to holders of Listed Securities may not be made on the basis that it can be called up again.

## **EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE WINDING-UP OF THE COMPANY**

### **41. WINDING-UP**

- 41.1 If the Company is wound-up the liquidator may, with the sanction of a special resolution of the Shareholders, divide among the Shareholders *in specie* or kind the whole or any part of the assets of the Company and may for such purpose:
  - 41.1.1 set a value which he deems fair upon any asset; and
  - 41.1.2 determine how the division shall be carried out as between the Shareholders or holders of different classes of Shares.
- 41.2 The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trustees upon trusts for the benefit of the Shareholders or any of them.
- 41.3 Any such resolution may provide for and sanction a distribution of specific assets amongst the holders of different classes of Shares contrary to their existing rights, but each Shareholder shall in that event have a right of dissent and other ancillary rights in the same manner as if such resolution were a special resolution passed pursuant to the provisions of the Act.





## Torre Industries Limited

Incorporated in the Republic of South Africa  
(Registration number: 2012/144604/06)  
Share Code: TOR ISIN ZAE000188629  
("Torre" or "the Company" or "the Group")

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### NOTICE OF GENERAL MEETING OF SHAREHOLDERS OF TORRE

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PJ van Zyl ( <i>Chairman</i> )*	JWLM Fizelle#^
CE Pettit ( <i>Chief Executive Officer</i> )	CWJ Lyons#
SR Midlane ( <i>Chief Financial Officer</i> )	CS Seabrooke#
MM Ngoasheng#	

*\*Non-executive, #Independent non-executive, ^Lead independent non-executive director*

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

Torre Shareholders are reminded that:

- (a) a Torre Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Torre Shareholder, and Torre Shareholders are referred to in the attached form of proxy;
- (b) a proxy need not also be a Torre Shareholder of the Company; and
- (c) in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Torre Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Torre Shareholder or as proxy for a Torre Shareholder) has been reasonably verified. Please note that the Company will not provide for electronic participation at the General Meeting.

Notice is hereby given to the shareholders that a General Meeting of Torre's Shareholders will be held at 59 Merino Avenue, City Deep, Johannesburg on Wednesday, 13 May 2015 at 12:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

#### 1. **ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE CASH ISSUE – MIC**

**“RESOLVED THAT**, subject to the passing of special resolution number 2, and as a specific issue of shares for cash in accordance with section 5.51 of the Listings Requirements, the Company be and is hereby authorised to issue up to 41 006 664 new ordinary shares of no par value ranking *pari passu* with existing issued ordinary shares in the Company, at an issue price of R4.25 per new Torre Share to MIC as detailed in paragraph 3.2 of the Circular, and in accordance with the terms and subject to the conditions set out in the Circular.”

#### **Information and explanatory material with respect to Ordinary Resolution Number 1**

Shareholders are requested to approve this resolution to facilitate the Cash Issue as detailed in the accompanying Circular. In accordance with the Listings Requirements, the approval of this ordinary resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered, excluding MIC and its associates, to the extent that they hold shares in Torre.

2. **ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE CASH ISSUE – SAFIKA**

**“RESOLVED THAT**, subject to the passing of special resolution number 2, and as a specific issue of shares for cash in accordance with section 5.51 of the Listings Requirements, the Company be and is hereby authorised to issue up to 41 006 665 new ordinary shares of no par value ranking *pari passu* with existing issued ordinary shares in the Company, at an issue price of R4.25 per new Torre Share to Safika as detailed in paragraph 3.2 of the Circular, and in accordance with the terms and subject to the conditions set out in the Circular.”

**Information and explanatory material with respect to Ordinary Resolution Number 2**

Shareholders are requested to approve this resolution to facilitate the Cash Issue as detailed in the accompanying Circular. In accordance with the Listings Requirements, the approval of this ordinary resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered, excluding Safika and its associates (specifically MM Ngoasheng, Modidima Ventures (Pty) Ltd and the Bunang Trust), to the extent that they hold shares in Torre.

3. **SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITION**

**“RESOLVED THAT**, subject to the passing of ordinary resolution numbers 1 and 2 and special resolution number 2, the Company be and is hereby authorised to issue up to 88 800 000 new ordinary shares of no par value ranking *pari passu* with existing issued ordinary shares in the Company, at an issue price of R5.00 per new Torre Share to Set Point Shareholders in accordance with the terms and subject to the conditions of the Acquisition as set out in the Circular.”

**Information and explanatory material with respect to Special Resolution Number 1**

Shareholders are requested to approve this resolution to facilitate the Acquisition as detailed in the accompanying Circular. In accordance with the Listings Requirements, the approval of this special resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered. Sabvest Limited, an existing Torre Shareholder and its associates (specifically CS Seabrooke, the Seabrooke Family Trust and Sabvest) will be precluded from voting on this special resolution number 1 to the extent they hold shares in Torre.

4. **SPECIAL RESOLUTION NUMBER 2 – ISSUE OF MORE THAN 30% OF TORRE’S ISSUED SHARE CAPITAL**

**“RESOLVED THAT**, in accordance with section 41(3) of the Companies Act, the Company be and is hereby authorised to issue up to 170 813 329 new Torre Shares (assuming the maximum possible number of shares to be issued in terms of the Acquisition), representing 48.7% of the issued share capital of Torre prior to the Transactions, in terms of the Transactions as detailed in this Circular.”

**Information and explanatory material with respect to Special Resolution Number 2 as contemplated in section 65(4)(b) of the Companies Act**

This resolution is required to be approved in terms of section 41(3) of the Companies Act if and to the extent that the sum of the Torre Shares to be issued in terms of the Transactions equal or exceed 30% of the total issued shares held by shareholders of Torre prior to the Transactions. The approval of this special resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered.

5. **SPECIAL RESOLUTION NUMBER 3 – ISSUE OF SHARES IN ACCORDANCE WITH SECTION 41(1)**

**“RESOLVED THAT**, in accordance with section 41(1) of the Companies Act, the Company be and is hereby authorised to issue up to 88 800 000 new Torre Shares in terms of the Acquisition (assuming the maximum possible number of shares to be issued in terms of the Acquisition) to Sabvest, in proportion to its shareholding in Set Point, a related person to CS Seabrooke, who is a director of Torre as detailed in this Circular.”

**Information and explanatory material with respect to Special Resolution Number 3 as contemplated in section 65(4)(b) of the Companies Act**

This resolution is required to be approved in terms of section 41(1) of the Companies Act if and to the extent that shares are issued to a director of the Company or a person related or inter-related to a director of the Company. The approval of this special resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered.

**6. SPECIAL RESOLUTION NUMBER 4 – APPROVAL OF THE REPURCHASE OF THE OPTION SHARES**

**“RESOLVED THAT,** the Company be and is hereby authorised to repurchase the Option Shares, which will be a maximum of up to 14 343 854 Torre Shares at R0.0001 per Torre Share after the Earn-Out Period, in terms of the Option Agreement as detailed in this Circular.”

**Information and explanatory material with respect to Special Resolution Number 4 as contemplated in section 65(4)(b) of the Companies Act**

This resolution is required to be approved in terms of section of the Listings Requirements if and to the extent that the financial metrics as outlined in paragraph 2.3.1 in the Circular are not achieved and Torre exercises its option to buy-back Torre Shares from the SPG Major Shareholders. The approval of this special resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered. To the extent that any of the SPG Major Shareholders hold any shares in Torre, they will be precluded from voting on this special resolution number 4.

**7. SPECIAL RESOLUTION NUMBER 5 – APPROVAL OF THE OPTION SHARES IN RESPECT OF SECTION 48(8)**

**“RESOLVED THAT,** in accordance with the provisions of section 48(8) of the Companies Act, the Company be and is hereby authorised to repurchase the Option Shares, which will be a maximum of up to 14 343 854 Torre Shares at R0.0001 per Torre Share after the Earn-Out Period, in terms of the Option Agreement as detailed in this Circular.”

**Information and explanatory material with respect to Special Resolution Number 5 as contemplated in section 65(4)(b) of the Companies Act**

This resolution is required to be approved in terms of section 48(8) of the Companies Act if and to the extent that the financial metrics as outlined in paragraph 2.3.1 in the Circular are not achieved and Torre exercises its option to buy-back Torre Shares from the SPG Major Shareholders. The approval of this special resolution requires at least 75% of all voting rights exercisable by Torre Shareholders present or represented by proxy and entitled to vote at the General Meeting at which this resolution is considered. To the extent that any of the SPG Major Shareholders hold any shares in Torre, they will be precluded from voting on this special resolution number 4.

**8. ORDINARY RESOLUTION NUMBER 3 – AUTHORITY TO ACTION**

**“RESOLVED THAT,** any director of the Company be and is hereby authorised, instructed and empowered to do all such things, sign all such documents and procure the doing of all such things and the signing of all such documents as may be necessary to give effect to the ordinary and special resolutions contemplated herein.”

**Information and explanatory material with respect to Ordinary Resolution Number 3 as contemplated in section 65(4)(b) of the Companies Act**

This resolution is necessary to give effect to any of the above resolutions which may be passed by the shareholders. The minimum percentage of voting rights that is required for this ordinary resolution to be adopted is 50%.

**DIRECTORS’ RECOMMENDATION**

The Board unanimously recommends that Torre Shareholders vote in favour of the special and ordinary resolutions contemplated herein.

## RECORD DATES

The posting record date, being the date that shareholders must be recorded in the Torre Register to be eligible to receive this notice of General Meeting, is Thursday, 2 April 2015.

The voting record date, being the date that shareholders must be recorded in the Torre Register to be eligible to speak and vote at the General Meeting, is Friday, 8 May 2015. The last day to trade in order to be eligible to vote at the General Meeting is Thursday, 30 April 2015.

## VOTING

On a show of hands, every Torre shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Torre Shares held), and on a poll, every Torre shareholder shall have for each share held by him that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

In terms of the Listings Requirements, the votes of shares held by participants to the Cash Issue and their associates as well as Sabvest and its associates will be taken into account in determining whether a quorum of shareholders is present at the General Meeting, but such votes will not be taken into account in determining the results of the voting at the General Meeting for the resolution relating to the Cash Issue and the Acquisition respectively.

## PROXIES

A Torre Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company. A form of proxy is attached for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by Torre's Transfer Secretaries, Link, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), not later than 12:00 on Monday, 11 May 2015.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification.

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

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
  - (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment:
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) remains valid for:
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

- (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
  - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in subsection(4)(c)(ii).
- (6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

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

By order of the Board

## **TORRE INDUSTRIES LIMITED**

### **CE Pettit**

*Chief Executive Officer*

25 March 2015

### **Registered office**

59 Merino Avenue, City Deep, Johannesburg

### **Transfer Secretaries**

Link Market Services South Africa Proprietary Limited

13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)



# Torre Industries Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 2012/144604/06)  
 ("Torre" or "the company")  
 ISIN Code: ZAE000188629 Share code: TOR

## FORM OF PROXY

### For use by certificated and "own name" dematerialised shareholders only

For use by certificated and "own name" registered dematerialised shareholders of the Company at the General Meeting of Torre to be held at 59 Merino Avenue, City Deep, Johannesburg on Wednesday, 13 May 2015 at 12:00.

If dematerialised shareholders, other than own name dematerialised shareholders have not been contacted by their CSDP or broker with regard to how they wish to cast their vote, they should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their vote at the General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If dematerialised shareholders, other than own name dematerialised shareholders, have not been contacted by their CSDP or broker it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions.

Dematerialised shareholders who are not own-name dematerialised shareholders and who wish to attend the General Meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be and submit same to the Transfer Secretaries to be received by no later than 12:00, on Monday, 11 May 2015. This must be done in terms of the agreement entered into between the dematerialised shareholder and their CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete this form of proxy and should read note 11 of the overleaf.

The form of proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence.

I/We (please print)

of (address)

Telephone number

Cellphone number

Email address

being the holder/s of

ordinary shares of no par value in Torre, appoint (see note 1):

ordinary shares of no par value in Torre, appoint (see note 1):

1. or failing him,

2. or failing him,

3. the chairperson of the General Meeting,

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

	For	Against	Abstain
<b>Ordinary Resolution Number 1</b> Cash Issue of 41 006 664 Torre Shares to MIC			
<b>Ordinary Resolution Number 2</b> Cash Issue of 41 006 665 Torre Shares to Safika			
<b>Special Resolution Number 1</b> Approval of the Acquisition			
<b>Special Resolution Number 2</b> Issue of more than 30% of issued share capital			
<b>Special Resolution Number 3</b> Issue of shares – section 41(1)			
<b>Special Resolution Number 4</b> Approval for the repurchase of the Option Shares in terms of the Listings Requirements			
<b>Special Resolution Number 5</b> Approval for the repurchase of shares – section 48(8)			
<b>Ordinary Resolution Number 3</b> Authority to action			



Signature Assisted by me (where applicable)

Name Capacity Signature

**NOTES TO THE FORM OF PROXY**

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the General Meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below. Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the General Meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the CSDP or broker.
2. This proxy form will not be effective at the General Meeting unless received by the Transfer Secretaries of the Company at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), Johannesburg, Republic of South Africa, not later than 12:00 on Monday, 11 May 2015.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date for voting unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the General Meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.
5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the General Meeting even if the General Meeting or a part thereof is postponed or adjourned.
6. If
  - 6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
  - 6.2 the shareholder gives contrary instructions in relation to any matter; or
  - 6.3 any additional resolution/s which are properly put before the General Meeting; or
  - 6.4 any resolution listed in the proxy form is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
  - 7.1 it is accompanied by a certificated copy of the authority given by the shareholder or the shareholder to the signatory; or
  - 7.2 the Company has already received a certificated copy of that authority.
8. The chairman of the General Meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the General Meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:
  - 10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 12:00 on Monday, 11 May 2015; or
  - 10.2 appoints a later, inconsistent appointment of proxy for the General Meeting; or
  - 10.3 attends the General Meeting in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. This notice will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received by the Transfer Secretaries of the Company at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) or at the Company's company secretaries office at units 23 & 24 Norma Jean Sq., 244 Jean Ave, Centurion, Republic of South Africa, not later than 12:00 on Monday, 11 May 2015.

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

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
  - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
  - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
  - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
  - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - 10.2 the invitation or form of proxy instrument supplied by the Company must:
    - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
    - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
    - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
- 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
- 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).