CA Sales Holdings Limited
trading as

ca&s group

Collaboration. Activation. Sales.

INTEGRATED REPORT 2019

taking brands beyond borders

Contents

INTRODUCING CA&S GROUP

Who we are and what we do 2
Our operational footprint 4
Chairman's letter 8

OUR STRATEGIC BUSINESS CONTEXT

Operating environment 10
Risk considerations 11
Group strategy 12
Material focus areas 13

PERFORMANCE REVIEW

Chief Executive Officer's review 14
Stakeholder relationships 16
Value-added statement 17
Chief Financial Officer's review 20
Summary of ratios and statistics 23

GOVERNANCE REVIEW

Our board of directors 24
Corporate governance review 26
Remuneration report 30

ANNUAL FINANCIAL STATEMENTS

Report of the audit and risk committee 38
Certificate by Company Secretary 39
Directors' responsibility and approval 40
Directors' report 41
Independent Auditors' report 43
Consolidated financial statements 47
Accounting policies and notes to the financial statements 51

SHAREHOLDER INFORMATION

Analysis of shareholders 98
Shareholders' diary 98
Notice of annual general meeting 99
Form of proxy 105
Corporate information 107

About this report

The board of directors of CA Sales Holdings Limited ("CA&S" or "the group" or "the company") is pleased to present the group's integrated annual report, for the year ended 31 December 2019. The company has been trading as a listed company, with shares listed on the 4 Africa Exchange ("4AX") and the Botswana Stock Exchange ("BSE") since November 2017. The group has embarked on a rebranding exercise resulting in the new brand identity of the group, namely CA&S Group, with its new logo.

The report has been prepared taking into consideration the principles and practices contained in the South African King Code of Governance Principles 2017 ("King IV"). The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the South African Companies Act as well as considering the listings requirements of the BSE and 4AX.

The primary objective of this report is to provide a greater understanding of the group's strategy, governance, performance and prospects in the context of its external environment as well as its creation of value over the short, medium and long term.

This report offers stakeholders a more holistic view of CA&S' operations and provides insight on both financial and non-financial matters for the year ended 31 December 2019.

As the concepts and practices of reporting develop, management will continue to improve disclosures and application as deemed appropriate.

Responsibility and approval

The audit and risk committee ("ARC") and board of directors ("board") acknowledge their responsibility to ensure the integrity of the report. The board has accordingly applied its mind to the report and in the opinion of the ARC and the board, the report addresses all material issues and fairly presents the performance of the organisation and its impact. The board authorised the report for release.

Our new identity

CA&S is the acronym for Collaboration. Activation. Sales. The intention of the renewed identity was to evolve the name, imbuing it with meaning and reflecting the cohesion and collective offering being forged. The design language for the group platform and brand architecture was developed to allow group companies retain their overall equity, autonomy and entrepreneurial freedom, but benefit from the endorsement of the parent brand in terms of consistent professionalism, reputation, credibility and scale. It's the showcase for a shared purpose and value set that reflects the group we aspire to be.

Our financial and non-financial milestones

Financial headlines

REVENUE
▲ 28.4%

ADJUSTED EBITDA
▲ 37.0%

HEADLINE EARNINGS PER SHARE
▲ 27.9%

DIVIDEND PER SHARE DECLARED
▲ 28.8%

NET ASSET VALUE PER SHARE
▲ 10.4%

Non-financial key outcomes

EMPLOYEES

R1.051 billion paid in wages and salaries

12,421 employment opportunities in Southern Africa

STORES SERVICED

Products delivered to more than 5 000 outlets

Merchandising services in more than 10 300 outlets

CSI INVOLVEMENT

34 Charity organisations/ initiatives

Our mission

To leverage the potency of our collective reach, scale, local market insights and experience to ensure we repeatedly deliver against our clients' expectations, building real partnerships in the process.

Our vision

To be the most effective group in the region at seamlessly executing and driving clients' brand strategies on the ground, for the best possible sales return on their investment.

INTRODUCING CA&S GROUP

Who we are and What we do

The CA&S Group is the holding entity of a collective of fast-moving consumer goods ("FMCG") service businesses that operate across the Southern African region, offering a route-to-market service to blue chip manufacturers.

The businesses all offer similar services centred around ensuring that clients' brand presence is fully maximised at retail in the different markets they serve. This includes strategic advisory services, category consultation and key account assistance, warehousing, various models of distribution, sales, merchandising, shopper marketing and training, as well as select debtor services.

Each of the businesses in the group was started by owners/operators, focussed single-mindedly around delivering on their clients' needs in a market they had deep local knowledge of and experience in. This included building extraordinary relationships with customers to ensure that clients' brand interests are served. Individually strong, a group platform enables this strength to be compounded across geographies. Solutions, process improvements, best practise thinking and technologies are benchmarked, distilled and shared between the businesses. Client and brand knowledge are also expanded as the businesses collaborate and work together toward greater group goals. **The ampersand symbol "&" embodies the exponential power of the collective; partnership to unlock potential for our clients, our people, our business and shareholders. Our purpose is embodied in "The Power of &".**

Our name says it all:

Collaboration

Collaboration is where our shared experience, expertise and knowledge in our territories and our fields make a meaningful impact to our clients and their brands. It is where our strategy, The Power of &, truly comes to life by not only creating value, but also sharing value with our clients.

Strategy & Experience.
Connections & Opportunities.

Activation

Activation means that we take a brand's true potential and put it into action. We execute and operationalise, we order, we store, we deliver, and we activate channels, opening market access and brand success.

Insight & Execution.
Agility & Reliability.

Sales

Sales is our end game. Sharing the success of our clients' brands, and growing together exponentially through every in-store and on-shelf opportunity creates true brand affinity for our shoppers.

Demand & Delivery.
Shopper & Brand Availability.

Our historical milestones

2012

Founded CA Sales Holdings

- CA Sales and Distribution (Mar)
- Diverse Distribution (Mar)
- Ansel (Mar)
- Logico Unlimited (35% – Jun)
- Monteagle Merchandising Services (50% – Jun)
- Ansel (Dec)

2013

- Pack 'n Stack (40% – Jun)
- Bullred Distribution (30% – Sep)
- Kawena Distributions (35% – Nov)
- Monteagle Merchandising Services (50% – Oct)

2014

- SMC Brands (49% – Jan)
- Smithshine (48% – Jul)
- Wutuw (50% – Aug)
- Pack 'n Stack (27% – Jun)
- SMC Brands (51% – Sep)
- Logico Unlimited (20% – Oct)
- Bullred Distribution (19% – Nov)

2015

- Whitakers Agency (45% – Dec)

Acquisitions | Increased shareholding | Startups | Disposals

Brands beyond Borders

The new identity tagline describes what we do literally and figuratively. We move brands. We partner with our clients to take brands across geographical borders, then assist moving them through the supply chain and into stores, onto shelves and into baskets and trollies, ensuring they are available, visible and promoted to shoppers across the Southern African region. We work closely with clients to solve trade obstacles, to build category and brand presence on shelf and to protect and grow their market shares.

Continuous on-shelf availability is what our clients depend on us for. Our businesses are focused on building on-shelf visibility, optimising brand positioning and presence on shelves across categories, channels and geographies. This extends to off-shelf displays and all manner of promotional activity within retail and wholesale outlets.

We maintain oversight of store systems where they're automated, to ensure alignment, and where they're not, sales staff ensure store owners are appraised of upcoming innovation and new product lines as well as special offers and seasonal shopper incentive drives. We ensure brands are placed optimally, priced correctly and implement category flows, reacting to fluctuating demand and ensuring sufficient stock is on hand or on order. We rotate stock and maintain stock pressure, replenishing shelves on a continuous basis. We warehouse, manage, deliver, erect and maintain all manner of point-of-sale, from cardboard to steel and plexiglass.

Our excellent storage solutions and distribution network ensure that our clients' products are safely stored, maintained and readily available where we have full responsibility for brands. We specialise in training, empowering and motivating work forces to improve productivity through practical modules which are tailored to customers' needs.

We offer shopper promotions in and out of store, bringing brands to life where it counts. This extends to community and school programmes as well as clubs and commuter hubs.

Our Guiding Values

Distinguished Delivery

We consistently strive to exceed expectations in creating and delivering remarkable customer experiences through a performance-based culture built on accountability and collaboration.

We rely on each other

Being able to rely on each other through every opportunity makes us stronger together. It helps us deliver consistently high service levels and value-added results that builds complete client confidence.

A multi-focal approach

Our multi-focal approach and a broad understanding of the market we operate in helps us develop unique and relevant insights needed to identify and act on opportunities today that will build longer-term sustainability.

People partnerships

We create and sustain meaningful relationships through collaboration, transparency, mutual respect, and a passionate focus on client partnerships and our people.

Entrepreneurial hearts

We're able to respond and act on opportunities by adapting and engaging ourselves with speed, energy, tenacity and agility.

Pathfinders in solution-seeking

Our entrepreneurial vision and passion for innovation helps to drive us further every day, constantly seeking improvement and the advancement of our people and businesses.

Our Market Position

Services rendered across the group vary between businesses based on their individual history and what market place gaps they filled in that country. The businesses therefore have a variety of competitors in the various sectors they operate in. The collective offering is unique however in its composition and client offering in the Southern African region, enabling clients to minimise complexity and gain the benefit of individual market knowledge with learnings and systems leveraged across borders.

2016

- Edge Logistics (30% – Jan)
- Array Marketing (80% – May)
- Smithshine (12% – Jul)
- Smithshine (34% – Nov)
- Kalahari Training Institute (49% – Jul)
- Kawena Distributions (35% – Jun)

2017

- Listed on 4AX (6 Nov)
- Listed on BSE (9 Nov)
- Expo Africa (90% – Apr)
- PEO Promotions (50% – Jul)
- Surapaxs (51% – Sep)
- Warbrands (49% – Nov)
- Logico Unlimited (6% – Mar)
- Wutow (50% – Jul)
- Logico Unlimited (19% – Nov)
- Pack 'n Stack (17% – Nov)

2018

- Acquisition of warehouses in Botswana
- Promexs (35% – Sep)
- Kalahari Training Institute (34% – Jul)
- PEO Promotions (20% – Aug)
- Agility Instore KZN (70% – Oct)
- Warbrands (49% – Nov)

2019

- Array Marketing (20% – Mar)
- Surapax (49% – Mar)
- Agility Instore (Sep)
- Retail Development Solutions (30% – Oct)
- Edge Logistics (30% – Sep)

Our operational footprint

Group companies overview

CA Sales and Distribution
Distribution, Debtor Management, Sales & Merchandising

Smithshine Enterprises
Distribution of frozen and ambient goods – retail, forecourts and bottom-end

PEO Promotions
Marketing, Branding & Gift Services. Shopper Promotions, Events & Digital

Kalahari Training Institute
Vocational Training Specialist

SMC Brands
Distribution, Sales & Merchandising of liquor brands

PacknStack
Sales & Merchandising in multi-channels / categories

Array Marketing
Hardware Sales & Merchandising

Surapax
Hardware Sales & Merchandising

Promexs
Sales, merchandising and expert promotional services

Wutow Trading
Distribution, Sales & Merchandising, Debtors Management

Whitakers
Sales & Merchandising

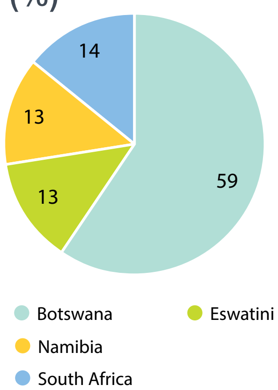
Expo Africa
Brand Activation & Pop-Up's, Promotions, Marketing, Events, Research & Digital Services

Bull Red Distribution
Distribution, Sales & Merchandising

Logico
Primary & Secondary Distribution of ambient, chilled & frozen goods. Sales & Merchandising

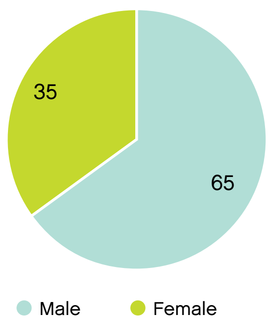
Retail Development Solutions
Specialist strategic retail advisory consultancy and industry recruitment services

Revenue contribution per country (%)



Group employee profile

GENDER (%)



Service structure overview

Warehousing & Distribution

The group's excellent storage solutions and distribution network enables it to consistently deliver for its clients, giving them surety their products are safely stored, maintained and readily available for distribution through our unrivalled distribution network.

Warehousing & Distribution

- Wutow – Namibia
- CA – Botswana
- Bull Red Distribution – Zimbabwe
- Smithshine Enterprises – Botswana
- smc brands – Botswana, Eswatini, Namibia
- Logico – Eswatini

Sales & Merchandising

We partner with clients to grow their brands by increasing their market share and volume. We build on-shelf visibility, optimising brand positioning. We implement category flows and ensure sufficient stock is on hand and readily available, especially when there is fluctuating demand. We assist in the maintenance of retailer systems and influence sales where we are able.

Sales & Merchandising

- Bull Red Distribution – Zimbabwe
- Wutow – Namibia
- Logico – Eswatini
- CA – Botswana
- Smithshine Enterprises – Botswana
- Lesotho
- pns group – South Africa
- smc brands – Botswana, Eswatini, Lesotho, Namibia
- promexs – Zambia

Training & Promotions

We specialise in training, empowering & motivating work forces to improve productivity. Practical modules are tailored to customers' needs and include sales & merchandising as well as a menu of business, IT, wellness and personal development topics. We also offer shopper brand promotions in and out of store, bringing brands to life where it counts.

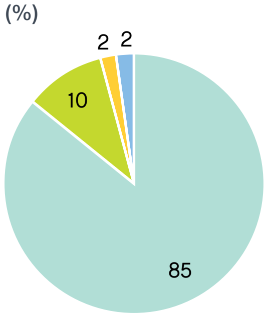
Brand Activation

- expoafrica – Botswana, Eswatini, Lesotho, Mozambique, Namibia, Zambia, Zimbabwe
- Botswana
- pns group – South Africa
- promexs – Zambia

Retail Services

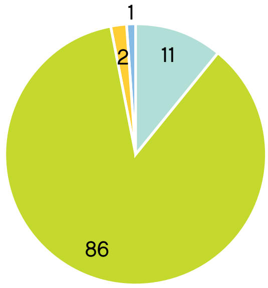
- Botswana
- Retail Development Solutions – South Africa

RACE
(%)



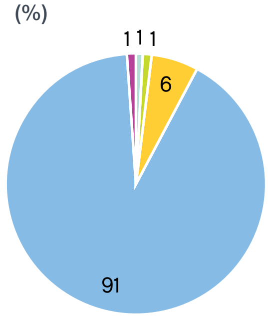
Black · Coloured · Indian · White

EDUCATION
(%)



Up to grade 11 · Grade 12 · Post grade 12 (diploma/certificate) · University degree and post-graduate university degree

HIERARCHY
(%)

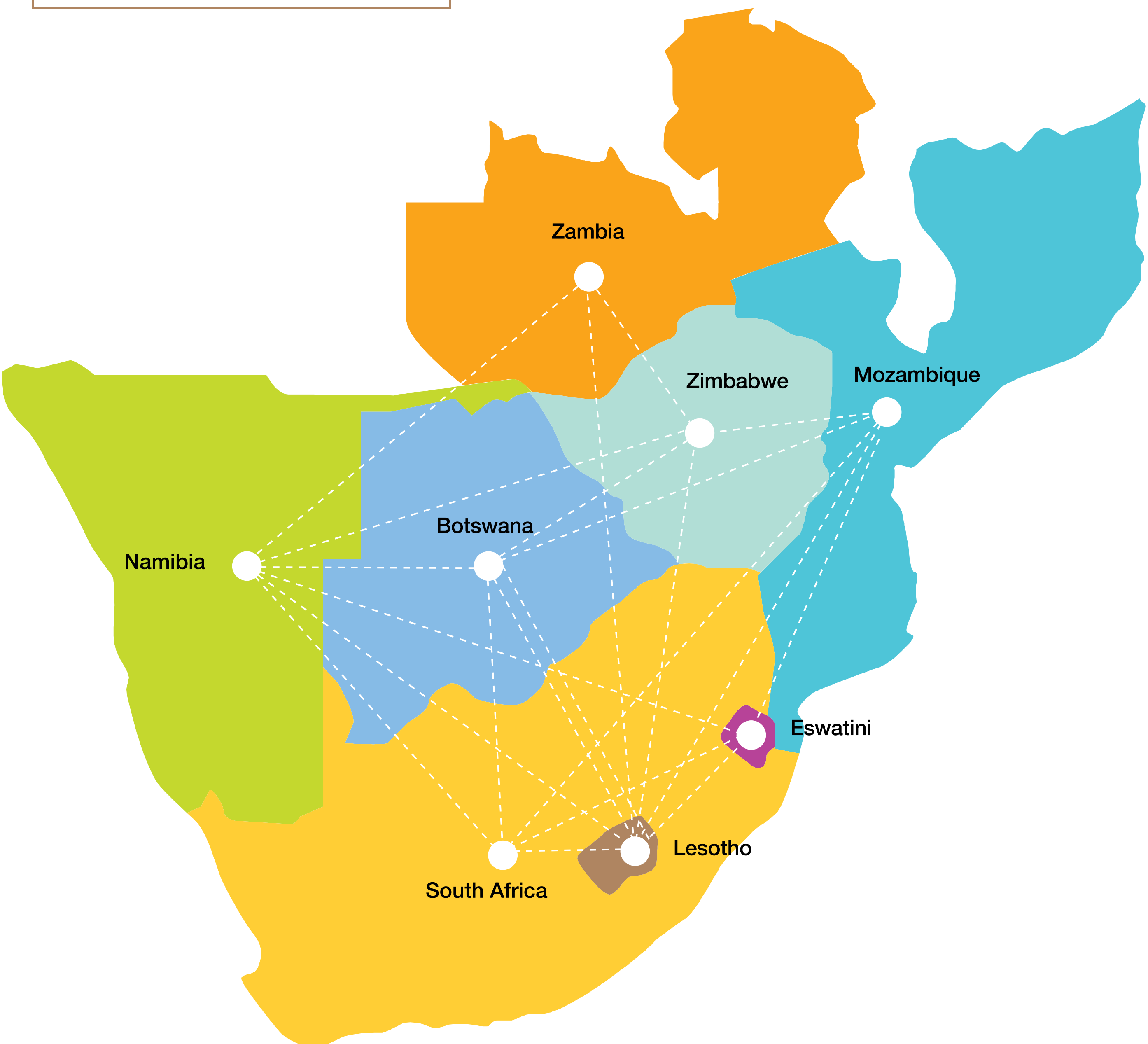


Executive directors (incl CEOs, CFOs, MDs, FDs) · Senior management · Middle/Junior management · Operational · Support

Footprint overview

Our collective footprint with a presence in all major centres in 8 countries.

Local market and country knowledge & understanding as well as customer relationships combined with regional connectivity and shared collective expertise give CA&S Group a powerful competitive advantage in the region.



Botswana

- CA Sales & Distribution
- Expo Africa
- Kalahari Training Institute
- PEO Promotions
- SMC Brands
- Smithshine Enterprises

Eswatini

- Expo Africa
- Logico
- SMC Brands

Lesotho

- Expo Africa
- SMC Brands
- Whitakers

Mozambique

- Expo Africa

Namibia

- Wutow
- Expo Africa
- SMC Brands

South Africa

- Array Marketing
- PnS
- Surapax
- Expo Africa

Zambia

- Expo Africa
- Promexs

Zimbabwe

- Bull Red Distribution
- Expo Africa

Chairman’s letter

Henry Ford had a well-known philosophy, namely, “Whether you think you can, or you think you can’t – you’re right,” which emphasizes how much attitude determines success or failure. The Covid-19 pandemic we face with all its effects and challenges are unfamiliar to all of us. We are truly in unchartered waters.

In these times people in leadership positions need to make important decisions that will influence each and every sphere of society, business and our private lives. It is a time where government and business, more than ever before, need to listen to each other and work together in order to overcome the pandemic and revive the economy. We need to stay vigilant on safety measures, but remains positive and innovative. So much has changed in just over a month but so much remains the same. Our responsibility to our staff, clients, suppliers, shareholders and all other stakeholders are still there even though we had to tailor our service offering to continue to operate. I must compliment all our managers and staff in the excellent work that they have done in this regard under the leadership of the CEO. It proves that with the right attitude and some grit we are able to overcome the challenges that we face for the benefit of all our stakeholders. We are fortunate that most of our businesses can still operate to a degree. The state of the economies in the territories that we operate in has undoubtedly been very negatively affected and the longer the lock down persists in whatever shape or form, the more severe such damage and/or the recovery time will be. In order to save lives now but also in 12 months’ time any approach by the relevant government should be balanced, otherwise the good work done and the lives saved to date will be lost in the long run. We therefore need to move faster, but of course appropriately and with caution, to relax more restrictions in order to commence repairing the damage that has been done by Covid-19 lock downs and prevent further unemployment and social unrest/health issues. Thank you to all our staff and stakeholders for the work that you have done under trying conditions the past 8 weeks!

If I however reflect on the past financial year, I am proud of the succession planning that the board has done through the years to enable us to identify a new CEO from within the talent pool that we have nurtured over time. We are truly blessed that in each jurisdiction we have an excellent team of managers that not only contribute in their relevant jurisdiction but also contribute on an overall level. Frans Britz emigrated to the United States of America at the beginning of the current financial year which necessitated a new appointment as CEO. I want to thank Frans for his incredible contribution; first as CFO and then as CEO. Frans also assisted to manage the business during our process to identify a new CEO as well as during the hand over phase. Frans will remain a non-executive director and we are fortunate to continue to have the value of his insight. We appointed Duncan Lewis as the new CEO from 1 June 2019. He was the CEO of the Pack n Stack group (a subsidiary of the group). His replacement at Pack n Stack was also internal which attest to good succession planning in place. Duncan has impressed me the past year and I look forward to his contribution going forward.

CA&S Group had a successful 2019 financial year with increased revenue of 28% on the previous year which flowed through to headline earnings of R 230.4 million, up 28% from the previous year. Headline earnings of 51,1 cents per share was up 27.9% from 40,1 cents in the previous year. All the major operations have performed above expectation and are all market leaders in the challenging countries and segments they operate in. It is evident that economy of scale, investment in the right systems and people, cost management, good decision making and excellent service contributed to the successes.

OUR RESPONSE TO COVID-19

RESPONSIBLE CORPORATE CITIZEN

SUCCESSION PLANNING

The group's social and ethics committee commenced its functions this year. The committee embarked on a journey to confirm that the group continues to operate as a committed socially responsible corporate citizen. In addition, the group encouraged our employees to leverage the corporate resources at their disposal, to do good. We thank the individuals who took the initiative and got involved in charitable giving and for offering their time to volunteer in community initiatives.

The group furthermore supports all the initiatives put in place by governments to upskill the youth and local citizens to be the best they can be from which the organisation, as a socially responsible entity, also benefit. Accordingly one of the main objectives of the group with regards to social responsibility is to invest in educational initiatives at grass roots to positively impact the future of people and communities in the countries we operate in.

This is the group's first fully integrated report and the journey continuous towards holistic integrated thinking. The international standard on integrating reporting has recognised six capital sources that each organisation depends on to create value for all stakeholders. Those are financial resources, intellectual resources, manufactured resources, natural resources, relationships and human capital. We believe that what we sow today must reap rewards for all stakeholders tomorrow.

The board also support the drive for capability building for tomorrow by investing in technology and people to ensure effective on-shelve availability of our clients' products. The future is exciting with challenges but also new opportunities.

We remain optimistic about the future of the group and the board will support management in its quest to continue on a sustainable growth strategy into the future. We believe that we can take more brands beyond borders and that we are well placed to deliver a unique service to our suppliers and customers.

I would like to thank all the individuals within the broader group for their contribution, dedication and passion. To our clients, shareholders and other stakeholders, thank you for your continued support of the CA&S Group and continuing the journey with us. With the right attitude we will succeed and build a better tomorrow!

JA Holtzhausen
Chairman

OUR STRATEGIC BUSINESS CONTEXT

Operating environment

The COVID-19 pandemic threatens to exact a heavy human toll, and the economic crisis it has triggered can upend recent development progress. As in the rest of the world, the health crisis has precipitated an economic crisis in sub-Saharan Africa, reflecting three large shocks to economic activity:

- The strong containment and mitigation measures that countries have had to adopt to limit the spread of the COVID-19 outbreak will disrupt production and reduce demand sharply;
- Plummeting global economic growth together with tighter global financial conditions are having large spillovers to the region; and
- The sharp decline in commodity prices, especially oil, is set to compound these effects, by exacerbating challenges in some of the region's largest resource-intensive economies.

As a result, the sub-Saharan Africa region's economy is projected to contract by 1.6 percent this year – the worst reading on record, a downward revision of 5.2 percentage points from the IMF's 2019 forecast. Across countries, the less diversified economies will be hit the hardest, reflecting the impact of lower commodity prices and containment efforts. Among the non-resource-intensive countries, those that depend on tourism are expected to witness a severe contraction because of extensive travel restrictions, while emerging market and frontier economies will face the consequences of large capital outflows and tightening financial conditions. The large adverse shocks will exacerbate social conditions and aggravate existing economic vulnerabilities. The measures that countries have had to adopt to enforce social distancing are certain to imperil the livelihoods of innumerable vulnerable people. Given the limited social safety net available, people will suffer. Moreover, the pandemic is reaching the shores of the continent at a time when budgetary space to absorb such shocks is limited in most countries, thus complicating the appropriate policy response.

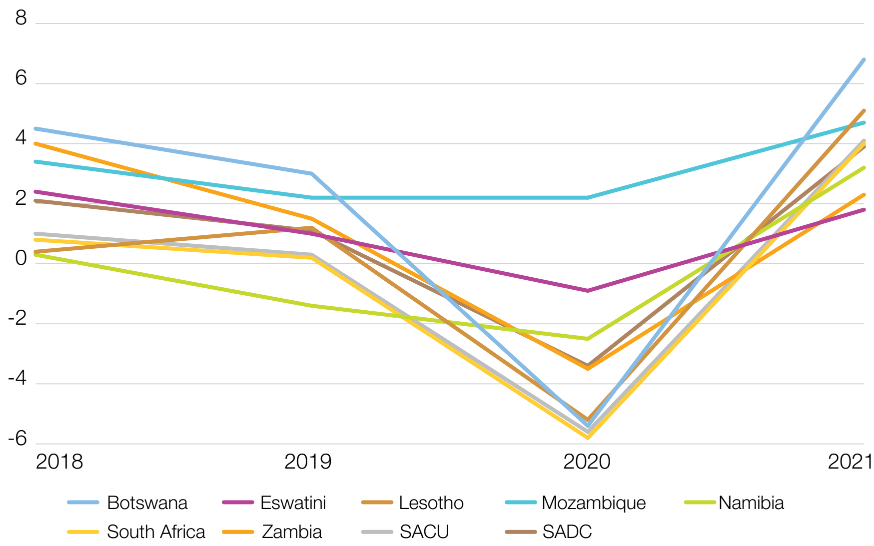
The baseline projections assume that disruptions caused by containment and mitigation measures are concentrated in the second quarter of 2020. Both the regional and global economies are assumed to start recovering in the second half of 2020 as containment measures ease and significant economic stimulus in advanced and several emerging economies help prop up economic activity. However, commodity prices, especially oil, are expected to remain low through the medium term. In this scenario, growth in the region is projected to recover to about 4 percent in 2021. Even assuming that this relatively quick projected recovery transpires, the COVID-19 pandemic will entail persistent, large output losses, with the level of real per capita GDP expected to be about 4½ percent lower by 2024 compared with the pre-COVID-19 projections.

In addition to the rising humanitarian costs, large disruptions in production can be caused by workplace closures, disruption of supply chains, and reduction in labour supply because of sickness or death. Furthermore, a lockdown can have devastating effects (for example, food insecurity) on vulnerable hand-to-mouth households with limited access to social safety nets. Meanwhile, the loss of income, fear of contagion, loss of confidence, and heightened uncertainty all reduce demand.

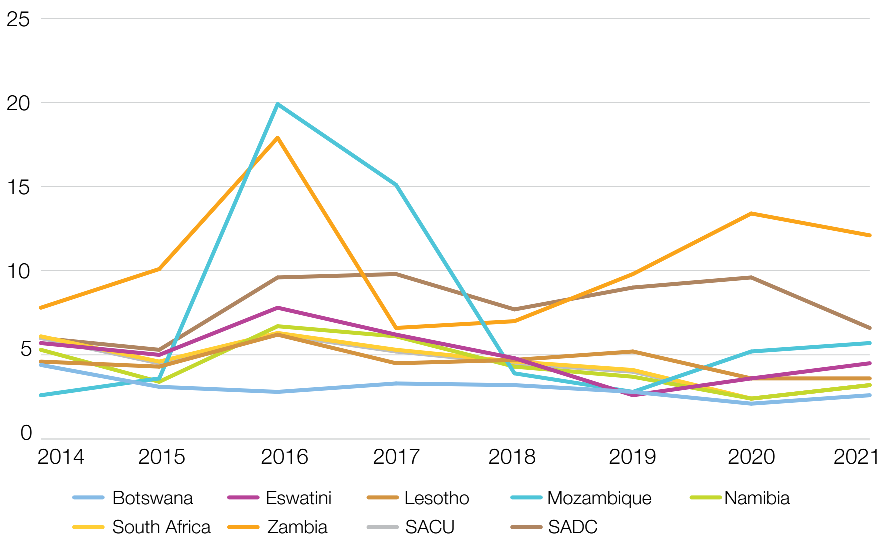
(IMF Regional Economic Outlook, April 2020)

The expected impact in the near future, on the countries in which the group operates can be seen in the graphs below. (Information extracted from the above-mentioned report from the IMF)

GDP GROWTH
(%)



CPI CHANGE
(%)



Risk considerations

For CA&S, risk management comprises identifying market and non-market long-term and short-term risks, understanding their adverse impact on the business environment, and responding in an appropriate manner to reduce risk exposure.

As emerging markets, Southern Africa poses a challenging array of long-term political, economic, financial and operational risks to businesses, as a result of the high uncertainty about the business environment. Managerial responses to anticipate and mitigate risks include balancing shareholder and stakeholder interests.

Below are the top risks of the group, arranged by type of risk.

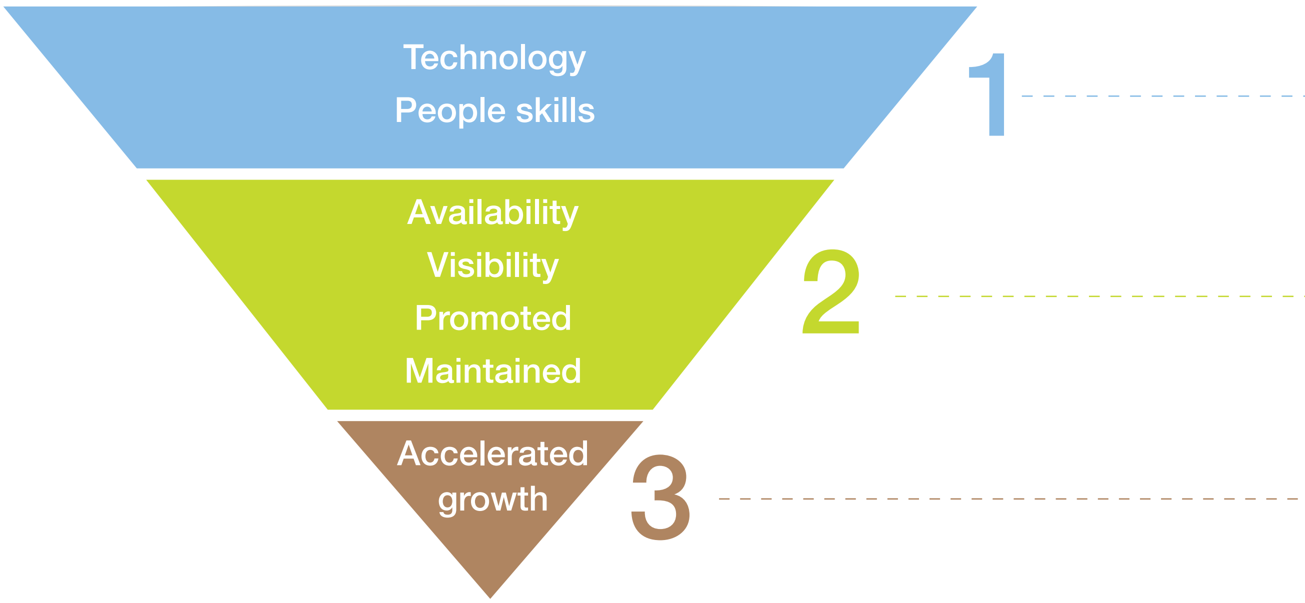
Risk	Description	Impact	Mitigating actions
Political	Regional instability	Decline in market stability can result in reduced consumer confidence and buying power	Diversifying to multiple regions, reducing the group's reliance on the contribution of one region
	Major brand owner exiting a region	Political conflict in a country may lead to a major multinational brand owner to lose its appetite for emerging markets	Growing the supplier basket to reduce overreliance on the brands of one brand owner
Economic	Regional GDP decline	Low or negative country growth will result in reduced consumer spending and a country will be unattractive for multinational participation	Acquiring or starting new businesses to increase our portion of the market
	Excessive inflation	High prices will result in consumers being unable to afford branded products and direct their spending towards basic goods	Increase our basket of products to cater for brand conscious and non-brand conscious customers Analysing processes to be more cost efficient without compromising service levels
Operational	COVID-19 pandemic	Ban on certain products and operations	Plans to reduce costs in a lockdown situation Negotiations with suppliers and customers regarding extended payments terms Ensure business continuity through enhanced technology systems to ensure certain processes can operate remotely Agile decision making to adjust stock holding to ensure availability and continued supply
	Loss of key management	Supplier/client relationships could suffer and business knowledge lost	Attractive retention initiatives and vigilant continuity planning
	Cyber crime	Loss of data and connectivity resulting in product and service delivery delays	Highest standard of IT systems and practises to reduce access to our systems and ensure quick recovery based on recovery plans in place
	Reputational risk	Loss of suppliers, customers, staff, funding and investors	Training of staff and policies to identify and report unacceptable behaviour to enable the group to act in time to reduce the reputational damage
	Loss of major supplier/client	Loss of sales	Diversifying to reduce over reliance on one supplier/client Ensure world class service delivery
Financial	Volatile foreign exchange rates	Foreign exchange losses and increases in operating costs	Manage foreign exposure through forward exchange contracts where possible, engage with parties to mitigate exposure
	Increased interest rates	Loss of earnings due to cost of funding	Reducing debt levels and continuous consultation with financial institutions to mitigate high financing costs
	Financial collapse of a major customer	Loss of cash due to non-payment of debtor's account	Effective credit control processes including collateral and credit risk insurance where possible and cost effective

Group strategy

The overarching group strategy is one of sustainable, profitable growth ahead of the prevailing economic and industry averages of the countries we are in. We believe that the power of '&' will unlock collective opportunity, group efficiency and increase our ability to react and evolve to continue to meet our clients' needs in the region, establishing ourselves as reliable partners of choice.

Our Growth Strategy

The three components of our strategy are built on a pyramid that simply reflects their weight in contributing to our growth ambitions:



How Will We Get There

Our Growth Strategy will be achieved with the following **three focuses:**

Enable growth

Each individual business needs to constantly be looking at how they can get better to accelerate their growth.

- Maintain & build competitive advantage
- Supportive structures
- Prepared people
- Scalable processes
- Future readiness: Systems that will support growth
- Insight led sales

Challenge what's working – how could we stretch and make it better, or do things differently?

Facilitate growth

Leverage our interdependence to mine and extract opportunities within the group.

- Customer base –hunting as a pack (understanding one another)
- Geographical reach – partnerships beyond borders
- Industry insights
- Technologies
- Specific expertise

Cross-pollination. Sharing. Supporting. Building muscle and capability. Leaning on the collective.

Expand growth

Expand our portfolio through mergers and acquisitions that will enhance our offerings

- Good fit
- Expand our geography
- Expand our channel reach
- Expand our services

Expand our future potential, expand our margins. Expand our ability to sustain our business over time.

1. Capability Building

The base of the pyramid is **Capability Building** in both people and the technology that will enable people to do more smarter, quicker, and therefore more efficiently. This remains fundamentally important and will be the cornerstone we will continue to build on.

2. Operational Excellence

The second layer is **Operational Excellence** and ensuring we are consistently the reliable partners that our clients depend on and that we deliver to and beyond their expectations. We ensure their products are available, visible, promoted and maintained. We need to constantly evolve our route to market methodologies to be able to work with, in and around often difficult and competitive conditions to ensure they win operationally, and their brand growth ambitions are achieved.

3. Accelerated Growth

The final thrust is **Accelerated Growth**. Growth for clients that is ahead of the category, the market, and the competition. Growth for the group that enables our people to fulfil their potential and benefit from career opportunities. Growth for all our stakeholders and ultimately our shareholders that enables our purpose: breaching borders and being a catalyst for positive impactful change and a more hopeful future in the widest possible sense in Africa.

Material focus areas

The identified risks on page 11 assisted in recognising our material focus areas, which are:

Adding value for our clients through:

- Increasing the distribution of their brands
- Growing their brands' category presence and market share with their collaboration

Adding value for our shareholders by growing the business through:

- Expanding our basket with existing suppliers/clients
- Expanding our basket by adding new suppliers/clients to our portfolio
- Expanding our service offering
- Expanding into new geographies through acquisitions
- Increasing capacity through capital investment

Adding value for our customers and consumers by reducing cost through improved efficiencies

Adding value for our employees by offering:

- Learning and development opportunities
- Reward and recognition programmes

Adding value for our communities through:

- Investing in education
- Financial contributions to charitable initiatives

Succeeding in the execution of the above focus areas will result in substantial value creation for all stakeholders over the short, medium and long-term. Our strategic objectives are directly aligned with our material focus areas to ascertain the group has its collective eye on the goal – value creation for all stakeholders.

Chief executive officer's review

It is a wonderful privilege to write my first review as CEO of the CA&S Group. I was appointed to the board early in 2019, but I have been intimately involved with the business since 2012. During this time, I was fortunate to work with the leadership team and gain valuable insight into the ways of working and the cornerstone of the group's success.

Prior to this I was the CEO and shareholder of one of the subsidiaries. I was impressed with the way the CA&S Group leadership at the time conducted their affairs; always open, transparent, innovative, honest and of course, results-driven. This philosophy empowered me to run the business and motivated me to further contribute to its overall success.

Now, when I reflect on the group's results for 2019, I am very pleased with the financial results in what was a challenging trading environment. The results are based on a combination of organic growth, a robust new business pipeline and internal efficiency gains within the major operations.

i. Botswana:

The Republic held very peaceful elections and its economic growth is estimated at 5%. The group will continue to invest in the region and see it as a platform for future expansion and internal capability building.

The operations in Botswana performed well and we are pleased with the progress made in the region, across all six businesses. Revenue growth is more than 25% which by and large is driven by new business.

ii. Eswatini:

Economic growth in Eswatini slowed in 2019. However, government has introduced initiatives to stimulate economic growth. We believe this will be a successful initiative and we will benefit as a result.

Notwithstanding the pedestrian growth, our average revenue growth across the three local operations is more than 30%. This too was primarily a result of new business and additional services.

A liquor levy of 7% was introduced in 2019, although we do not foresee it impacting alcoholic beverage volumes significantly.

iii. Namibia:

The recession in Namibia continued throughout 2019 and its affects are felt throughout the retail sector.

New clients were added to our basket and this should contribute to the bottom line in the future. We have some operational constraints, which are a result of the significant revenue growth of more than 32%, but this is being dealt with and will be resolved.

iv. South Africa:

A subdued economy has contributed to an environment where there is little or no volume growth, as a result, retailer margins are under pressure. This climate of constrained growth has necessitated that we look internally for efficiency gains through smarter resource deployment, which is enabled by technology.

Our South African businesses have performed well, they produced revenue growth of more than 34%. This is driven by organic growth, new business and an acquisition in the latter

CAPABILITY BUILDING

OPERATIONAL EXCELLENCE

ACCELERATED GROWTH

part of 2019. Our local operation continues to build capability in key areas, including people and technology and is expected to continue its drive for sustainable, profitable growth.

v. Other (Zambia, Zimbabwe, Mozambique and Lesotho):

These territories, although small by comparison to our other operations, grew revenue by an impressive 63%. These operations are strategically important to us and we intend to make use of them as a platform for future growth for new and existing clients.

Our strategic objective is responsible, sustainable and profitable growth. Achieving this in an environment that is volatile and uncertain is undoubtedly challenging. However, I am confident that our leadership team, in collaboration with clients, customers and stakeholders alike, can identify and mine the opportunities that exist.

Our focus is to remain a purpose-led business, with a clear set of guiding principles that fosters long term, mutually beneficial, client and customer partnerships.

We are fortunate to represent some of the world's best loved consumer brands; these brand owners are world-class. Their high standards and ambitious plans have contributed to making us a better business. To provide meaningful solutions to execute these plans in the various retail environments across all geographies, we have had to invest in capability building.

A significant component of capability building encompasses investment in people and developing the leadership of tomorrow, ensuring they are equipped with the right skills and technology to shape our future in a changing environment. Furthermore, clients and customers alike, expect improved effectiveness and efficiencies over time and investing in appropriate technology is enabling us to become a smarter organisation, better equipped to deliver on this expectation.

The group has enjoyed a compounded annual growth rate of 34.6% in headline earnings over the last five years. Our ambition is to continue to achieve results that are above average. To do this, we need to continue to focus on capability building, delivering excellent execution and on the back of this, our growth ambitions will be realised.

However, Covid-19 and the ramifications thereof have affected economies and industries across the globe, and we are just beginning to understand the long-term affect it will have. We support the steps taken by governments in Southern Africa to restrict the spread of the pandemic. We too have prioritised the safety of our staff and will continue to do so. Equally, our responsibility is to ensure we do everything reasonably possible to ensure business continuity and to preserve jobs. I am proud of the leadership teams across the operations who offered to take a salary sacrifice as their contribution to the overall wellbeing of the business, long before it was popular to do so.

Workstreams are in place to ensure we remain reliable, dependable and stable throughout this pandemic. Our focus was and will continue to be to help solve clients' and customers' problems by providing a suite of services they value. We are firm in the belief that by doing the rights things, rewards will come as a consequence.

There is little doubt that bricks and mortar retailing will be with us for the foreseeable future, equally our future has to include e-commerce as a platform for retail. We see this as a growth opportunity and have initiatives in place to ensure we embrace this opportunity, and it becomes a permanent offering complementing the broader business.

I want to take this opportunity to thank every employee for their contribution. It is your efforts that are the building blocks for the success we have enjoyed. To my fellow directors and the broader leadership team, you are the nucleus of this group – your efforts, passion and commitment are what make the difference. Lastly, to our shareholders and other stakeholders, thank you for your loyalty and support – it is sincerely appreciated.

In closing, I remain confident that we will overcome the challenges we are faced with, and in the process become a more resilient, focused and effective business partner that is future fit.

Duncan Lewis
Chief executive officer

Stakeholder relationships

Our stakeholders play an important role in helping us to achieve our purpose:

Employees	Our employees are our greatest asset. There is a high degree of accountability from the leadership of the business and a culture of ownership that is a hallmark of the businesses in the group. It is our aim to offer sustainable growth, enabling personal potential to be realised at every level and opportunity for career advancement. Learning and development is built into our processes, from entry level learnership programmes to role specific training, on the job coaching and leadership coaching and mentorship for senior managers. We aim to promote staff from within the businesses, and have reward and recognition programmes in place to recognise their contributions.
Clients (Brand owners)	Our clients remain at the centre of our business and it is their needs and strategies that we shape our business plans around. They want increased distribution of their brands, geographically and within various channel formats within countries. They want to grow their brands' category presence and market share by ensuring they are available, visible and promoted in the trade. They want to maximise shoppers' opportunity to see, try and buy. We deliver for them by taking sales orders, ensuring efficient storage and distribution, display and promotions – and report against these activities. We ensure their brand potential is maximised because of the unique market experience, capabilities and relationships we have in the regions we operate in. In the context of decreased margins and increasing costs where volumes are often static, they depend on us to execute their strategies effectively and efficiently. We're able to deliver performances that are regularly ahead of category norms and with the increasing liberalization of data, also more efficient.
Communities	We recognise that our communities are both the source of talent base we have to draw from and are the people who ultimately buy and consume our clients' brands. We give back to our communities across a variety of mechanisms, including proactively driving transformation and inclusion in our supply chain and procurement. We support many charities, civil and community organisations who help the most vulnerable members of our community including abandoned babies and children from pre-school to young adults. The group is moving toward a more deliberate focus on investing in education. Of all regions, sub-Saharan Africa has the highest rates of education exclusion. * According to UIS data, almost 60% of youth between the ages of about 15 and 17 are not in school. *Source: UNESCO / UIS / September 2019
Consumers	In spite of the economic environment and the strain of the everyday cost of living in the region, consumers continue to favour leading brands they can trust and rely on. We make available many of the leading consumer brands on the market, that are an entrenched part of consumers regimes. We distribute, store, sell and pack store shelves ensuring that some of the most loved brands in the world are available and accessible to consumers across the region. We enable consumer choice and improve the quality of their lives in a broad range of areas including laundry, home sanitation, personal care, food stuff, health related products, snacking and beverages as well as alcohol and tobacco products.
Customers	With the deep roots our businesses have, some over decades, we have developed strong, collaborative relationships with customers across wholesale, retail, independent channels and specialist outlets. Our customers depend on us to make the manufacturers' and brand owners' brands available to them, so they can provide shopper choice within categories that will grow their market share and businesses. We provide ordering mechanisms and replenishment services that ensure stock pressure and continuous on-shelf availability. Building promotional displays and activating brands with sampling and education help them to sell more.
Government	As corporate citizens we recognise the government bodies in each of the countries we operate in as key stakeholders in enabling our industry and the national infrastructures we depend on to deliver the services we do in the supply chain. Our aim is to establish a reputation for the group as an integrous, productive member of society that makes a valuable contribution to each country's growth, enhancing and improving the lives of all its citizens. This includes the taxes we pay and the contribution we make to building skills and people's prospects on a continuous basis both inside and outside of our organisations for greater societal good.
Investors/ Shareholders	Since listing on the Botswana stock exchange in November 2017 we have paid out R 108.4 million in dividends. We have a strong, experienced management team in place who are vested in success and a strategy that centers around accelerated but sustainable growth. A multi-focal approach will ensure that decisions are balanced and value for shareholders is unlocked and built over time.
Suppliers	We aim to treat our suppliers the way we want our clients to treat us, forging collaborative relationships that enable mutual growth rather than treat them like transactional vendors. We demand competitive pricing, quality goods and services that are reliable and beyond the price we pay, that add value to our businesses in the medium and longer term.

Value-added statement

	2019 R'000	2018 R'000
Turnover	**7 131 967**	5 555 533
Less: Cost of products and services	**5 509 603**	4 373 628
Value added by operations	**1 622 364**	1 181 905
Add: Income from investments and associates	**9 684**	11 654
Wealth created	**1 632 048**	1 193 559
Applied to:		
Employees		
Salaries, wages and other benefits	**1 050 948**	760 668
Governments	**345 796**	234 472
Corporate and indirect taxation (note 1)	**307 616**	204 872
Levies (note 2)	**38 180**	29 600
Providers of capital	**90 048**	58 624
Interest on borrowings	**42 968**	22 936
Dividends to non-controlling interests	**11 378**	9 054
Dividends to ordinary shareholders	**35 702**	26 634
Retained in the group	**145 256**	139 795
Wealth distributed	**1 632 048**	1 193 559
Note 1	**307 616**	204 872
Income taxation (excluding deferred tax)	**110 829**	73 420
Customs duties, import surcharges etc.	**196 787**	131 452
Note 2	**38 180**	29 600
Training levies	**8 320**	6 765
Skills development levy	**6 969**	5 207
Alcohol levy	**22 228**	16 896
Flour and Tobacco levy	**663**	732
Contribution to governments	**345 796**	234 472
Employee statistics		
Average number of employees	**12 421**	8 485
Turnover per employee	**574**	655
Value added per employee	**131**	139
Wealth created per employee	**131**	141

CSI

Everest Challenge Westcliff Stairs Sunflower Fund and Soup Kitchen

Our staff participated in several community initiatives during the year, including a Soup Kitchen with the Potato Foundation and the Everest Challenge, raising money for the Sunflower fund, a national registry for blood stem cell donors.

Labour that Works

We co-funded a pilot project for a newly formed social enterprise called Labour that Works, a unique initiative in South Africa who is developing a pioneering methodology for practically assessing personal work ethic, resilience and learning ability to identify individuals with potential at the unskilled, entry level of the labour market. The pilot project was to do an initial test of this methodology. Their vision is to identify and elevate hidden talent, enabling organisations to make focussed recruitment investments in people with remarkable, latent potential. They aim to empower low-skilled workers to differentiate themselves and to prepare for job interviews. The organisation intends to further assist by providing access to potential employment, employee development opportunities, mentoring and educating employees with basic life skills to enable them to break the poverty cycle in their families. The pilot was conducted in Underberg, with 19 participants spending twelve days in the programme.

Our staff in Eswatini participated in the Biggest Braai, contributing toward a fundraising initiative arranged by the Philani Maswati Charity Organisation for an outreach project that provided food hampers to 3 500 elderly beneficiaries in one of the most primitive rural areas in the country. In addition, some funds will be used to provide training for 67 local women from this community on crocheting skills, as well as polish- and soap-making to assist them become self-sufficient.

The Biggest Braai

Beyond delivering brands, the group businesses deliver social investment back into the communities and countries in which they operate. Our communities are both the source of our capability, where we draw employees from and are the consumers who buy our clients' brands.

Each business has historically responded to the greatest need in their environments and the charities, churches and organisations they have contributed to vary considerably in nature. Most of the beneficiaries, however, are characterised by their extreme vulnerability and include newborn abandoned orphans, small children, youth, vulnerable women, the aged and terminally ill. In addition, investments have supported local athletes and artists to achieve their goals, creating worthy role models for young people to look up to.

Businesses encourage employee volunteer participation, many of whom have identified causes and charities with special meaning to them. While the businesses will retain their freedom to allocate time and CSI resources available for distribution as they see fit, as a group we're moving away from a reactive strategy of making isolated donations to one of more deliberate investment in the systemic development of the communities we are part of and building a legacy that will contribute to more meaningful systemic change in life circumstances and prospects of the more vulnerable and disenfranchised amongst us. Education across the African continent is in a dire situation, in particular in our areas of operation. Many children, particularly girls, stay out of school and teachers are ill-trained and equipped to do their jobs. This will be a focus, with the goal of playing our part in assisting with the alleviation of poverty that is possible with education.

In Botswana, we renovated and adapted a 3-bedroom house for three disabled siblings.

We support the Potato Foundation's work with neglected and forgotten children, financially and with mentorship and volunteer support.

In Botswana we supported the Lady Khama Charitable Trust on several occasions through the year, including product donations for Christmas hampers, touching the lives of a hundred children at Christmas time.

In South Africa we support the Door of Hope, a charity that takes in abandoned babies by supporting their operation and "Adopt-a-Crib" in 2019.

In Namibia we contributed groceries to various charity organisations.

Chief financial officer's review

Overview

The group achieved yet another year of strong headline earnings growth, continuing the trend that has been evident over the last five years, as depicted by the table on the next page. The compounded annual growth rate of headline earnings over the last five years is 34.6%. Shareholders have received 70% more cents per share in dividends since the company was listed in 2017.

Financial performance

The following review of the group's financial performance should be read together with the annual financial statements on pages 47 to 97.

Income statement

Revenue increased by 28% to over R 7.1 billion from R 5.5 billion, through mostly organic growth. Additional supplier contracts from major multinational brand owners were awarded to our subsidiaries, in the latter part of the year, for distribution in various regions in which we currently operate. A continued focus on margin retention, stock management and cost efficiencies assisted in attaining an increase in gross profit of 24%, to just over R 1.0 billion and 28% in headline earnings to R 230.4 million from R 179.4 million in the prior year.

The increase in other operating income was mostly due to an agreement into which Pack 'n Stack (PnS) management entered with Imperial management, whereby Imperial subcontracted their sales and merchandising business to PnS from 1 April 2019. Subsequently, PnS management agreed to purchase the customer contracts from Imperial, subject to Competition Tribunal approval which was obtained in September 2019. The parties agreed on an early termination settlement of the original service agreement. This settlement fee is included in other operating income. This agreement also resulted in increased employee costs and legal expenses, et alia, contributing to the 34% increase in operating expenses. The additional customer contracts contributed to increased revenue which will, with the planned restructuring, contribute positively to the bottom line in the future.

The depreciation charge for the year increased with R 29.6 million on the additional right-of-use assets, reported as operating lease expenses in the prior year, in accordance with the required treatment as per the new accounting standard: IFRS 16 *Leases*. The related operating lease expense reduced by R 3.2 million, resulting in a positive IFRS 16 impact on profit before interest and tax, of R 3.6 million.

Goodwill of R 56.9 million arising on the acquisition of SMC Brands Namibia has been further impaired by R 30 million this year (2018: R 13.5 million), based on the reassessment of the cash generating unit's future cashflows, negatively impacting the profit for the year. Margins of one of the supplier's contracts have been reduced and the market in Namibia is also under economical strain.

An equity accounted investment in South Africa (30% of IBP Africa Trading) was acquired during the year, for R 12 million. This investment was subsequently impaired due to the extent of the losses incurred and the lack of available financial information. This impairment has also increased other operating expenses.

Finance costs increased by 87% compared to the prior year partly due to the full year impact of the financing cost of the properties in Botswana, compared to six months in the prior year. These properties were acquired in June 2018. The increase in finance cost is R 8.8 million compared to the prior year. Finance cost also increased by R 7.1 million due to the new treatment of previously called "operating leases", in accordance with IFRS 16 as stated above. The net result of the IFRS 16 accounting treatment, reduced profit before tax by R 3.5 million.

REVENUE
▲
28.4%

DIVIDEND PER SHARE DECLARED
▲
28.8%

HEADLINE EARNINGS PER SHARE
▲
27.9%

The group's effective tax rate increased to 31.3% mainly due to the non-taxable impairment expenses of R 43.1 million in the current year.

The appreciation of the South African Rand to the Botswana Pula at year-end (R 1.34/P), compared to the 2018 year-end (R 1.32/P), resulted in a foreign currency translation loss of R 7.6 million on the translation of foreign operations.

Five year review

	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
Consolidated income statements					
Revenue	**7 131 967**	5 555 533	4 838 511	4 030 606	3 585 284
Profit before tax and income from associates	**333 301**	272 712	221 554	193 681	139 811
Share of results from associated companies	**1 031**	3 191	464	(5 274)	12 187
Profit before income tax	**334 332**	275 903	222 018	188 407	151 998
Income tax	**(94 819)**	(76 897)	(56 969)	(42 227)	(34 739)
Normalised profit for the year from continuing operations	**239 513**	199 006	165 049	146 180	117 259
Impairments and investment losses or gains	**(31 167)**	(27 000)	6 798	(9 757)	-
Profit for the year from continuing operations	**208 346**	172 006	171 847	136 423	117 259
Owners of the parent	**187 820**	152 755	144 737	109 882	87 257
Non-controlling interests	**20 526**	19 251	27 110	26 541	30 002
Consolidated statements of financial position					
Property, plant and equipment	**511 522**	419 062	100 807	97 129	84 645
Intangible assets	**504 944**	540 236	566 591	533 939	534 571
Investments	**13 109**	13 923	16 273	45 261	85 260
Deferred income tax assets	**26 675**	9 989	12 470	6 002	6 353
Current assets	**2 054 661**	1 573 723	1 397 805	1 089 679	1 007 355
Total assets	**3 110 911**	2 556 933	2 093 946	1 772 010	1 718 184
Stated capital and shareholders' equity contributions	**833 348**	833 348	841 526	708 944	708 944
Other reserves	**25 734**	30 264	14 398	14 042	21 901
Retained earnings	**551 524**	411 569	286 145	236 122	121 322
Non-controlling interest	**56 950**	52 468	41 799	66 712	54 522
Long-term borrowings	**317 396**	301 268	23 308	24 484	42 527
Deferred income tax liabilities	**6 737**	5 328	4 224	4 661	8 475
Current liabilities	**1 319 222**	922 688	882 546	717 045	760 493
Total equity and liabilities	**3 110 911**	2 556 933	2 093 946	1 772 010	1 718 184

Financial position

The increase in property, plant and equipment relates mainly to the addition of right-of-use assets, previously treated as lease expenses, due to the change in accounting treatment, in line with IFRS 16. The closing book value of these assets is R 57.3 million of which R 39.8 million relates to rented offices and warehouses. The group has also increased its owned assets with R 52.2 million, most of which are vehicles, to facilitate the expansion as a result of additional supplier contracts as well as the replacement of existing fleet. Additional leased vehicles to the value of R 28.2 million were also acquired.

Intangible assets declined to R 504.9 million, primarily due to the goodwill impairment of SMC Brands Namibia of R 30.0 million, as mentioned above.

Investments accounted for using the equity method declined mainly due to the disposal of a minor associate, Edge Logistics, to the value of R 0.5 million. The foreign exchange rate had a further negative impact.

Net working capital increased to R 798.1 million from R 649.8 million in the prior year, as a result of increased revenue as well as new supplier contracts. Working capital per turnover reduced as focus remains on optimising working capital levels.

Net borrowings (total borrowings less cash and cash equivalents) increased to R 277.4 million from R 250.1 million in the prior year, due to the addition of lease liabilities, previously recorded as operating lease expenses in the statement of comprehensive income (IFRS 16). The value of these liabilities is R 60.8 million at year end.

The group's provisions have increased substantially as a result of the increased incentive provisions based on the profit growth as well as increased leave provisions due to the increased staff compliment from the contracts taken over by PnS, as described above.

Deferred tax assets for the group increased by R 16.7 million due to the increase in provisions and the tax loss of Wutow Trading. The deferred tax asset of Wutow is deemed recoverable as the company estimates future taxable income based on the expected additional sales from the additional supplier contracts obtained during 2019.

Cash flow

Cash inflows from operating activities decreased to R 201.2 million from R 224.0 million in the previous year, due to the increased working capital investment, finance cost and tax payments.

There was capital expansion of R 52.2 million to replace current fleet and to service the new supplier contracts awarded to the group, mentioned earlier. Outflows from financing activities include the purchase of the remaining non-controlling interest in a sales and merchandising hardware business. Additional borrowings were obtained and facilities were increased to finance increased working capital requirements as a result of the new contracts awarded. Total dividends of R 63.7 million were paid during the year compared to R38.5 million in the previous year.

Dividend

In light of the group's solvency and liquidity status, the company declared a dividend, in line with the dividend policy, of 10.2574 cents per share on 18 March 2020.

Outlook

CA&S is confident that the strong set of financial results for the year ended 31 December 2019, together with a healthy balance sheet, sets a solid platform for future growth, albeit not at the levels expected for 2020, before the COVID 19 outbreak. The additional supplier contracts obtained during the last quarter of 2019 were going to bolster the sales growth significantly but the ban on sales of alcohol and tobacco products had a significant impact on the group's sales for quarter two of 2020, thus far. The total impact cannot be quantified as yet as it is still unknown at this point, when the ban will be lifted and the lockdown in countries will be suspended.

Acknowledgements

I would like to thank each individual, involved in the checks and balances, for their contribution to the 2019 financial reporting and disclosures.
I would also like to state my appreciation for their continued commitment to the safekeeping of the group's assets. Thank you as well to our shareholders for your continued investment in our group.

FJ Reichert
Chief financial officer

Summary of ratios and statistics

		2019	2018
Ordinary share performance			
Number of ordinary shares upon which headline earnings per share is based	(000)	**448 986**	447 225
Headline earnings per ordinary share	(cents)	**51.31**	40.11
Dividends paid per ordinary share	(cents)	**7.96**	5.99
Dividend cover	(times)	**4.08**	4.26
Net asset value per ordinary share	(rand)	**3.14**	2.84
Profitability and asset management			
Asset turnover	(times)	**2.29**	2.17
Working capital per R 1 000 turnover	(rand)	**111.91**	116.96
Operating margin	(%)	**4.72**	4.68
Effective taxation rate	(%)	**31.28**	30.89
Return on equity	(%)	**14.20**	12.96
Financing			
Current ratio		**1.80**	1.94
Net interest cover	(times)	**4.85**	7.50
Economic indicators			
Key closing exchange rates at 31 December vs ZAR			
– USD		**14.0001**	14.3467
– Botswana pula (BWP)		**1.3203**	1.3407
– Mozambican metical (MZN)		**0.2282**	0.2333
– Zambian kwacha (ZMW)		**0.9982**	1.2056
Stock exchange statistics			
Market price per share (Botswana thebe)			
– year-end		**377**	378
– highest		**378**	378
– lowest		**377**	351
Number of transactions		**86**	133
Number of shares traded	’000	**10 107**	52 432
Value of shares traded	(BWP’000)	**38 105**	195 346
Number of shares traded as a percentage of total issued shares	(%)	**2.25**	11.69
Price earnings ratio at year-end		**9.70**	12.63
Market capitalisation at year-end	(BWP’000)	**1 693 557**	1 695 406

GOVERNANCE REVIEW

Our board of directors

Executive

Duncan Lewis 51

South African

Chief Executive Officer

Appointed 9 April 2019

Duncan began his career in industrial marketing. He joined Pack 'n Stack in 2003 and was appointed CEO in 2013. He has a deep knowledge of the workings and challenges of the FMCG industry and competitive landscape and excel in developing and executing strategies that drive market differentiation, sustainable growth and profit, leading to increased shareholder value.

Non-executive

Frans Britz 53

CA(SA)

South African

Non-executive director

●

Appointed 8 December 2011

Frans has been the financial director of JSE listed companies and involved in FMCG related businesses for more than 17 years.

Nico de Waal 44

B.Eng (Mech) Cum Laude, MBA

South African

Non-executive director

●

Appointed 8 December 2011

Nico served as a management consultant for eight years, specialising in strategy and operations. Prior to joining PSG Group, he was an executive at SABMiller plc. Currently he serves as the CEO of PSG Alpha Investments (Pty) Ltd.

Johan Holtzhausen 49

B.Iuris (Cum Laude) LLB, HDip Tax

South African

Non-executive Chairman

●

Appointed 8 December 2011

Johan has been involved with numerous listings, mergers and acquisitions, cross border transactions (including most SADC countries), and prominent BEE and private equity transactions in South Africa and abroad.

Trevor Rogers 68

South African

Non-executive director

Appointed 6 June 2012

Trevor has over 40 years of experience in the FMCG industry as managing director and chief executive officer with extensive knowledge of manufacturing, managing brand leaders, as well distribution agencies in African markets.

● Audit and Risk Committee ● Social and Ethics Committee ● Remuneration Committee

How our Board creates and preserves Value

Roles & responsibilities of the board

The board's key roles and responsibilities include, inter alia, the following:

- Ultimate accountability and responsibility for the performance and affairs of the group
- Leading ethically, by example, and governing the corporate citizenship of the group
- Setting the group's strategic objectives with a focus on value creation
- Ensuring an effective control environment including risk management and compliance with applicable laws, codes and standards
- Promoting the interests and expectations of stakeholders

Board composition

The board has nine directors, comprising eight non-executive directors and one executive director. Board composition is of enormous importance and there are three critical dimensions:

- Creating the right balance of skills and experience
- Maintaining a strong level of independence and objectivity and
- Ensuring that all directors have sufficient knowledge of the company and the context in which it operates.

Audit and risk committee

The audit and risk committee (ARC) oversees financial reporting and the effectiveness of the risk management process, as well as policies and internal controls.

Social and ethics committee

The committee's primary role is to supplement, support, advise and provide guidance on the company's value system surrounding ethical standards and social responsibility.

Remuneration committee

The committee approves remuneration strategies and recommends the remuneration policies for non-executive directors' fees.

Independent non-executive

Leon Cronje 63

CA(SA)

South African

Independent non-executive director

Appointed 2 September 2019

Leon served in managerial financial positions since 1983. He retired as CFO of Pioneer Foods in 2015 after serving in that positions for 16 years. Since then, he served as an independent director on numerous boards.

Blackie Marole 64

MA (Economics)

Motswana

Independent non-executive director

Appointed 7 November 2017

Blackie spent 21 years of his career in the civil service where he reached the highest post in the Ministry of Energy, Water and Minerals Resources as its Permanent Secretary. He was also the CEO of Debswana and provided oversight as director and/or chairman of various national and international boards.

Elias Masilela 55

BA (Social Sciences), MSc (Economic Policy and Analysis)

South African

Independent non-executive director

Appointed 7 November 2017

Elias currently holds various positions including executive chairman and director. Previously he held various senior positions including chief executive officer of the Public Investment Commission, director of the South African Reserve Bank and deputy director general of the South African National Treasury.

Badal Patel 38

CA(UK)

British

Independent non-executive director

Appointed 6 November 2014

Badal has over 16 years of extensive business experience ranging from banking, mergers and acquisitions, investment management, financial analysis, audit and assurance, business and compliance consulting.

Jean Craven 47

B. Com Accounting

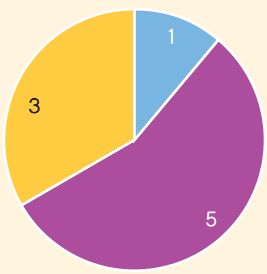
South African

Alternate director to B Patel

Appointed 17 April 2012

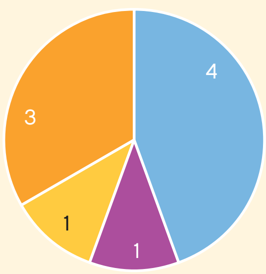
Jean has more than 18 years of experience in building and managing commodity trading businesses at leading South African financial institutions.

COMPOSITION



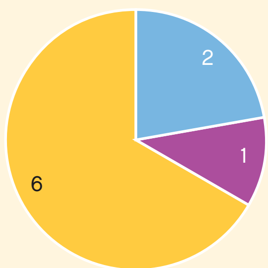
- Executive
- Non-executive
- Independent non-executive

TENURE



- 0 – 3 years
- 4 – 5 years
- 6 – 7 years
- 8+ years

RACE



- Black
- Indian
- White

Corporate governance review

Sound corporate governance is an integral part of the group's success in achieving its strategic objective to create sustainable value. The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure the group's strategic objectives. The board is accountable and responsible for the performance and affairs of the company. CA&S' board of directors is committed to implementing sound corporate governance principles.

Board of directors

The board comprises directors who bring a diverse range of industry knowledge and experience to the board and exercise their judgement freely and independently. The board sets strategic objectives, monitors and reviews management's performance, and embeds a culture of ethical leadership in the group. It delegates to management and committees, certain functions to assist it in properly discharging its duties. Every committee has terms of reference and a work plan that are reviewed annually, and the directors confirm that all committees functioned in line with these terms of reference during the year. Committee members have the required skills to execute each mandate.

The board met four times during the year.

Director changes

The names of the directors serving at the end of the year under review and their biographical details are set out on page 24 and 25. The board appointed Leon Cronje as director on 2 September 2019.

The chief executive officer

The CEO, Duncan Lewis, reports to the board. He is responsible for overseeing execution of the board-approved strategic direction and objectives of CA&S. The CEO is not a member of the audit and risk or the remuneration committees but attends meetings by invitation.

Audit and risk committee

The audit and risk committee (ARC), executes all statutory duties in terms of section 94 of the South African Companies Act, and complies with all legislative and regulatory requirements. It operates in accordance with the South African Companies Act, and the King Code on corporate governance.

The ARC currently comprises four non-executive directors. Blackie Marole, Elias Masilela and Badel Patal have been appointed by the shareholders at the annual general meeting held on 25 June 2019. Leon Cronje has been appointed by the board on 2 September 2019.

The ARC met twice during the year.

Continual focus areas:

- Considering principles of King IV
- Mandatory audit firm rotation proposal
- Appointment of an internal audit and risk compliance officer
- Risk management

Company secretary

All directors have unlimited access to the services of the company secretary. The company secretary ensures proper administration of proceedings and matters relating to the board, the company and shareholders, in line with applicable legislation and procedures. The company secretary is responsible for the submission of the annual compliance certificate to the BSE and 4AX. The company secretary is the secretary at all meetings of the board, audit and risk committee, and social and ethics committee.

Internal audit and compliance officer

The group is in the process of appointing an internal audit and risk compliance officer. The internal audit function will provide independent assurance on the adequacy and effectiveness of the system of internal controls that maintain significant business risks at an acceptable level. The purpose, authority and responsibility of the internal audit function will be consistent with the Institute of Internal Auditors' definition of internal auditing and to the principles of King IV.

External audit

PricewaterhouseCoopers Inc., the external auditors, provide stakeholders with an independent opinion on the annual financial statements of the group and company.

Social and ethics committee

In line with the requirements of the South African Companies Act, CA&S has established a social and ethics committee to act as the company's social conscience and take into account public and stakeholder interests in the company's operations. The committee's chairman is Nico de Waal and the two members are Duncan Lewis and Frans Britz, as appointed by the board. The committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval of social and ethical matters, and in ensuring that the company is a committed socially responsible corporate citizen. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The commitment to sustainable development involves ensuring that the company conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of social and ethics and sustainable development related matters which, inter alia, include the following:

- Environmental management
- Climate change
- Ethics management
- Safety and occupational hygiene
- Health and wellness, including occupational health
- Social Labour Plans (SLP) as well as any Corporate Social Investment (CSI)
- HR development and transformation
- Stakeholder engagement
- The protection of company assets

Remuneration committee

The remuneration committee comprises Johan Holtzhausen and Elias Masilela both being non-executive directors. The committee members are responsible for assisting the board to ensure the group's reward and remuneration policies are aligned to its objective of value creation and benchmarked to ensure fairness and competitiveness.

In line with the requirements of King IV, CA&S has finalised the remuneration policy for the company. The remuneration report, including the implementation report is on page 30 to 37.

The committee, on the board's behalf:

- Approves remuneration strategies and policies designed to attract, motivate and retain employees, senior management and directors in achieving the group strategy to create value
- Recommends the remuneration policy and implementation reports to shareholders
- Recommends non-executive directors' fees for approval by shareholders

The committee met once during the year.

Member attendance

	Board	Audit and risk	Remuneration
Number of meetings	4	2	1
Frans Britz	4		
Leon Cronje*	2	1	
Nico de Waal	4		
Johan Holtzhausen	4		1
Duncan Lewis	4		
Blackie Marole	4	2	
Elias Masilela	4	2	1
Badal Patel	4	2	
Trevor Rogers	4		

** Appointed in September 2019*

Statement of compliance

(i) Botswana Stock Exchange Limited & 4 Africa Exchange

The company is subject to and remains compliant with the listings requirements of the BSE and 4AX.

(ii) South African Companies Act 71 of 2008

The company ensures compliance to the Act.

(iii) King IV report on corporate governance for South Africa, 2016 (The Code)

The company is committed to the highest standards of business integrity and ethical leadership and wholly subscribes to the principles of good corporate governance as articulated in the Code.

The group is committed to achieve an ethical culture, good performance, an effective control environment and legitimacy as advocated in the King IV Report on Corporate Governance for South Africa, 2016 ("King IV").

Set out below is the references to the annual integrated report ("AIR"), explaining the company's compliance with the applicable 16 principles in King IV:

Principle	Application / Explanation
1. The governing body should lead ethically and effectively.	• Corporate governance section in the AIR, page 26
2. The governing body should govern the ethics of the group in a way that supports the establishment of an ethical culture.	• Corporate governance section in the AIR, page 26
3. The governing body should ensure that the group is and is seen to be a responsible corporate citizen.	• Chairman's letter, page 8 • Corporate social investment section in the AIR, page 26 • Corporate governance section in the AIR, page 26
4. The governing body should appreciate that the group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	• Organisational overview section, page 2 • CEO's report, page 14 • CFO's report, page 20 • Corporate governance section in the AIR, page 26
5. The governing body should ensure that reports issued by the group enable stakeholders to make informed assessments of the group's performance, and its short-, medium- and long-term prospects.	• AIR in its entirety • All other announcements published on the Botswana Stock Exchange and 4 Africa Exchange News Services
6. The governing body should serve as the focal point and custodian of the corporate governance in the group.	• Corporate governance section in the AIR, page 26
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	• Details of the board of directors, page 24 • Corporate governance section in the AIR, page 26
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	• Corporate governance section in the AIR, page 26
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	• Corporate governance section in the AIR, page 26
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	• Corporate governance section in the AIR, page 26

Principle	Application / Explanation
11. The governing body should govern risk in a way that supports the group in setting and achieving its strategic objectives.	• Chairman's letter, page 8 • CEO's report, page 14 • CFO's report, page 20 • Corporate governance section in the AIR, page 26
12. The governing body should govern technology and information in a way that supports the group setting and achieving its strategic objectives.	• Corporate governance section in the AIR, page 26
13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the group being ethical and a good corporate citizen.	• AIR in its entirety • Corporate governance section in the AIR, page 26
14 The governing body should ensure that the group remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	• Remuneration report in the AIR, page 30
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the group's external reports.	• Corporate governance section in the AIR, page 26 • Audit and risk committee report in the AIR, page 38
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the group over time.	• AIR in its entirety • All other announcements published on the Botswana Stock Exchange and 4 Africa Exchange News Services

Remuneration report

PART 1: REPORT FROM THE REMUNERATION COMMITTEE

A. Remuneration within an investment holding company

CA&S Group is an investment holding company with almost 70% of its total assets represented by independently managed unlisted investments, each with its own remuneration policy designed specifically for its business and the industry in which it operates. An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will procure long-term value creation for shareholders. The remuneration policy for such an investment holding company therefore needs to be conducive to driving long-term decision-making in order to achieve the company's objectives.

Accordingly, the primary responsibilities of the CA&S Group Remuneration Committee ("Remcom" or "Committee") are to:

- Oversee the remuneration and incentives of CA&S Group's executives and other employees at head office to ensure it is fair and responsible toward such individuals as well as the company (i.e. shareholders and other stakeholders);
- Review CA&S Group's non-executive director fees and make appropriate recommendations to shareholders for approval thereof; and
- Provide guidance to the heads of unlisted companies forming part of the broader CA&S group of investments.

The Remcom comprises myself as chairman and Elias Masilela. We are both non-executive directors of CA&S Group. After comprehensive prior consultation with management, the Committee held one formal meeting during the past year on 12 March 2019, and all members were present.

B. CA&S Group's remuneration philosophy

CA&S Group aims to align remuneration practices with its business strategies to deliver on its stated objective of sustainable long-term value creation for shareholders through a combination of share price appreciation and the payment of dividends.

Remuneration practices should always be fair and responsible to both the employee and the company (i.e. shareholders and other stakeholders), while continuously reporting thereon in a transparent manner.

CA&S Group has provided its shareholders with superior returns over the past two years since listing its shares in the open market.

Sustainable value creation will always depend on, among other, CA&S Group attracting and retaining the services of talented executives and employees. To achieve this, CA&S Group's remuneration practices need to be appropriate and competitive.

PART 2: REMUNERATION POLICY

The Remcom has introduced an appropriate remuneration policy for CA&S Group's head office employees (including CA&S Group's executive director) to help drive long-term decision-making in order to ultimately deliver on CA&S Group's stated objective of sustainable long-term value creation for shareholders. CA&S Group's most significant successes to date have been early-stage investments, the likes of CA Sales & Distribution, SMC Brands, Pack 'n Stack and Logico. As with any start-up business, it may take years to determine its success, and it will be imperative for management to maintain a long-term focus to help achieve this. It would therefore be irrational to remunerate executives based on meeting short-term operational targets or when making new investments. The policy has consequently been designed to suitably align the interests of employees with those of shareholders – if CA&S Group shareholders do well, the employees will do well, and *vice versa.*

1. Providing context to CA&S Group's ("CA&S") operations at head office level

1.1 As at 31 December 2019, the total number of employees at head office level comprised of three individuals. They were the chief executive officer ("CEO"), the chief financial officer ("CFO") and the group financial manager.

1.2 Accordingly, the CA&S Group's head office employment costs are limited to that of the aforementioned three employees. For the year ended 31 December 2019, CA&S Group's head office total employment costs (STF, STI and LTI) amounted to approximately 0.86% (2018: 1.3%) of the entire CA&S Group's total salary expense.

1.3 The CA&S Group's head office is supported by members of the group's executive committee ("senior executives") and other senior management. The senior executives are CEO's or directors of subsidiaries or associates of the CA&S Group. Their salaries and related expenses are borne by the subsidiaries or associates where they are employed.

2. Executives and employees

2.1 The remuneration of CA&S Group's executives and senior executives (collectively "the executives") are reviewed annually by the Remcom, which seeks to ensure that balance is maintained between the fixed (base salary – STF) and variable (incentives – STI and share options – LTI) elements of remuneration, as well as between short-term (base salary – STF and incentives – STI) and long-term (share options – LTI) financial performance objectives. The Remcom takes cognisance of both local and international best remuneration practices to ensure that remuneration is fair and responsible to both the company (i.e. shareholders and other stakeholders) and the executives.

2.2 The table below provides an overview of the various groups pertaining to executives and their respective remuneration components:

Group	Focus	Strategic view	Remuneration	Longest period of remuneration deferral
CEO and CFO	Formulate, drive and oversee implementation of strategy	Longest term	Base salary (STF), incentives (STI) share options (LTI)	Five years
Executives (excluding CEO and CFO)	Strategy implementation	Long term	Base salary (STF), incentives (STI) share options (LTI)	Five years
Other staff	Support (administration)	Short term	Base salary (STF), discretionary bonus (STI)	One year

2.3 Total remuneration incorporates the following components

2.3.1 Base salary (STF)

Base salary is an agreed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the Remuneration Committee meeting evaluating the prior year's performance of the group and its executives. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market related.

The total base salary is paid over a period of 12 months.

Benefits, forming part of total cost to company, are limited to:

- Group life cover (providing death, disability and dread disease benefits);
- Membership to a retirement fund.

Remuneration report continued

2. Executives and employees continued

2.3.2 Discretionary bonuses (STI)

The success of CA&S Group can be attributable to operational and financial performance of the underlying subsidiaries and associates in the group. Although part of the CA&S Group, the day-to-day activities and operations of each business is mostly independent from the rest of the group and as such businesses are managed fairly autonomously by their respective management teams.

It is therefore imperative that senior management in each operation is awarded not only on group results, but also on the performance of the respective subsidiary or associate they are responsible for.

The executives therefore qualify for yearly short term incentives (STI) based primarily on the financial performance of the subsidiary or associate they are responsible for, as well as individual key performance measures agreed each year. A component of the STI is, however, based on the financial performance of the CA&S Group, to ensure the executives continue to play a key role in the group.

STI's will range between 20% and 150% of total cost to company, depending on seniority and performance of the subsidiary or associate.

2.3.3 Share options (LTI)

CA&S Group's shareholders adopted a share incentive scheme at CA Sales Holdings Limited's AGM held on 25 June 2018. In terms of the scheme, CA Sales Holdings Limited share options are awarded to executives and other qualifying employees with the primary objectives of retaining their services and aligning their interests with those of shareholders, being sustainable value creation through a combination of share price appreciation and the payment of dividends over the long term.

A key feature of CA&S Group's share incentive scheme is that participants will only benefit if there is long-term share price appreciation. This should ultimately depend on sustained recurring earnings per share growth by CA&S Group, and management's ability to continuously grow revenue and earnings of all subsidiaries and associates as well as the success of new value adding acquisitions to the group.

The share incentive scheme also ensures a rolling long-term focus for participants, considering the annual vesting of share options in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date and consequent award top-ups as detailed below.

2.4 Mechanics of the share incentive scheme (LTI)

2.4.1 Award

Share options are awarded annually at the discretion of the Remcom.

The number of share options to be awarded is calculated using a mathematical formula based on the respective participant's base salary and a multiple of between 1x and 5x applied thereto, depending on the participant's seniority and accordingly the level of responsibility assumed within the organisation, subject to his/her performance as assessed by the Remcom. In calculating the annual share option awards, the strike value of unvested share options and where applicable funded investments are taken into account.

All share options are awarded at a strike price equal to CA&S Group's 30 or 60 day volume weighted average traded share price immediately preceding such award date (i.e. awarded at the ruling market value), thereby creating an embedded performance hurdle whereby participants will only benefit from the share incentive scheme if there is long-term share price appreciation and thus value creation for CA&S Group's shareholders.

2.4.2 Vesting

The Remcom has introduced additional performance measures as vesting conditions for share options awarded on or after 14 March 2018. The result being that share options will continue to vest in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date, but subject to the following condition:

- Share options from the share incentive scheme will generally only vest on condition that the participant is in service of CA&S Group on vesting date.

2.4.3 Termination of service

In the case of resignation, dismissal or early retirement (before attaining the age of 60 years) of a participant (i.e. bad leaver), unvested share options are generally forfeited.

In the case of the death, permanent disability, compulsory retirement (attaining the age of 65 years) or retrenchment of a participant (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.

In the case of the termination of employment for any reason other than dismissal, the Remcom may in its absolute discretion permit the exercise of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of early retirement of an executive).

2.4.4 Loan funding (related to LTI)

Loan funding has been made available to participants of the share incentive scheme to assist them in exercising their share options and to remain invested in CA&S Group, on the following terms:

- Maximum loan funding of 90% of the strike value and section 8C income tax payable in respect of the vesting of share options (i.e. a minimum cash deposit of 10% is required from the participant);
- The borrower shall be required to pledge such a number of shares as is equal to 150% of the loan value;
- Interest accrues on the outstanding loans at the South African Revenue Service fringe benefit rate; and
- Loans are repayable in full after three years.

Share options could also be settled on a "net-equity basis" (i.e. the participant's after-tax upside will be settled through the issue of fully paid-up CA&S Group shares to the participant, and CA&S Group will pay over the related section 8C income tax payable in cash on the participant's behalf).

2.5 Termination of employment benefits

CA&S Group employees (including the executives) are not entitled to any payments upon termination of their service, except for those provided for in law (e.g. accrued annual leave and retrenchment payments).

2.6 Gender pay parity

CA&S Group fully subscribes to the equal pay for work of equal value philosophy, and consequently there is no pay differentiation on the basis of gender.

3. Non-executive directors

The remuneration of non-executive directors is reviewed annually by the Remcom, which seeks to ensure that fees are market related considering the nature of CA&S Group's operations, for approval by shareholders. Changes to the fee structure will be effective 1 July, subject to approval by shareholders at CA&S Group's AGM held in June of each year.
The annual fees payable to non-executive directors are subject to the attendance of meetings.

CA&S Group also pays all reasonable travelling and accommodation expenses incurred by non-executive directors to attend board and committee meetings.

CA&S Group's non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment and do not participate in the CA&S Group's share incentive scheme.

The proposed fee structure for CA&S Group's non-executive directors, which will be presented to shareholders for approval at CA&S Group's upcoming AGM on 29 June 2020, is set out in the table below (excluding value-added tax, to the extent applicable):

	Fee per meeting from 1 Jul 2020 R	Fee per meeting 2019 R	Increase %
Board	**26 875**	25 000	7.5
Audit and Risk Committee	**10 750**	10 000	7.5
Remuneration Committee	**10 750**	10 000	7.5
Social and Ethics Committee	**10 750**	10 000	7.5

Voting at upcoming AGM

Both CA&S Group's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes thereon at CA&S Group's upcoming AGM to be held on 29 June 2020. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, CA&S Group will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns, always with due regard to meeting CA&S Group's stated business objectives while being fair and responsible toward both the employee and shareholders.

J Holtzhausen
Chairman: CA&S Group Remcom

25 May 2020

Remuneration report continued

PART 3: IMPLEMENTATION REPORT

The Remcom confirms that CA&S Group complied with its remuneration policy in all respects for the year ended 31 December 2019.

All components of remuneration paid to CA&S Group's executives and non-executive directors in accordance with CA&S Group's remuneration policy are comprehensively disclosed and reported on herein.

1. Executive directors and CFO remuneration

1.1 Total (single figure) remuneration

The table below provides information on the total ("single-figure" as contemplated in King IV) remuneration, both long-term ("LTI") and short-term ("STI"), of CA&S Group's executives:

		STI		LTI	
	Basic Salary	Incentive Bonus	Total short-term remuneration	Gains from exercise of share options	Total remuneration
For the year ended 31 December 2019					
DS Lewis	**1 925 000**	**–**	**1 925 000**	**–**	**1 925 000**
FW Britz	**–**	**3 247 347**	**3 247 347**	**6 346 270**	**9 593 617**
FJ Reichert	**1 901 568**	**926 422**	**2 827 990**	**–**	**2 827 990**
	3 826 568	**4 173 769**	**8 000 337**	**6 346 270**	**14 346 607**
For the year ended 31 December 2018					
FW Britz	3 285 320	3 500 000	6 785 320	15 675 901	22 461 221
T Rogers	–	1 750 000	1 750 000	15 678 608	17 428 608
FJ Reichert	1 509 462	600 000	2 109 462	–	2 109 462
	4 794 782	5 850 000	10 644 782	31 354 509	41 999 291

D Lewis was appointed as CEO from 1 June 2019. F Britz resigned as CEO on 31 December 2018 but stayed on in an acting capacity as a consultant, after emigrating to the United States of America. He was then appointed as non-executive director on 1 June 2019. The bonus and gains from exercise of share options of F Britz were in lieu of his service as CEO during the 2018 financial year.

The bonus and gains from exercise of share options of T Rogers in 2018 were in lieu of his service as executive director during the 2017 financial year.

The share options of D Lewis and F Reichert only became exercisable on 1 April 2020. Consequently, there were no gains made by them with the exercise of share options in the financial year ended 31 December 2019.

Benchmarking

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that an individual assumes to ensure that remuneration is market-related.

For this purpose, PwC's most recent *Executive directors: Practices and remuneration trends* report (published in July 2019) containing comprehensive independent market research on the remuneration of executive directors, was consulted.

The table below benchmarks the CA&S Group CEO and CFO's base salary, with no discretionary bonus, for the year ended 31 December 2019, against the total of the median, total guaranteed pay of the CEOs and CFOs of JSE-listed small cap, consumer staple sector companies.

R'000	CA&S Group	Benchmark 2018
	(annualised)	
CEO	**2 888**	6 706
CFO	**1 902**	3 955

1.2 STI

CA&S Group's STI consequently comprises the following:

	Fixed STI	Variable STI
Executives	**base salary**	**discretionary performance-based bonus**
Support staff	**base salary**	**discretionary bonus**

Fixed STI

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year.

Base salary increases are determined with reference to the South African inflation rate and other generally accepted benchmarks, always with due regard for market-comparable remuneration. The average base salary increases (as approved by the Remcom) for CA&S Group employees for the financial year commencing 1 March 2020 are set out in the table below:

	Increase %
CEO and CFO	**5**
Senior executives	**5**
Support staff	**5**

Variable STI

Discretionary performance-based bonus

CA&S Group's executives are eligible for discretionary bonuses, subject to meeting financial indicators. Such discretionary bonuses amounted to approximately R4.2 million (2018: R5.6 million) in total for the year ended 31 December 2019.

Benchmarking STI

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market related.

For this purpose, PwC's most recent *Executive directors: Practices and remuneration trends* report (published in July 2019) containing comprehensive independent market research on the remuneration of executive directors was consulted.

The table below benchmarks the CA&S Group CEO and CFO's discretionary performance-based bonus for the year ended 31 December 2019 against the total of the average short-term incentives of JSE-listed small cap companies (no median or industry-specific data published) as per PwC's *Executive directors: Practices and remuneration trends* report:

R'000	CA&S Group	Benchmark 2018
CEO	**3 247**	3 580
CFO	**926**	1 933

The table below sets out the total of the CA&S Group CEO and CFO's STI for each of the past three financial years compared to CA&S Group's headline earnings and market capitalisation (net of treasury shares) as at year-end:

				STI as percentage of	
Reporting date	STI* Rm	Headline earnings Rm	Market capitalisation as at year-end Rm	Headline earnings %	Market capitalisation as at year-end %
31 December 2017	9.5	136.9	1 971	6.94	0.48
31 December 2018	10.6	179.4	2 273	5.91	0.47
31 December 2019	**8.0**	**230.4**	**2 236**	**3.47**	**0.36**

** Includes base salary and discretionary performance-based bonuses earned*

CA&S Group's support staff remain eligible for discretionary bonuses, subject to meeting company key performance objectives. The total of such discretionary bonuses paid amounted to R 0.25 million (2018: R 0 million) for the year ended 31 December 2019.

Remuneration report continued

1. Executive directors and CFO remuneration continued

1.3 LTI

Share incentive scheme

A key feature of CA&S Group's share incentive scheme is that participants, including the executive director, will only benefit if there is long-term share price appreciation and thus value creation for all CA&S Group shareholders as share options are awarded at the ruling market price on award date (as detailed in the remuneration policy). If shareholders do well, employees will do well, and *vice versa.*

CA&S Group's two executives have either served within the broader group or in their respective current capacities since inception of CA&S Group.

Evaluating executives' LTI

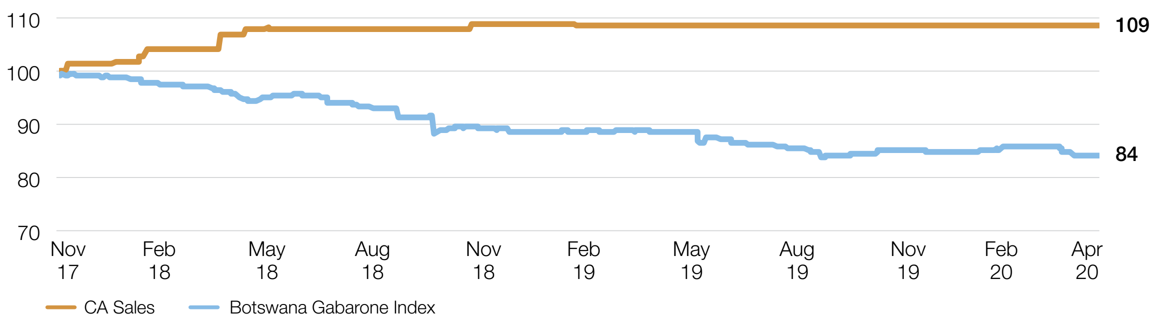
The significant gains from exercise of share options in 2018 and 2019 included in the total (single-figure) remuneration table above should be considered in light of CA&S Group's listing of its shares in November 2017 on the Botswana stock exchange and the 4 Africa Exchange which resulted in exceptional value creation for its shareholders. The options exercised were awarded pre-listing at a share price of R1.86.

Since listing, the compound annual growth rate ("CAGR") in CA&S Group's share price was 3.6%.

When evaluating CA&S Group's performance over the long term, one should focus on the total return index ("TRI") as a measurement tool. The TRI is the CAGR of an investment and is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies. CA&S Group's TRI as at 31 December 2019 was 4.0% per annum over the past two years.

For shareholders on the BSE, the growth in their investment in CA&S Group excelled the average BSE index over the same period.

CA SALES VS BSE (SINCE LISTING)
(%)



1.4 Unvested share option awards (LTI)

The table below provides information on CA&S Group executives' unvested share options as at 31 December 2019.

	Number of share options as at 31 December 2018 R	Number of share options awarded during the year R	Strike price per share R	Date granted R	Number of share options as at 31 December 2019 R	Value of unvested share options as at 31 December 2019* R
D Lewis	1 371 600		4.53	13 Apr 2018	**1 371 600**	**617 220**
		63 720	5.11	14 Mar 2019	**63 720**	**–**
	1 371 600	63 720			**1 435 320**	**617 220**
F Reichert	350 000		4.53	13 Apr 2018	**350 000**	**157 500**
		477 756	5.11	14 Mar 2019	**477 756**	**–**
	350 000	477 756			**827 756**	**157 500**
	1 721 600	541 476			**2 263 076**	**774 720**

** Based on the closing CA&S Group share price as at 31 December 2019*

The first tranche of share options will only vest on 13 April 2020.

1.5 Extent of the share incentive scheme (LTI)

CA&S Group shareholders approved the maximum number of CA&S Group shares that may be utilised for purposes of the share incentive scheme (both in total and on a per individual basis) at the AGM held on 25 June 2018. The maximum number of shares allowed in total is 20 000 000 shares of which none has been exercised at 31 December 2019. The maximum number of shares allowed per individual is 5 000 000 shares of which none has been exercised at 31 December 2019.

At 31 December 2019, the share incentive scheme had 14 participants, comprising the executives of the group company and senior executives of the subsidiaries.

At 31 December 2019, the total number of share options that had already been awarded but remain unvested amounted to 12 568 572, representing 2.8% of CA&S Group's total number of shares in issue (net of treasury shares). However, assuming that all share options are settled on a net-equity basis, the dilution to CA&S Group shareholders should be significantly less than the aforementioned 2.8%.

1.6 Loan funding (related to LTI)

Share incentive scheme funding

The terms pertaining to such funding are set out in paragraph 2.4.4 of the remuneration policy.

There has been no funding granted to date and therefore no outstanding loan balances as at 31 December 2019.

2. Non-executive directors' remuneration

The table below provides information on the total remuneration paid to CA&S Group's non-executive directors, including fees paid to non-executive directors for services rendered in an executive capacity:

R'000	Fees	Consulting fee	Discretionary performance-based bonus	Gains from exercise of share options	Total remuneration
For the year ended 31 December 2019					
N de Waal	**100**				**100**
J Holtzhausen	**110**				**110**
B Marole	**120**				**120**
E Masilela	**130**				**130**
B Patel	**120**				**120**
T Rogers	**100**	**27**			**127**
F Britz	**25**	**1 302**	**3 247**	**6 346**	**10 920**
L Cronje	**60**				**60**
	765	**1 329**	**3 247**	**6 346**	**11 687**
For the year ended 31 December 2018					
N de Waal	70				70
J Holtzhausen	90				90
B Marole	90				90
E Masilela	100				100
B Patel	100				100
T Rogers	80		1 750	15 679	17 509
	530	–	1 750	15 679	17 959

F Britz resigned as CEO on 31 December 2018 but stayed on in an acting capacity as a consultant until 31 May 2019. He was then appointed as non-executive director on 1 June 2019. The bonus and gains from exercise of share options of F Britz in 2019 was in lieu of his service as CEO during the 2018 financial year.

The bonus and gains from exercise of share options of T Rogers in 2018 were in lieu of his service as executive director during the 2017 financial year.

Report of the audit and risk committee

for the year ended 31 December 2019

The audit and risk committee ("the committee") reports that it has considered the matters set out in the South African Companies Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit related services performed.

The committee has satisfied itself that the financial function, including the chief financial officer, have the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company are working effectively.

A board-approved audit and risk committee charter stipulating, *inter alia*, the committee's composition and duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee has evaluated the annual financial statements of the company and group for the year ended 31 December 2019, and based on the information provided to the committee, considers that the company and group companies comply, in all material respects, with the requirements of the South African Companies Act and International Financial Reporting Standards.

B Patel
Chairman of Audit and Risk Committee

12 March 2020

Preparation of annual financial statements

for the year ended 31 December 2019

These annual financial statements have been prepared under the supervision of FJ. Reichert CA(SA), group Chief Financial Officer.

Going concern

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

Certificate by Company Secretary

for the year ended 31 December 2019

Notice in terms of section 29 of the Companies Act, Act 71 of 2008, as amended ("the Act")

These annual financial statements have been audited in compliance with the Act. These annual financial statements have been prepared under the supervision of FJ Reichert CA(SA), group Chief Financial Officer.

Secretarial certification

In accordance with section 88 of the Companies Act, for the year ended 31 December 2019, it is hereby certified that the company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

FJ Reichert
Company secretary

12 March 2020

Statement of responsibility by the board of directors

for the year ended 31 December 2019

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The code of Corporate Practice and Conduct has been integrated into the group's strategies and operations.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 43 to 46.

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

The annual financial statements set out on pages 47 to 97, which have been prepared on the going concern basis, were approved by the directors on 12 March 2020 and are signed on its behalf by:

JA Holtzhausen
Chairman

DS Lewis
Chief Executive Officer

12 March 2020

Directors' report

Nature of business

The CA&S group specialises in the fast-moving consumer goods industry and on-shelf availability to the manufacturers or owners of some of the world's leading consumer brands. The service offering includes the sale of fast-moving consumer goods, delivering of transport services, merchandising services, promotional services or training services. The group has a varied geographical presence across Southern Africa operating in Botswana, Lesotho, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

Operating results

Revenue increased by 28.4% to over R7.1 billion through a combination of addition of customer contracts, growth in product offerings and new business development. A continued focus on margin retention and cost containment assisted in attaining an increase of 24.3% in gross profit to R1 024 million. Net profit after taxation of R208.3 million showed 21.1% growth on the prior year. There was an impairment of goodwill to the value of R30 million, relating to the investment in SMC Namibia. Headline earnings increased by 27.9% to R230.4 million (2018: R179.4 million).

The operating results and state of affairs of the company are fully set out in the attached statements of comprehensive income and statements of financial position, statements of cash flows, statements of changes in equity and notes thereto.

An equity accounted investment in South Africa was acquired during the year for R12 million. This investment was subsequently impaired due to the extent of the losses incurred and the lack of available financial information. For detail of the acquisition and impairment, see note 6.

Pack 'n Stack (PnS) management entered into an agreement with Imperial management, whereby Imperial subcontracted their sales and merchandising business to PnS from 1 April 2019. As a result, the employees were appointed by a new entity by the name of CPG-In-Store. On 3 June 2019 Imperial decided to rationalise their cold logistics division which affected their plans for the sales and merchandising component as well. PnS management and Imperial management entered into discussions about PnS purchasing the customer contracts from Imperial. The Competition Tribunal approved the purchase of the customer contracts in September 2019 effective from 1 October 2019. Upon conclusion of the purchase, the name of the new entity has been changed to Agility-In-Store.

The parties agreed on an early termination settlement of the original service agreement of R56 million. This settlement fee is classified as part of other operating income in note 17(i). Management applied judgement in assessing that the acquisition of the customer contracts does not represent a business acquired in terms of IFRS 3 *Amendments to the Definition of a Business.*

Share capital

Details of the authorised and issued share capital appear in note 10 to the financial statements. Additional shares were issued on 8 May 2019 to a director of the company upon the exercise of its share options.

Dividends

A final dividend of 10.2574 (2018: 7.9637) cents (or BWP equivalent) per share in respect of the year ended 31 December 2019 was declared on Wednesday, 18 March 2020, for payment to the ordinary shareholders of the company at the close of business on Thursday, 9 April 2020. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings. The number of issued shares at the declaration date is 449 219 484. The dividend has been declared from income reserves.

As per the double tax agreement between Botswana and South Africa, withholding tax of 15% is deducted from dividends distributed to shareholders registered on the Botswana Stock Exchange. This dividend is treated as a foreign dividend for Botswana shareholders. In respect of shareholders registered on the 4AX Stock Exchange, the dividends payable is subject to a 20% withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 8.2059 cents per share.

The last date to trade was Friday, 3 April 2020 and trading ex-dividend commenced on Monday, 6 April 2020.

Going concern

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

Directors’ report continued

Directors

Detail of the directors are listed in note 24.

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2019 was as follows:

	2019 Number	%	2018 Number	%
Direct shareholding				
DS Lewis	**1 512 611**	0.3	**–**	–
Indirect shareholding				
FW Britz	**4 097 940**	0.9	**4 097 940**	0.9
DS Lewis	**4 760 345**	1.1	**–**	–
Total	**10 370 896**	2.31	**4 097 940**	0.9

Board committees and attendance

Regular board and audit and risk committee meetings were held during the reporting year. A social and ethics committee was established and its inaugural meeting was held in December 2019.

Events after balance sheet date

There were no significant events that occurred after the reporting date that require adjustment to or disclosure in the consolidated annual financial statements for the year ended 31 December 2019.

Auditor

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the South African Companies Act.

Secretary

The secretary of the company is FJ Reichert.

Independent auditor's report

To the Shareholders of CA Sales Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of CA Sales Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

CA Sales Holdings Limited's consolidated and separate financial statements set out on pages 47 to 97 comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

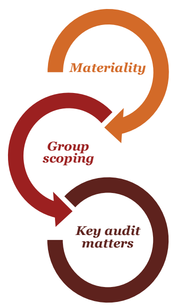
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R17.4m which represents 5% of consolidated profit before income tax, adjusted for once off impairments of an Investment in associate and Goodwill to the value of R12m and R30m respectively.

Group audit scope

- We have performed full scope audits over the 7 financially significant components.

Key audit matters

- Impairment assessment of Goodwill.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R17.4m
How we determined it	5% of consolidated profit before income tax, adjusted for once off impairments of an Investment in associate and Goodwill to the value of R12m and R30m
Rationale for the materiality benchmark applied	We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Consolidated profit before income tax was adjusted for non-recurring impairments to better reflect the continuing profit from normal operations. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Each of the 7 financially significant components was subject to a full scope audit of its financial reporting information submitted to the Group. These component audits and materiality were aligned to their statutory work to avoid duplication of audit effort. In aggregate these full scope audits account for more than 90% of the consolidated revenue, consolidated profit before income tax and consolidated total assets of the Group.

The Group engagement team met with the component auditors of each of the 7 financially significant components, inspected their working papers and required reporting documents which included a comprehensive memorandum of work performed. In order to obtain audit evidence in respect of insignificant components, the group engagement team inspected the reporting packs submitted by the component auditors and performed analytical review procedures.

Key audit matters

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

We communicate the key audit matter that relates to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters in respect of the separate financial statements for the current period to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Goodwill	
Refer to Note 4 to the consolidated financial statements: Intangible Assets IAS 36: *Impairment of Assets* requires Goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. As at year end, the Group had goodwill amounting to R499m. Management applied the fair value less costs of disposal (FVLCD) method to determine the recoverable amount of each Cash-generating Unit (CGU) to which goodwill has been allocated. In determining the FVLCD of the CGUs, management makes key assumptions and significant estimates. These include future revenue growth rates, gross margin, the long-term growth rate and the post-tax discount rate. We considered the impairment assessment of goodwill to be matter of most significance to the current year audit due to the following: • estimates applied by management in assessing whether the carrying value of goodwill allocated to the CGUs is impaired; and • the magnitude of the goodwill impairment recognised by management which amounted to R30m.	Our audit procedures included the following: We tested the accuracy of management's calculation by: • Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included future revenue growth rates, gross margin, long-term growth rate and the post-tax discount rate. This was done by comparing these key assumptions to industry benchmarks and future market volume forecasts. Based on our work performed, we accepted management's key assumptions. • We compared the process followed by management in determining these cash flow forecasts to past practice and we noted no inconsistencies. • We then considered the historical accuracy of forecasts by comparing the 2018 and 2019 actual results to the forecasts for those years. Where variances were noted, we followed up with management and evaluated the reasonability of the variances. We did not note any aspect in this regard which required further consideration. • Given the sensitivity of the discount rate for the SMC Namibia CGU, we made use of our valuation expertise to test the appropriateness and reasonability, by independently calculating the discount rate, taking into account independently obtained data. In respect of the other CGUs we made use of our 2018 discount rate calculations as a starting point and considered the appropriateness and reasonability of the discount rate in the current year. We inspected various sources and updated the different components of the discount rate for the most current information. We compared the 2019 post-tax discount rates to the discount rates applied in 2017 and 2018. We found that the discount rates used by management fell within reasonable ranges. • We compared the long-term growth rates used by management to economic and industry forecasts in South Africa, as well as to the actual growth achieved from 2016 to 2019 in each CGU. We found the long-term growth rates to be within a reasonable range. • We tested the mathematical accuracy of management's valuation model and compared the valuation methodology applied by management to the 2018 valuation model for consistency. No material differences or inconsistencies were noted. • We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which the key assumptions needed to change in order to trigger an impairment. We discussed these with management and considered the likelihood of such changes occurring. • In the SMC Namibia CGU, where the carrying value of the CGU exceeded the recoverable amount, we accepted management's conclusion that a portion of goodwill allocated to this CGU should be impaired in the current year.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"CA Sales Holdings Limited Consolidated Financial Statements for the year ended 31 December 2019"*, which includes the Directors' report, the Report of the audit and risk committee and the Certificate by company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled *"CA Sales Holdings Limited Annual Report 2019"*, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor 's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

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

Independent auditor's report continued

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of CA Sales Holdings Limited for 7 years.

PricewaterhouseCoopers Inc

Director: Thomas Howatt
Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei, 2090

13 March 2020

Consolidated and separate statements of financial position

for the year ended 31 December 2019

	Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Assets					
Non-current assets		**1 056 250**	983 210	**805 373**	800 982
Property, plant and equipment	3	**511 522**	419 062	**–**	–
Intangible assets	4	**504 944**	540 236	**–**	–
Investment in subsidiaries	5	**–**	–	**802 720**	798 329
Investments accounted for using the equity method	6	**13 109**	13 923	**2 653**	2 653
Deferred income tax assets	13	**26 675**	9 989	**–**	–
Current assets		**2 054 661**	1 573 723	**144 551**	142 003
Inventories	7	**483 360**	335 958	**–**	–
Trade and other receivables	8	**1 318 229**	1 004 987	**99 202**	91 623
Income tax receivable		**3 095**	5 456	**–**	–
Cash and cash equivalents (excluding overdrafts)	9	**249 977**	227 322	**45 349**	50 380
Total assets		**3 110 911**	2 556 933	**949 924**	942 985
Equity and liabilities					
Stated capital	10	**833 348**	833 348	**833 348**	833 348
Other reserves	11	**25 734**	30 264	**9 621**	6 526
Retained earnings		**551 524**	411 569	**105 369**	102 473
		1 410 606	1 275 181	**948 338**	942 347
Non-controlling interest	5	**56 950**	52 468	**–**	–
Total equity		**1 467 556**	1 327 649	**948 338**	942 347
Non-current liabilities		**324 133**	306 596	**–**	–
Borrowings	12	**317 396**	301 268	**–**	–
Deferred income tax liabilities	13	**6 737**	5 328	**–**	–
Current liabilities		**1 319 222**	922 688	**1 586**	638
Trade and other payables	14	**1 003 461**	691 185	**1 566**	476
Provisions	15	**100 477**	52 351	**–**	–
Income tax payable		**5 255**	2 980	**20**	162
Borrowings	12	**210 029**	176 172	**–**	–
Total liabilities		**1 643 355**	1 229 284	**1 586**	638
Total equity and liabilities		**3 110 911**	2 556 933	**949 924**	942 985

Consolidated and separate statements of comprehensive income

for the year ended 31 December 2019

	Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Continuing operations					
Revenue from contracts with customers	16	**7 131 967**	5 555 533	**–**	–
Dividend income		**–**	–	**63 642**	32 431
Cost of sales		**(6 107 893)**	(4 731 467)	**–**	–
Gross profit		**1 024 074**	824 066	**63 642**	32 431
Other operating expenses	17	**(772 796)**	(578 518)	**(24 831)**	(1 575)
Net impairment losses on financial assets	8	**(3 510)**	(625)	**–**	–
Other operating income	17	**88 681**	15 262	**–**	188
Operating profit		**336 449**	260 185	**38 811**	31 044
Share of profit of investments accounted for using the equity method	6	**1 031**	3 191	**–**	–
Profit before interest and tax		**337 480**	263 376	**38 811**	31 044
Finance income	19	**8 653**	8 463	**1 621**	2 813
Finance costs	19	**(42 968)**	(22 936)	**(25)**	–
Profit before income tax		**303 165**	248 903	**40 407**	33 857
Income tax	20	**(94 819)**	(76 897)	**(1 671)**	(1 612)
Profit for the year		**208 346**	172 006	**38 736**	32 245
Other comprehensive income to be subsequently reclassified to profit or loss:					
Currency exchange differences on translation of foreign operations net of taxation		**(7 636)**	17 734	**–**	–
Total comprehensive income for the year		**200 710**	189 740	**38 736**	32 245
Profit attributable to:					
– Owners of the parent		**187 820**	152 755	**38 736**	32 245
– Non-controlling interests		**20 526**	19 251	**–**	–
		208 346	172 006	**38 736**	32 245
Total comprehensive income attributable to:					
– Owners of the parent		**180 195**	170 356	**38 736**	32 245
– Non-controlling interests		**20 515**	19 384	**–**	–
Total comprehensive income for the year		**200 710**	189 740	**38 736**	32 245
Earnings per share for profit attributable to the owners of the parent					
Basic earnings per share	(cents)	**41.83**	34.16		
Diluted earnings per share	(cents)	**41.79**	34.01		

Consolidated and separate statements of changes in equity

for the year ended 31 December 2019

	Notes	Stated capital R'000	Other reserves R'000	Retained income R'000	Total attributable to the owners R'000	Non-controlling interest R'000	Total equity R'000
GROUP							
Balance at 1 January 2018		841 526	14 398	286 145	1 142 069	41 799	1 183 868
Profit for the year		–	–	152 755	152 755	19 251	172 006
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	–	17 601	–	17 601	133	17 734
Transactions with owners:							
Share-based payment cost of share options exercised – 2015 scheme	11	(8 178)	(5 932)	–	(14 110)	–	(14 110)
Share-based payment costs relating to the 2018 scheme	11	–	3 809	–	3 809	–	3 809
Share-based payment costs relating to the 2015 scheme		–	388	–	388	–	388
Acquisition of subsidiary		–	–	–	–	445	445
Transaction with non-controlling interest		–	–	(697)	(697)	(106)	(803)
Dividends paid		–	–	(26 634)	(26 634)	(9 054)	(35 688)
Balance as at 31 December 2018		**833 348**	**30 264**	**411 569**	**1 275 181**	**52 468**	**1 327 649**
Balance at 1 January 2019		**833 348**	**30 264**	**411 569**	**1 275 181**	**52 468**	**1 327 649**
Profit for the year		**–**	**–**	**187 820**	**187 820**	**20 526**	**208 346**
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	**–**	**(7 625)**	**–**	**(7 625)**	**(11)**	**(7 636)**
Transactions with owners:							
Share-based payment cost of share options exercised – 2015 scheme	11	**–**	**(2 717)**	**(138)**	**(2 855)**	**–**	**(2 855)**
Share-based payment costs relating to the 2019 scheme	11	**–**	**504**	**–**	**504**	**–**	**504**
Share-based payment costs relating to the 2018 scheme	11	**–**	**5 308**	**–**	**5 308**	**–**	**5 308**
Transactions with non-controlling interest		**–**	**–**	**(12 025)**	**(12 025)**	**(4 655)**	**(16 680)**
Dividends paid		**–**	**–**	**(35 702)**	**(35 702)**	**(11 378)**	**(47 080)**
Balance as at 31 December 2019		**833 348**	**25 734**	**551 524**	**1 410 606**	**56 950**	**1 467 556**

	Notes	Stated capital R'000	Other reserves R'000	Retained income R'000	Total equity R'000
COMPANY					
Balance at 1 January 2018		841 526	8 261	96 862	946 649
Profit for the year		–	–	32 245	32 245
Transactions with owners:					
Share-based payment cost of share options exercised – 2015 scheme	11	(8 178)	(5 932)	–	(14 110)
Share-based payment costs relating to the 2018 scheme	11	–	3 809	–	3 809
Share-based payment costs relating to the 2015 scheme	11	–	388	–	388
Dividends paid		–	–	(26 634)	(26 634)
Balance as at 31 December 2018		**833 348**	**6 526**	**102 473**	**942 347**
Balance at 1 January 2019		**833 348**	**6 526**	**102 473**	**942 347**
Profit for the year		**–**	**–**	**38 736**	**38 736**
Transactions with owners:					
Share-based payment cost of share options exercised – 2015 scheme	11	**–**	**(2 717)**	**(138)**	**(2 855)**
Share-based payment costs relating to the 2019 scheme	11	**–**	**504**	**–**	**504**
Share-based payment costs relating to the 2018 scheme	11	**–**	**5 308**	**–**	**5 308**
Dividends paid		**–**	**–**	**(35 702)**	**(35 702)**
Balance as at 31 December 2019		**833 348**	**9 621**	**105 369**	**948 338**

		Company 2019	Company 2018
Dividends paid per share	(cents)	**7.96**	5.99

Consolidated and separate statements of cash flows

for the year ended 31 December 2019

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Cash flows from operating activities					
Cash generated from/(utilised by) operations	22.1	**349 440**	325 980	**(32 771)**	(23 550)
Interest paid		**(42 968)**	(22 936)	**(25)**	–
Income taxes paid	22.5	**(105 250)**	(79 048)	**(1 813)**	(1 618)
Net cash generated from/(utilised by) operating activities		**201 222**	223 996	**(34 609)**	(25 168)
Cash flows from investing activities					
Acquisition of subsidiaries		**–**	(275)	**–**	–
Additions to property, plant and equipment	3	**(52 245)**	(15 710)	**–**	–
Additions to intangible assets	4	**(459)**	(4 168)	**–**	–
Proceeds from disposal of property, plant and equipment	22.2	**4 110**	6 213	**–**	–
Acquisition of associated companies	6	**(12 000)**	(8 052)	**–**	–
Loan repaid by associated companies		**–**	1 411	**–**	–
Loans granted to associated companies		**–**	(750)	**–**	(750)
Proceeds from disposal of associated companies		**200**	11 995	**–**	–
Dividends received		**943**	–	**63 642**	32 431
Interest received	19	**8 653**	8 463	**1 621**	2 813
Net cash (outflow)/inflow from investing activities		**(50 798)**	(873)	**65 263**	34 494
Cash flows from financing activities					
Transactions with non-controlling interest		**(16 680)**	–	**–**	–
Dividends paid		**(35 685)**	(29 408)	**(35 685)**	(27 908)
Dividends paid to non-controlling interest		**(11 378)**	(9 054)	**–**	–
Repayments of borrowings	22.4	**(127 827)**	(137 748)	**–**	–
Proceeds from borrowings	22.4	**45 636**	–	**–**	–
Net cash outflow from financing activities		**(145 934)**	(176 210)	**(35 685)**	(27 908)
Net increase/(decrease) in cash and cash equivalents		**4 490**	46 913	**(5 031)**	(18 582)
Effects of exchange rate changes on cash and cash equivalents		**(1 659)**	4 378	**–**	–
Cash and cash equivalents including overdrafts at beginning of the year		**147 874**	96 583	**50 380**	68 962
Cash and cash equivalents including overdrafts at end of the year	9	**150 705**	147 874	**45 349**	50 380

Notes to the consolidated and separate financial statements

1. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies of the company are the same as those of the group.

Basis of preparation

The consolidated financial statements of CA Sales Holdings Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the South African Companies Act, No 71 of 2008. The Botswana Stock Exchange ("BSE") and 4 Africa Exchange ("4AX") listings requirements were also taken into consideration in the presentation. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note on "Critical accounting estimates and judgements".

International financial reporting standards

(a) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 *Leases*
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- *Long-term Interest in Associates and Joint Ventures* – Amendments to IAS 28
- Interpretation 23 *Uncertainty over Income Tax Treatments*

The group also elected to adopt the following amendment early:

- Amendments to IFRS 3 – *Definition of a Business*

The group had to change its accounting policies as a result of adopting IFRS 16. The group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 25. The other amendments listed above did not have a material impact on the amounts recognised in the current reporting periods and are not expected to significantly affect the foreseeable future periods.

There are no standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Consolidation

Group financial statements

The group annual financial statements comprise those of the company, its subsidiaries and associated companies.

Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries in the company's standalone financial statements are accounted for at cost less impairment. Where intergroup loans are receivable from a subsidiary, the loan receivable will only represent a further investment in the subsidiary, where the subsidiary classifies this loan as equity in the subsidiary's standalone financial statements. If there are instances where the subsidiary treats the loan as a financial liability, the company will treat this loan as a financial asset. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Direct attributable costs of investment are capitalised as part of the investment, as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. In addition, unrealised losses are considered to be an indicator of impairment. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. Purchases from non-controlling interests are recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. Any difference between the cost of the investment and the group's share of the fair values of the identifiable assets and liabilities acquired, is accounted for as notional goodwill which is included in the carrying amount of the investment.

Upon gaining control ("step acquisition"), the group remeasures its previously held equity interest in the associate, at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Goodwill is calculated during a step acquisition, as the excess of the consideration paid, any non-controlling interest and the acquisition-date fair value of the group's previously held equity interest, over the acquisition-date fair value of the identifiable net assets of the acquiree.

Certain associated companies have year-ends that differ from that of the group. The results of associated companies are accounted for according to the equity method, based on their most recent published audited financial statements or latest management information. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the statement of comprehensive income.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Loans to associated companies are disclosed as part of the carrying amount of the investment.

The company accounts for investment in associated companies at cost less provision for impairment.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African rand, which is the company's functional and the group's presentation currency. All financial information presented in South African rand has been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or expense'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating income or expenses – net'.

Group companies

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

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities are translated at the closing rate at the date of the statement of financial position.
- All resulting exchange differences are recognised in the statement of comprehensive income and as a separate component of equity.

Segment reporting

The group has reportable segments that comprise the structure used by the chief operating decision maker (CODM) to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the country in which it operates.

The group evaluates the performance of its reportable segments based on earnings before interest and tax (EBIT) as well as earnings before interest, tax, depreciation, amortisation and impairments (adjusted EBITDA). The group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information (including revenue, EBIT, adjusted EBITDA, total assets and total liabilities) of the group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

A number of segments are included in the "Other countries" segment as they individually don't meet the quantitative thresholds indicated in IFRS 8 *Operating Segments.*

Property, plant and equipment

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

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

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Office equipment	3 – 10 years
Computer equipment	3 – 5 years
Vehicles, plant and machinery	4 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. The notional goodwill that arises in the notional purchase price allocation of associates is included in the carrying amount of the associate and not shown as a separate asset. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

Customer lists

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful lives ranging between two and five years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

Computer software and other internally generated intangible assets

Costs associated with maintaining computer software programmes and other internally generated intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique items controlled by the group, are recognised as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the item so that it will be available for use;
- management intends to complete the item and use or sell it;
- there is an ability to use or sell the item;
- it can be demonstrated how the item will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the item are available; and
- the expenditure attributable to the item during its development can be reliably measured.

Directly attributable costs that are capitalised as part of such items include development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. These intangible assets are amortised using the straight-line method over their estimated useful lives, which range between two and five years.

Impairment of non-financial assets

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

Classification

The group classifies its financial assets into the financial assets at amortised cost category. The classification depends on the objective of the group's business model. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

The group classifies its financial assets as financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows ("Business model test"), and
- the contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI").

The group's financial assets at amortised cost category comprises 'trade and other receivables' in the statement of financial position (note 8). The company's financial assets at amortised cost category comprises "loans to related parties" in the statement of financial position (note 8). Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Contractual cash flows will be collected as trade receivables and related parties repay their outstanding balances and the repayments on the outstanding balances represent payments that consist of the principal outstanding amount and related interest amount if applicable. Collection is expected in one year or less and therefore classified as current assets.

Recognition and measurement

Trade receivables and loans to related parties are recognised initially at the amount of consideration that is unconditional. The group has made use of the practical expedient where the group presumes that a receivable does not have a significant financing component as the expected term is less than one year. The group holds the trade receivables and related party loans with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less expected allowance.

Due to the short-term nature of the trade receivables and related party loans, the carrying amounts are considered to be the same as the fair value. Payment terms are agreed as part of the trading or loan agreement and any amounts outstanding beyond the terms are considered overdue.

Impairment of financial assets

Assets carried at amortised cost

The group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. As a practical expedient, the group uses a provision matrix based on the group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical default rates have been assessed, using a 24-month period. Forward-looking estimates include the economic outlook of the country in which the customer resides. A significant depreciation of the local currency as well as civil unrest increase the risk of defaults on customer accounts. Trade receivables are grouped based on shared risk characteristics and days past due. For loans to related parties, management applies the 3-stage general impairment methodology model which requires the company to measure the expected credit loss at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. See note 8.

A loss allowance is recognised at the first statement of financial position date on which the receivable is recognised. After initial recognition, the loss allowance is adjusted, up or down, through profit or loss at each statement of financial position date as the forward-looking estimates change.

Receivables are considered to be in default when the payment terms have been exceeded with more than 60 days without any reason or subsequent arrangement to extend the payment terms.

Receivables are credit impaired if there is no reasonable expectation of recovery. This will be the case with outstanding amounts over 180 days where there has been no communication received from the debtor. Credit-impaired receivables are written off.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

Refer to note 8, trade and other receivables, for further information.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is substantially determined on the first-in-first-out basis and includes expenditure in acquiring and transporting the inventory to its present location net of discount and rebates received.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and other deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Share-based payment reserve

The group transfer amounts from this reserve upon the exercise or lapse of options to retained earnings.

Financial liabilities

Financial liabilities include borrowings, accrual for other liabilities and charges, contingent considerations and trade and other payables.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective-interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables

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

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

Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Leases

The group leases various offices, warehouses, equipment and vehicles. Rental agreements are typically entered into for fixed periods of three to five years but may have extension options. The group is not a lessor.

Until the 2018 financial year, leases of property, equipment and vehicles were classified as either finance leases or operating leases, see note 3, 12 and 25 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.7%.

From 1 January 2019, at inception of a contract, the group assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. With regards to vehicles and office equipment, the non-lease components are expensed. For leases of offices and warehouses for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments. Lease payments to be made under reasonably certain extension options, are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Extension and termination options are included in a number of property and equipment leases across the group. Most extension options in equipment and vehicle leases have not been included in the lease liability because the group could replace the assets without significant cost or business disruption.

To determine the incremental borrowing rate, the group, where possible uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

When there are lease re-assessments, lease modifications or revised in-substance fixed lease payments, the lease liability is re-assessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right -of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The group has chosen not to revalue its right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment or furniture.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is raised on the recognition of a lease liability and a deferred tax liability is raised on the recognition of a right-of-use asset for leases previously expensed and known as operating leases under IAS 17.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

Notes to the consolidated and separate financial statements continued

Employee benefits

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to the reporting date.

Profit-sharing and bonus plans

The group recognises a liability and an expense for bonus plans and profit-sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

Botswana severance benefits

For employees who are citizens of Botswana, the group has implemented the requirements of the Botswana Labour Act relating to a severance benefit scheme. For employees who are non-citizens of Botswana, the group pays gratuity in accordance with the respective contracts of employment.

Share-based compensation

CA Sales Holdings Limited operates equity-settled share-based payment schemes.

The fair value of the executive services received in exchange for the grant of the share options, less the amount paid by the executive, is recognised as an expense. The total amount to be expensed over the vesting period, see note 10, is determined by reference to the grant date fair value of the share options granted. Vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment costs are recognised in the statement of comprehensive income and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the shares/share options that will be delivered on vesting. The grant date fair value will not be subsequently remeasured.

Revenue recognition

Revenue is derived either from the sale of fast-moving consumer goods, delivering of transport services, merchandising services, promotional services or training services. Revenue is recognised to depict the transfer of goods or services to customers at an amount that the group expects to be entitled to in exchange for those goods or services to the extent that it is highly probable that there will be no significant reversal. Revenue is recognised when performance obligations are satisfied upon transferring control of the goods and services.

Revenue is recognised at a point in time for the delivery of goods and training services. A customer obtains control when he signs the proof of delivery document. Revenue is recognised over time when transport, promotional and merchandising services are delivered, as these are agreed projects. When milestones, depicted in the service delivery contract, are achieved, a customer accepts the invoice presented and obtain control of the service.

The transaction price on the sale of goods might include an element of consideration that is variable on the outcome of future events in the form of settlement discounts. It is considered to be variable consideration because there is uncertainty as to whether the customer will pay the invoice within the discount period. The terms of settlement discounts are stipulated in the trade agreements with customers. The expected settlement value is based on experience with similar customers with similar transactions and doesn't require significant estimation. The group includes some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not incur when the uncertainty associated with the variable consideration is subsequently resolved.

The group uses the practical expedient to disregard the time value of money as the period between transfer of the goods or services and payment is less than one year.

Dividend income

Dividends are recognised as income, when:

- the group's right to receive payment has been established;
- it is probable that the economic benefits associated with the dividend will flow to the group; and
- the amount of the dividend can be measured reliably.

Interest income

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

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

Headline earnings and earnings per share

Headline earnings are earnings as determined by IAS 33, excluding 'separately identifiable re-measurements' (as defined in SAICA Circular 01/2019), net of related tax (both current and deferred) and related non-controlling interest, other than re-measurements specifically included in headline earnings 'included re-measurements' (as defined in SAICA Circular 01/2019).

Basic earnings per share is expressed in cents and is based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company (treasury shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (incentive shares).

Critical accounting estimates and judgments

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of assumptions (see note 4 for further detail and disclosure of assumptions used).

2. Financial risk management

2.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 *Financial Instruments: Disclosures*.

Classes of financial assets	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Trade receivables	**1 279 940**	971 041	**–**	–
Loans receivable from related parties	**–**	–	**99 202**	91 623
Sundry debtors	**10 273**	6 686	**–**	–
Total receivables	**1 290 213**	977 727	**99 202**	91 623
Cash and cash equivalents	**249 977**	227 322	**45 349**	50 380
Total financial assets – IFRS 7	**1 540 190**	1 205 049	**144 551**	142 003
Classes of financial liabilities				
Bank overdrafts	**99 272**	79 448	**–**	–
Borrowings (note 12)	**428 153**	397 992	**–**	–
Total borrowings	**527 425**	477 440	**–**	–
Accounts payable and accruals	**958 093**	671 189	**1 195**	122
Contingent consideration	**–**	4 537	**–**	–
Amounts due to related parties	**366**	407	**354**	354
Total trade and other payables	**958 459**	676 133	**1 549**	476
Total financial liabilities – IFRS 7	**1 485 884**	1 153 573	**1 549**	476

Financial instruments by category	Group		Company	
	Assets measured at amortised cost R'000	Total R'000	Assets measured at amortised cost R'000	Total R'000
Assets as per statement of financial position				
2019				
Receivables	**1 290 213**	**1 290 213**	**99 202**	**99 202**
Cash and cash equivalents	**249 977**	**249 977**	**45 349**	**45 349**
	1 540 190	**1 540 190**	**144 551**	**144 551**
2018				
Receivables	977 727	977 727	91 623	91 623
Cash and cash equivalents	227 322	227 322	50 380	50 380
	1 205 049	1 205 049	142 003	142 003

The group's management has assessed which business models apply to the financial assets held by the group and has classified its financial assets into the appropriate IFRS 9 category. All financial assets are classified as assets measured at amortised cost as the assets are held with the objective to collect the contractual cash flows which are solely payments of principle and interest.

Financial instruments by category (continued)	Group		Company	
	Liabilities measured at amortised cost R'000	Total R'000	Liabilities measured at amortised cost R'000	Total R'000
Liabilities as per statement of financial position				
2019				
Borrowings (note 12)	**527 425**	**527 425**	**–**	**–**
Trade and other payables	**958 459**	**958 459**	**1 549**	**1 549**
	1 485 884	**1 485 884**	**1 549**	**1 549**
2018				
Borrowings (note 12)	477 440	477 440	–	–
Contingent consideration	4 537	4 537	–	–
Trade and other payables	671 596	671 596	476	476
	1 153 573	1 153 573	476	476

Excluding the non-current borrowings, carrying values approximate fair values due to the short-term nature of these financial instruments.

(a) Market risk

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

(i) Foreign exchange risk

The group operates in Southern Africa and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Botswana Pula and the South African Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Natural hedging is applied to minimise the exposure. The forex profit and loss recognised in the group's statement of comprehensive income for the year is disclosed in note 17.

The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

	Pula R'000	Namibian Dollar R'000	Emalangeni R'000	Other R'000	Total R'000
2019					
Financial assets					
Receivables (note 8)	**399 359**	**156 346**	**160 834**	**1 672**	**718 211**
Cash and cash equivalents (note 9)	**36 063**	**21 051**	**11 102**	**500**	**68 716**
Financial liabilities					
Trade and other payables (note 14)	**(343 883)**	**(116 962)**	**(108 661)**	**(1 117)**	**(570 623)**
Borrowings (note 12)	**(367 724)**	**(76 705)**	**(49 847)**	**–**	**(494 276)**
	(276 185)	**(16 270)**	**13 428**	**1 055**	**(277 972)**
2018					
Financial assets					
Receivables	302 334	82 563	123 007	4 443	512 347
Cash and cash equivalents	31 808	2 804	1 058	253	35 923
Financial liabilities					
Trade and other payables	(256 323)	(75 078)	(55 545)	(1 339)	(388 285)
Borrowings (note 12)	(404 794)	(47 044)	(24 934)	–	(225 047)
	(326 975)	(36 755)	43 586	3 357	(65 062)

The Namibian Dollar (NAD) and Emalangeni (SZL) is currently at a ratio of one to one to the Rand.

Other currencies include USD (United States Dollar), MZN (Mozambique Metical) and ZMK (Zambia Kwacha).

The table below shows the sensitivity of post-tax profits of the group to a 20% movement in the Rand exchange rate (representing the Rand strengthening or weakening against the foreign currencies).

	Pula	Other	Group	
	20% appreciation R'000	20% appreciation R'000	20% appreciation R'000	20% depreciation R'000
Impact on post-tax profit				
2019	**(26 720)**	**(146)**	**(26 866)**	**26 866**
2018	(17 913)	(262)	(18 175)	18 175
Impact on equity				
2019	**(63 861)**	**387**	**(63 474)**	**63 474**
2018	(46 251)	470	(45 781)	45 781

The Namibian dollar (NAD) and Emalangeni (SZL) are pegged to the South African rand, therefore, no movement in these currencies are expected.

(ii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing cash and cash equivalents and long-term and short-term borrowings.

The group's exposure to floating rate and fixed rate interest-bearing financial instruments is as follows:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Borrowings (note 12)				
Floating rate	**(466 604)**	(477 440)	**–**	–
Fixed rate	**(60 821)**	–	**–**	–
	(527 425)	(477 440)	**–**	–
Cash and cash equivalents				
Floating rate	**242 530**	224 479	**45 307**	50 058
Fixed rate and non-interest-bearing	**7 447**	2 843	**42**	322
	249 977	227 322	**45 349**	50 380
Total				
Floating rate	**(224 074)**	(252 961)	**45 307**	50 058
Fixed rate and non-interest-bearing	**(53 374)**	2 843	**42**	322
	(277 448)	(250 118)	**45 349**	50 380

The group companies manage their cash flow interest rate risk by monitoring interest rates on a regular basis and engaging in discussions with financial institutions in the relevant countries to obtain the optimum rate.

Based on simulations performed, the impact on post-tax profit of a 1% movement in interest rates is analysed in the following table:

	Group		Company	
	1% increase	1% decrease	1% increase	1% decrease
Impact on post-tax profit	R'000	R'000	R'000	R'000
2019	**(2 579)**	**2 579**	**196**	**(196)**
2018	(1 355)	1 355	343	(343)

The increase in the interest rate risk is due to the increased interest paid on the property bond. The purchase of the properties in Botswana occurred in June 2018.

(b) Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated financial institutions with a high credit quality are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, management responsible for risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or with major credit cards.

The table below shows the group's maximum exposure to credit risk by class of asset:

	Group		Company	
	Balance R'000	Maximum exposure R'000	Balance R'000	Maximum exposure R'000
2019				
Receivables	**1 290 213**	**1 290 213**	**99 202**	**99 202**
Cash and cash equivalents	**249 977**	**249 977**	**45 349**	**45 349**
	1 540 190	**1 540 190**	**144 551**	**144 551**
2018				
Receivables	977 727	977 727	91 623	91 623
Cash and cash equivalents	227 322	227 322	50 380	50 380
	1 205 049	1 205 049	142 003	142 003

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Receivables				
Group 1	**40 598**	3 535	**–**	–
Group 2	**1 187 025**	961 184	**–**	–
Group 3	**62 590**	13 008	**–**	–
Non- rated	**–**	–	**99 202**	91 623
Cash and cash equivalents				
F1+	**–**	21 264	**–**	–
A-1	**–**	3 218	**–**	–
BB+	**92**	35	**–**	–
Baa3	**98 824**	33 088	**45 307**	–
P-3	**13 497**	77 262	**–**	50 058
Botswana – not rated	**110 713**	81 216	**42**	322
Not rated	**26 851**	11 239	**–**	–
	1 540 190	1 205 049	**144 551**	142 003

Receivables

Group 1 – new customers/related parties (less than six months)

Group 2 – existing customers/related parties (more than six months) with no defaults in the past.

Group 3 – existing customers/related parties (more than six months) with some defaults in the past. All defaults were fully recovered.

No credit limits were set for loans to related parties.

The above balances are shown after loss allowances of R7.4 million (2018: R3.6 million). See note 8 for more detail.

Trade receivables of R372.0 million (2018: R233.0 million) were past due but not impaired. These relate to customers for whom there is no recent history of default. The ageing analysis of these net trade receivables is as follows:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
30 days	**141 342**	174 915	**–**	–
31 to 60 days	**14 742**	15 740	**–**	–
61 to 90 days	**83 109**	22 549	**–**	–
91 to 120 days	**84 025**	3 631	**–**	–
120 days plus	**48 733**	16 167	**–**	–
	371 951	233 002	**–**	–

Cash and cash equivalents

A-1, BB+, Baa3, P-3 = Moody's rating

F1+ = Fitch's rating

There are no credit ratings available in Botswana. The bank is a listed company and has reported sound financial results and continued compliance with minimum capital adequacy requirements.

(c) Liquidity risk

Liquidity risk arises from the seasonal fluctuations in short-term borrowing positions. A material and sustained shortfall in cash flows could undermine investor confidence and restrict the group's ability to raise funds. The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. The group has no significant concentration of liquidity risk with any one single counterparty.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

Total undrawn facilities available is R193.6 million (2018: R205.5 million). For detail on undrawn facilities available, refer to note 12.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying value R'000	Less than one year R'000	Between one and five years R'000	Over five years R'000
Group				
2019				
Borrowings (note 12)	**527 425**	**225 501**	**167 820**	**134 104**
Trade and other payables	**958 459**	**958 459**	**–**	**–**
	1 485 884	**1 183 960**	**167 820**	**134 104**
2018				
Borrowings (note 12)	477 440	176 172	129 338	171 930
Contingent consideration	4 537	4 537	–	–
Trade and other payables	671 596	671 596	–	–
	1 153 573	852 305	129 338	171 930
Company				
2019				
Trade and other payables	**1 549**	**1 549**	**–**	**–**
	1 549	**1 549**	**–**	**–**
2018				
Trade and other payables	476	476	–	–
	476	476	–	–

2.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's capital comprises total equity as shown in the consolidated statement of financial position plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares by the group's holding company, perpetual preference shares, short- long- or medium-term borrowings with variable or fixed rates.

The group manages capital by maintaining a low gearing ratio. Increased long-term debt is approved by the board based on the impact on the gearing ratio. This ratio is calculated as net debt divided by the total capital. The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Total borrowings (note 12)	**527 425**	477 440	**–**	–
Less: Cash and cash equivalents	**(249 977)**	(227 322)	**(45 349)**	(50 380)
Net debt	**277 448**	250 118	**(45 349)**	(50 380)
Total equity	**1 467 556**	1 327 649	**948 338**	942 347
Total capital	**1 745 004**	1 577 767	**902 989**	891 967
Gearing ratio	**16%**	16%	**(5%)**	(6%)

2.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and trade and other payables resulting from normal business operations. The nominal value less loss allowance of trade receivables and payables are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Notes to the consolidated and separate financial statements continued

3. Property, plant and equipment

	Vehicles, plant and machinery R'000	Office equipment and other R'000	Computer equipment R'000	Land and buildings R'000	Total R'000
Group					
2019					
At the end of the year					
Cost	328 675	37 813	40 975	385 800	793 263
Accumulated depreciation	(200 682)	(22 501)	(29 661)	(28 897)	(281 741)
Net book value	127 993	15 312	11 314	356 903	511 522
Reconciliation of net book value:					
Opening net book value 1 January 2019	75 941	12 173	8 475	322 473	419 062
Adjustment for change in accounting policy (IFRS 16 – Right-of-use assets)	12 200	1 019	–	41 435	54 654
Restated opening net book value 1 January 2019	88 141	13 192	8 475	363 908	473 716
Exchange differences	(941)	(83)	(45)	(4 894)	(5 963)
Additions – owned assets	31 414	5 460	7 862	7 509	52 245
Additions – right-of-use assets	46 881	722	–	15 667	63 270
Disposals	(2 056)	(75)	(191)	–	(2 322)
Transfers between asset classes	(220)	172	48	–	–
Depreciation	(35 226)	(4 076)	(4 835)	(25 287)	(69 424)
Closing net book value 31 December 2019	127 993	15 312	11 314	356 903	511 522
Right-of-use assets included above comprise:					
Cost of right-of-use assets	108 375	1 741	–	57 102	167 218
Accumulated depreciation	(46 794)	(459)	–	(17 299)	(64 552)
Net book value	61 581	1 282	–	39 803	102 666
2018					
At the end of the year					
Cost	248 137	30 202	35 577	326 154	640 070
Accumulated depreciation	(172 196)	(18 029)	(27 102)	(3 681)	(221 008)
Net book value	75 941	12 173	8 475	322 473	419 062
Reconciliation of net book value:					
Opening net book value 1 January 2018	78 547	12 533	9 707	20	100 807
Exchange differences	2 499	292	366	4 601	7 758
Additions	15 578	2 069	3 356	321 396	342 399
Disposals	(3 918)	(18)	(106)	–	(4 042)
Subsidiaries acquired	36	152	99	–	287
Transferred to intangibles – software	–	–	(589)	–	(589)
Depreciation	(16 801)	(2 855)	(4 358)	(3 544)	(27 558)
Closing net book value 31 December 2018	75 941	12 173	8 475	322 473	419 062
Leased assets included above comprise:					
Cost of capitalised finance leases	55 372	954	–	–	56 326
Accumulated depreciation	(25 858)	(355)	–	–	(26 213)
Net book value	29 514	599	–	–	30 113

In the previous year, the group only recognised leased assets in relation to leases that were classified as "finance leases" under IAS 17 *Leases*. These assets were included in property, plant and equipment. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 25 as well as the accounting policies (note 1).

Additions to the right-of-use assets during the 2019 financial year were R63.3 million.

The total cash outflow for leases in 2019 was R33.2 million.

The statement of comprehensive income includes the following amounts relating to leases:

Depreciation charge of right-of-use assets	2019 R'000	2018 R'000
Buildings	**17 196**	–
Plant and machinery	**706**	609
Vehicles	**23 130**	2 925
Office equipment	**459**	67
	41 491	3 601

During the prior year, the group purchased properties in Botswana which are financed through a bond and serves as security. The cost of the properties is R321.1 million and the carrying value is R310.3 million. The outstanding balance on the bond is R287.4 million. See note 12. The holding company does not have any property, plant and equipment.

The group companies lease various vehicles and machinery under non-cancellable lease agreements. The lease terms are between three and five years, and the assets are owned by the group companies.

A vehicle and asset finance credit line facility with Nedbank Limited of R5 million (2018: R5 million) at prime rate, is secured by the underlying asset. (see note 12)

A register with full detail of property, plant and equipment is available at each company's registered office.

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year, apart from that which is described in note 25.

4. Intangible assets

	Goodwill R'000	Customer lists R'000	Computer software R'000	Total R'000
Group				
2019				
At the end of the year				
Cost or valuation	**556 383**	**113 059**	**9 339**	**678 781**
Accumulated amortisation	**–**	**(111 092)**	**(4 578)**	**(115 670)**
Impairment	**(57 000)**	**(1 167)**	**–**	**(58 167)**
Net book value	**499 383**	**800**	**4 761**	**504 944**
Reconciliation of net book value:				
Opening net book value 1 January 2019	**529 460**	**4 934**	**5 842**	**540 236**
Additions	**–**	**–**	**459**	**459**
Amortisation	**–**	**(2 967)**	**(1 540)**	**(4 507)**
Impairment	**(30 000)**	**(1 167)**	**–**	**(31 167)**
Exchange differences	**(77)**	**–**	**–**	**(77)**
Closing net book value 31 December 2019	**499 383**	**800**	**4 761**	**504 944**
2018				
At the end of the year				
Cost or valuation	556 460	113 266	8 906	678 632
Accumulated amortisation	–	(108 332)	(3 064)	(111 396)
Impairment	(27 000)	–	–	(27 000)
Net book value	529 460	4 934	5 842	540 236
Reconciliation of net book value:				
Opening net book value 1 January 2018	555 115	6 740	4 736	566 591
Business combinations	1 091	–	–	1 091
Additions	–	2 000	2 168	4 168
Amortisation	–	(3 841)	(1 194)	(5 035)
Impairment	(27 000)	–	–	(27 000)
Exchange differences	254	35	132	421
Closing net book value 31 December 2018	529 460	4 934	5 842	540 236

Impairment test for goodwill

Goodwill arising from a business combination is allocated, at acquisition, to the group's cash-generating units (CGUs) that are expected to benefit from the business combination.

The carrying amounts of SMC Namibia and Expo Africa Group have been reduced to their recoverable amounts through recognition of an impairment against goodwill. Current cash flows were used as an indication of future cash flows. The impairment for SMC Namibia is R30 million (2018: R13.5 million) and Expo Africa was R13.5 million in 2018. The re-assessment of future cash flows resulted in a decrease in the carrying amounts of these cash-generating units. The cash flows of SMC Namibia reduced due to changes in the contract margins from a major supplier. The deteriorating economic environment of the country had a further negative impact on future cash flow prospects of the business.

The goodwill impairment relating to SMC Namibia of R30.0 million, is included in expenses (note 17(ii)).

The CGUs to which the amount of goodwill has been allocated, are presented below.

	2019 R'000	2018 R'000
CA Sales and Distribution (Pty) Ltd and subsidiaries (CA Sales)	**262 097**	262 097
Pack n Stack Investment Holdings (Pty) Ltd and subsidiaries (PnS)	**112 060**	112 060
Logico Unlimited (Pty) Ltd and subsidiaries (Logico)	**42 858**	42 858
SMC Brands Namibia (Pty) Ltd (SMC Namibia)	**26 855**	56 855
SMC Brands Botswana (Pty) Ltd (SMC Botswana)	**17 971**	17 971
Surapax (Pty) Ltd (Surapax)	**12 530**	12 530
Array Marketing (Pty) Ltd (Array)	**7 640**	7 640
Expo Africa Group (Expo)	**6 644**	6 644
SMC Brands Swaziland (Pty) Ltd (SMC Swaziland)	**5 855**	5 855
Smithshine Enterprises (Pty) Ltd (Smithshine) *	**3 558**	3 614
Kalahari Training Institute (Pty) Ltd (KTI) *	**1 091**	1 107
Peo Capital (Pty) Ltd (Peo) *	**224**	229
	499 383	529 460

** Values are impacted by foreign exchange rate movements.*

The recoverable amount of a CGU is determined based on fair value less cost of disposal which requires the use of assumptions. These calculations use post-tax cash flow projections based on financial budgets approved by management, covering a five-year period.

Management has determined the values assigned to each of the below key assumptions as follows:

Assumption	Approach used to determining values
Revenue average annual growth rate over the five-year period	Based on past performance and management's expectations of market development as well as current industry trends, including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	CA Sales %	PnS %	SMC Botswana %	SMC Namibia %	Logico %	Expo %	Surapax %
2019							
Revenue growth	**8.6**	**5.2**	**10.0**	**6.0**	**10.9**	**13.5**	**7.0**
Gross margin	**10.2**	**28.9**	**19.7**	**20.0**	**18.0**	**61.7**	**46.5**
Long-term growth rate	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**6.0**
Discount rate (post tax)	**18.1**	**24.2**	**18.9**	**21.6**	**23.1**	**20.0**	**24.2**
2018							
Revenue growth	6.0	6.0	6.0	6.0	8.0	6.0	7.0
Gross margin	10.7	27.3	17.3	19.0	24.3	69.6	45.6
Long-term growth rate	5.0	5.0	5.0	5.0	5.0	5.0	5.3
Discount rate (value-in-use, pre-tax discount rate)	17.5	23.4	19.4	22.3	22.5	21.5	26.5

The results of the group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been reviewed.

The table below shows the adjusted assumptions used in isolation in the calculation of value less cost of disposal where the estimated recoverable amount equals the carrying value.

Sensitivity analysis of assumptions used in the goodwill impairment tests of CGUs indicating low safety margins and the need for impairment:

Assumptions used where the carrying value equals the recoverable amount:

	CA Sales	
	2019 %	2018 %
Revenue growth rate	**7.8**	5.7
Gross margin	**9.9**	10.6
Long-term growth rate	**4.1**	4.3
Discount rate	**18.6**	17.9
	R'000	R'000
Recoverable amount based on fair value less cost of disposal using original assumptions	**604 681**	535 352
Carrying value	**583 445**	518 654
Low safety margin	**21 236**	16 698

Apart from CA Sales, no other CGUs' key assumptions were sensitive.

5. Investments in subsidiaries

	Company 2019 R'000	Company 2018 R'000
Ordinary shares at cost	**795 148**	795 148
Share-based payments allocated to subsidiaries	**7 572**	3 181
	802 720	798 329

The group's subsidiaries at 31 December 2019 are set out below. They have share capital consisting solely of ordinary shares that are held directly and indirectly by the company.

The proportion of ownership interests held equals the voting rights held by the group.

The country of incorporation is also their principle place of business.

Direct holding	Indirect holding	Country of incorporation	Effective holding %	Stated capital R'000	Shares at cost 2019 R'000	Shares at cost 2018 R'000
CA Sales & Distribution (Pty) Ltd		**Botswana**	**100**	**798.7**	**336 422**	336 422
	Dafin Sales and Distribution (Pty) Ltd	Botswana	100			
	Warehousing Services Botswana (Pty) Ltd	Botswana	100			
Logico Unlimited (Pty) Ltd		**Eswatini**	**80**	**0.1**	**107 081**	107 081
	Biotrace Trading 338 (Pty) Ltd	South Africa	80			
Pack 'n Stack Investment Holdings (Pty) Ltd		**South Africa**	**84**	**2.0**	**179 407**	179 407
	Pack 'n Stack (Pty) Ltd	South Africa	63			
	Magnet Marketing (Pty) Ltd	South Africa	84			
	Pack 'n Stack IT (Pty) Ltd	South Africa	43			
	Array Marketing (Pty) Ltd	South Africa	84			
	PnS Retail Solutions Namibia (Pty) Ltd	Namibia	84			
	Surapax (Pty) Ltd	South Africa	84			
	Agility-in-store KZN (Pty) Ltd	South Africa	84			
	Agility-in-store (Pty) Ltd	South Africa	84			
SMC Brands SA (Pty) Ltd		**South Africa**	**100**	**100,0**	**158 017**	158 017
	SMC Brands Botswana (Pty) Ltd	Botswana	100			
	SMC Brands Namibia (Pty) Ltd	Namibia	100			

Notes to the consolidated and separate financial statements continued

Direct holding	Indirect holding	Country of incorporation	Effective holding %	Stated capital R'000	Shares at cost 2019 R'000	Shares at cost 2018 R'000
	SMC Brands Swaziland (Pty) Ltd	Eswatini	100			
Wutow Trading (Pty) Ltd		**Namibia**	**100**	**0,0**	**14 221**	14 221
Diverse Distribution (Pty) Ltd		**Namibia**	**100**	**0,1**	**–**	–
Private Label Sales and Merchandising Services (Pty) Ltd		**South Africa**	**100**	**0,1**	**–**	–
CAS Marketing (Pty) Ltd		**South Africa**	**100**	**1,0**	**–**	–
CA Sales Investments (Pty) Ltd		**South Africa**	**100**	**1,0**	**–**	–
	Expo Africa Marketing Ltd	Mauritius	90			
	Expo Africa (Pty) Ltd	Botswana	90			
	Expo Zambia Marketing Ltd	Zambia	90			
	Expo Mozambique Ltd	Mozambique	90			
	Africa Marketing and Promotions (Pty) Ltd	South Africa	90			
	Expo Africa Marketing Swaziland (Pty) Ltd	Eswatini	90			
	Expo Africa Marketing (Lesotho) (Pty) Ltd	Lesotho	90			
	Expo Africa Marketing and Promotions (Pty) Ltd	Namibia	90			
Pamstad (Pty) Ltd		**Botswana**	**100**	**0,0**	**–**	–
	Smithshine Enterprises (Pty) Ltd	Botswana	94			
	Kalahari Training Institute (Pty) Ltd	Botswana	83			
	Peo Capital (Pty) Ltd	Botswana	70			
	Breckwick Holdings (Pty) Ltd	Botswana	100			
					795 148	795 148

The investments of the holding company increased with the share-based payment expense allocation as per IFRS 2. The holding company has an obligation to settle the transaction with the subsidiaries' employees by providing its own equity instruments. The CA Sales Holdings Share Incentive Trust was incorporated by the company and the first trustees. The Trust is setup to facilitate and govern the implementation of the Executive Share Option Scheme 2018 and 2019. The Trust is consolidated by the company and is seen as an extension of the company and therefore the actions of the Trust are viewed as those of the company. In the current year no funding was provided to the Trust.

Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Pack 'n Stack 2019 R'000	2018 R'000	Logico Unlimited 2019 R'000	2018 R'000
Summarised statement of financial position				
Current assets	**242 802**	170 614	**240 110**	172 128
Current liabilities	**(157 889)**	(68 550)	**(132 193)**	(80 679)
Current net assets	**84 913**	102 064	**107 917**	91 449
Non-current assets	**71 087**	49 140	**79 544**	32 901
Non-current liabilities	**(8 996)**	(873)	**(32 918)**	(5 918)
Non-current net assets	**62 091**	48 267	**46 626**	26 983
Net assets	**147 004**	150 331	**154 543**	118 432
Accumulated NCI	**23 364**	28 006	**30 711**	23 616
Summarised statement of comprehensive income				
Revenue	**973 775**	724 827	**873 493**	670 893
Profit for the period	**56 689**	46 107	**50 520**	47 952
Total comprehensive income	**56 689**	46 107	**50 520**	47 952
Profit allocated to NCI	**9 009**	9 156	**10 104**	9 590
Dividends paid to NCI	**7 418**	6 517	**3 000**	1 980
Summarised cash flows				
Cash flows from operating activities	**77 284**	35 028	**38 619**	22 211
Cash flows from investing activities	**(2 039)**	(2 985)	**(15 633)**	374
Cash flows from financing activities	**(72 836)**	(23 678)	**(28 036)**	(23 650)
Net increase/(decrease) in cash and cash equivalents	**2 409**	8 365	**(5 050)**	(1 065)

Transactions with non-controlling interests

Pack 'n Stack Investment Holdings (Pty) Ltd, a subsidiary of CA Sales Holdings Limited, acquired the remaining 49% shares in its subsidiary, Surapax (Pty) Ltd, in March 2019. Immediately prior to the purchase, the group's carrying amount of the existing 49% non-controlling interest in Surapax was R3.4 million.

Pack 'n Stack Investment Holdings (Pty) Ltd also acquired the remaining 20% shares in its subsidiary, Array Marketing (Pty) Ltd, in March 2019. Immediately prior to the purchase, the group's carrying amount of the existing 20% non-controlling interest in Array was R1.3 million.

Transactions with non-controlling interests and the effect on the equity attributable to the owners of CA Sales Holdings Ltd during 2018, were insignificant.

	Array 2019 R'000	Surapax 2019 R'000	Total 2019 R'000
Carrying amount of non-controlling interests acquired	**1 256**	**3 399**	**4 655**
Cash consideration paid to non-controlling interests	**(2 043)**	**(14 637)**	**(16 680)**
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(787)**	**(11 238)**	**(12 025)**

6. Investments accounted for using the equity method

Set out below are the associates of the group as at 31 December 2019. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		Percentage of ownership interest		Group Carrying amount		Company Carrying amount	
Name of entity	**Place of business**	2019 %	2018 %	2019 R'000	2018 R'000	2019 R'000	2018 R'000
IBP Africa Distribution (Pty) Ltd	South Africa	**30%**	–	**–**	–	**–**	–
Whitakers Agencies (Pty) Ltd	South Africa and Lesotho	**45%**	45%	**3 292**	3 401	**1 903**	1 903
Edge Logistics (Pty) Ltd	South Africa	**–**	30%	**–**	548	**–**	–
Kalahari Training Institute (Pty) Ltd	Botswana	**–**	49%	**–**	–	**–**	–
Promexs Ltd	Zambia	**35%**	35%	**9 067**	9 224	**–**	–
Bullred Farming (Pvt) Ltd	Zimbabwe	**49%**	49%	**–**	–	**–**	–
Private Label Sales and Merchandising Cape Town (Pty) Ltd	South Africa	**49%**	49%	**–**	–	**–**	–
				12 359	13 173	**1 903**	1 903
All the above entities are privately owned companies.							
Loans							
Unlisted							
Private Label Sales and Merchandising Cape Town (Pty) Ltd				**750**	750	**750**	750
Unsecured interest-free loan. Repayment is not expected to be within the next 12 months.							
Carrying value of ordinary share investments in unlisted associated companies				**13 109**	13 923	**2 653**	2 653

The table below provides summarised financial information of the associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements or management accounts of the relevant associates and not the group's share of those amounts.

	Promexs		Whitakers		Immaterial aggregated		Total	Total
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Summarised statement of financial position								
Current assets	**6 047**	8 000	**2 548**	2 656				
Non-current assets	**2 182**	979	**95**	348				
Current liabilities	**(2 183)**	–	**(100)**	(110)				
Non-current liabilities	**–**	(2 485)	**–**	(108)				
Net assets	**6 046**	6 494	**2 543**	2 786				
Reconciliation to carrying amounts:								
Opening net assets	**6 494**	–	**2 786**	1 799				
At acquisition	**–**	4 568	**–**	–				
Profit for the period	**2 229**	2 421	**357**	987				
Dividends paid	**(1 923)**	–	**(600)**	–				
Foreign currency translation and other adjustments	**(754)**	(495)	**–**	–				
Closing net assets	**6 046**	6 494	**2 543**	2 786				
Group's share %	**35%**	35%	**45%**	45%				
Group's share R'000	**2 116**	2 273	**1 145**	1 254				
Goodwill	**6 456**	6 456	**2 147**	2 147				
Foreign currency translation differences and other adjustments	**495**	495	**–**	–				
Carrying amount	**9 067**	9 224	**3 292**	3 401	**–**	548	**12 359**	13 173
Summarised statement of comprehensive income								
Revenue	**26 666**	13 573	**6 514**	6 880				
Profit for the period	**2 229**	2 421	**357**	987	**300**	3 946	**2 886**	7 354
Group's share	**35%**	35%	**45%**	45%				
Share of profit of investments accounted for using the equity method	**780**	847	**161**	444	**90**	1 900	**1 031**	3 191

The year end for Whitakers Agencies South Africa (Pty) Ltd and Whitakers Agencies Lesotho (Pty) Ltd is February. The management accounts for the period 1 January to 31 December were used to include the associates profit after tax in the group's statement of comprehensive income.

Whitakers provides clients with merchandisers, field managers and sales representatives to the FMCG trade in Lesotho.

Promexs provides clients with merchandisers, field managers and sales representatives to the FMCG trade in Zambia.

2019

Additions

On 18 January 2019, CA Sales Investments (Pty) Ltd, a fully-owned subsidiary of CA Sales Holdings Limited, acquired 30% of the share capital of IBP Africa Trading (Pty) Ltd, an agency that supplies a solution to manufacturers to service the bottom-end of the fast-moving consumer goods ("FMCG") market in South Africa, for R12 million.

Impairments

The investment of R12 million in IBP Africa Trading (Pty) Ltd was subsequently impaired due to the extent of the losses incurred in the company and the lack of available financial information. The impairment of investment in associated companies is included in expenses in note 17(ii).

Disposals

In June 2019, Pack 'n Stack Investment Holdings (Pty) Ltd, a subsidiary of CA Sales Holdings Limited, disposed of its 30% shareholding in Edge Logistics (Pty) Ltd at a loss of R0.4 million. The loss on disposal of interest in an associate company is recorded in expenses in note 17(ii).

Notes to the consolidated and separate financial statements continued

7. Inventories

	Group 2019 R'000	Group 2018 R'000
Finished goods held for re-sale	**483 360**	335 958

Inventories are measured at the lower of cost or net realisable value. Inventories are ceded against bank overdraft facilities to the value of R204.4 million as disclosed in note 12.

Inventories recognised as an expense during the year ended 31 December 2019 amounted to R5.4 billion (2018: R4.3 billion). These were included in cost of sales.

Amounts written off during the year due to stock losses and damages amounted to R2.5 million (2018: R0.9 million).

8. Trade and other receivables

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Trade receivables	**1 287 371**	974 630	**–**	–
Less: Loss allowance	**(7 431)**	(3 589)	**–**	–
Trade receivables	**1 279 940**	971 041	**–**	–
Loans to related parties (note 23)	**–**	–	**99 202**	91 623
Vat receivable	**26 221**	23 927	**–**	–
Deposits	**4 942**	4 111	**–**	–
Prepayments	**1 795**	3 333	**–**	–
Staff loans	**898**	838	**–**	–
Other receivables	**4 433**	1 737	**–**	–
	1 318 229	1 004 987	**99 202**	91 623
Current portion	**1 318 229**	1 004 987	**99 202**	91 623

The group's business model is to collect contractual cash flows from its trade receivables. As per IFRS 9, trade receivables therefore qualify as financial assets held at amortised cost.

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. They are generally due for settlement between 30 and 90 days and therefore are all classified as current. Trade receivables are measured at undiscounted invoice price. As a practical expedient, the group presumes that a trade receivable does not have a significant financing component as the expected term is less than one year. Trade receivables outstanding for 90 days are not seen as credit impaired as it is normal practise to extend credit to certain customers at those terms. Details about the group's loss allowance policy are provided in note 1.

Trade and other receivables of R1 283.1 million (2018: R971.7 million) were fully performing.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Rand (ZAR)	**572 583**	468 779	**99 202**	91 623
Namibian Dollar (NAD)	**176 760**	105 080	**–**	–
Emalangeni (SZL)	**160 898**	124 352	**–**	–
Botswana Pula (BWP)	**406 277**	302 334	**–**	–
Other (incl. US Dollar, Mozambique Metical, Zambia Kwacha)	**1 711**	4 443	**–**	–
	1 318 229	1 004 987	**99 202**	91 623

The Namibian Dollar (NAD) and Emalangeni (SZL) is currently at a ratio of one to one to the Rand.

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

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical default rates over the expected life. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical default rates have been assessed, using a 24-month period. Forward-looking estimates include the economic outlook of the country in which the customer resides. A significant depreciation of the local currency as well as civil unrest increase the risk of defaults on customer accounts. See the accounting policies (note 1) for more information.

The loss allowance as at 31 December was determined as follows:

December 2019	Botswana	Eswatini	Namibia	South Africa	Other countries and group eliminations	Total
Not past due						
Gross carrying amount	462 629	167 535	134 122	183 427	(38 470)	**909 243**
Expected loss rate	0,1%	0,0%	0,3%	0,3%	–	**0,1%**
Loss allowance	347	11	424	472	–	**1 254**
0 – 30 days past due						
Gross carrying amount	102 061	3 458	14 056	22 959	–	**142 534**
Expected loss rate	0,5%	0,5%	1,7%	1,8%	–	**0,8%**
Loss allowance	521	16	234	421	–	**1 192**
31 – 120 days past due						
Gross carrying amount	170 722	5 261	6 162	3 087	–	**185 232**
Expected loss rate	0,9%	0,9%	9,6%	37,4%	–	**1,8%**
Loss allowance	1 560	49	594	1 153	–	**3 356**
>120 days past due						
Gross carrying amount	45 710	1 612	3 040	–	–	**50 362**
Expected loss rate	1,8%	14,8%	18,3%	-	–	**3,2%**
Loss allowance	834	238	557	–	–	**1 629**
Total gross carrying amount	**781 122**	**177 866**	**157 380**	**209 473**	**(38 470)**	1 287 371
Total expected loss rate	**0,4%**	**0,2%**	**1,1%**	**1,0%**	**-**	0,6%
Total loss allowance	**3 262**	**314**	**1 809**	**2 046**	**–**	7 431

31 December 2018	Botswana	Eswatini	Namibia	South Africa	Other countries and group eliminations	Total
Not past due						
Gross carrying amount	429 097	111 700	84 926	139 869	(23 964)	**741 628**
Expected loss rate	0,0%	0,0%	0,1%	0,1%	–	**0,0%**
Loss allowance	81	–	126	101	–	**308**
0 – 30 days past due						
Gross carrying amount	146 438	1 361	19 930	7 186	–	**174 915**
Expected loss rate	0,3%	0,0%	0,9%	2,2%	–	**0,4%**
Loss allowance	400	–	188	155	–	**743**
31 – 120 days past due						
Gross carrying amount	38 381	2 158	908	473	–	**41 920**
Expected loss rate	1,5%	0,0%	103,7%	12,1%	–	**3,8%**
Loss allowance	591	–	942	57	–	**1 590**
>120 days past due						
Gross carrying amount	16 167	–	–	–	–	**16 167**
Expected loss rate	5,9%	–	–	-	–	**5,9%**
Loss allowance	948	–	–	–	–	**948**
Total gross carrying amount	**630 083**	**115 219**	**105 764**	**147 528**	**(23 964)**	974 630
Total expected loss rate	**0,3%**	**0,0%**	**1,2%**	**0,2%**	**-**	0,4%
Total loss allowance	**2 020**	**–**	**1 256**	**313**	**–**	3 589

The closing loss allowance for trade receivables as at 31 December reconciles to the opening loss allowance as follows:

	Group 2019 R'000	Group 2018 R'000
Opening loss allowance as at 1 January	**3 589**	2 915
Increase in loss allowance recognised in statement of comprehensive income during the year	**3 510**	625
Release in loss allowance recognised in statement of comprehensive income during the year	**(223)**	–
Receivables written off during the year as uncollectible	**(20)**	–
Other movements including foreign exchange translation differences	**575**	49
At 31 December	**7 431**	3 589

The creation and release of the loss allowance have been reported separately in the statement of comprehensive income and the criteria for the write off is explained in the accounting policies (note 1).

The other classes within trade and other receivables do not contain impaired assets.

Book debts of certain subsidiaries have been pledged as security for overdraft facilities to the value of R795.0 million. See note 12.

Loans to related parties

As the recovery strategies indicate that the company will fully recover the outstanding balance of the loan, the expected credit loss will be limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is 0% as the loan is interest free) over the period until cash is realised. As the effective interest rate is 0%, and all strategies indicate that the company will fully recover the outstanding balance of the loan, there is no impairment loss to recognise.

Where the related party has no liquid funds available to repay the loan and there is no realistic expectation of recovering the outstanding loan, or part thereof, the unrecoverable portion of the loan to the related party, will be written off in full.

Deposits

Deposits consist mostly of deposits made to landlords for leased properties. These are repayable upon cancellation of the lease agreements.

Prepayments

Prepayments consist mostly of payments made on annual software licenses as well as annual insurance premiums.

9. Cash and cash equivalents

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Cash at bank and in hand	**198 909**	211 736	**45 349**	50 380
Short-term bank deposits	**51 068**	15 586	**–**	–
	249 977	227 322	**45 349**	50 380
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	**249 977**	227 322	**45 349**	50 380
Bank overdrafts (note 12)	**(99 272)**	(79 448)	**–**	–
	150 705	147 874	**45 349**	50 380
The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:				
Rand (ZAR)	**181 261**	191 399	**45 307**	50 058
Namibian Dollar (NAD)	**21 051**	2 804	**–**	–
Emalangeni (SZL)	**11 102**	1 058	**–**	–
Botswana Pula (BWP)	**36 063**	31 808	**42**	322
Other (incl. US Dollar, Mozambique Metical, Zambia Kwacha)	**500**	253	**–**	–
	249 977	227 322	**45 349**	50 380

10. Stated capital

Authorised shares	2019 Number	2018 Number
Ordinary shares with no par value	**2 000 000 000**	2 000 000 000

Movements in ordinary shares:	2019 Number of shares	2018 Number of shares	2019 R'000	2018 R'000
Balance at beginning of the year	**448 520 150**	444 634 430	**833 348**	841 526
Share options exercised	**699 334**	3 885 720	**–**	(8 178)
Balance at end of the year	**449 219 484**	448 520 150	**833 348**	833 348

Options in the 2015 scheme were exercised in May 2019. R2.8 million of the cost relating to the employee tax of R2.9 million was debited to the share-based payment reserve. The reserve was depleted and the remaining R0.1 million was debited to retained earnings.

Options in the 2015 scheme were exercised in April 2018. R5.9 million of the cost relating to the employee tax of R14 million was debited to the share-based payment reserve. The remaining R8.2 million was debited to share capital.

Substantial shareholders above 5%

Pursuant to the provisions of section 56 of the South African Companies Act, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 December 2019:

Shareholder name	Total shareholding	%
PSG Alpha Investments (Pty) Ltd	**214 057 200**	47,7
Botswana Public Officers Pensions Fund	**78 976 249**	17,5
Export Marketing Investments (Pty) Ltd	**42 200 690**	9,4
Total	**335 234 139**	74,6

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2019 was as follows:

	2019 Number	2019 %	2018 Number	2018 %
Direct shareholding				
DS Lewis	**1 512 611**	**0,30**	–	–
Indirect shareholding				
FW Britz	**4 097 940**	**0,90**	4 097 940	0,90
DS Lewis	**4 760 345**	**1,10**	–	–
Total	**10 370 896**	**2,31**	**4 097 940**	**0,90**

Share-based payments

Executive Share Option Scheme – 2015

CA Sales Holdings Ltd operated an executive share option scheme under which share options were granted to executive directors of the holding company.

In terms of the aforementioned scheme, share options are allocated to participants on the grant date at fair value. The settlement of the purchase consideration payable by the director in terms of the shares granted occurs when options are exercised. Options are equity settled and there are no performance conditions.

There was no equity-settled share-based payment charge recognised in the statement of comprehensive income for the current year. All the remaining share options were exercised during the year (refer note 11).

Executive Share Option Scheme – 2018

CA Sales Holdings Ltd operated a second equity-settled share incentive scheme under which the share options were granted to selected executive management of the group's subsidiaries and holding company. The share option scheme was approved by shareholders at the 2017 annual general meeting. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

In terms of the aforementioned scheme, share options are allocated to participants on the grant date at fair value. The settlement of the purchase consideration payable by the executive in terms of the shares granted occurs when options are exercised. The options are equity settled and have no performance conditions. The benefit to the employees is the growth potential in the value of the shares to which the options relate.

The equity-settled share-based payment charge recognised in the statement of comprehensive income amounted to R5.3 million (2018: R3.8 million). This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 11).

	Executive share option scheme – 2018
Date granted	13 April 2018
Number granted	13 128 000
Contractual life	5 years
Vesting conditions	25% per year from year 2
Fair value of each share option granted	R5,94
The fair values were calculated by applying the Black-Scholes option pricing model.	
Option pricing model input:	
Share price at grant date	R4,53
Exercise price	R4,53
Expected volatility	38,67%
Expected dividend yield	1,55%
Contractual life	5 years
Risk free interest rate	7,39%

To allow for the effects of early exercise, it was assumed that the executives would exercise the options after vesting date when the share price was the same as the exercise price. Volatility was calculated using the share average volatility of similar businesses listed on the JSE.

Executive Share Option Scheme – 2019

CA Sales Holdings Ltd operated a third equity-settled share incentive scheme under which the share options were granted to selected executive management of the group's subsidiaries and holding company. The share option scheme was approved by shareholders at the 2018 annual general meeting. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

In terms of the aforementioned scheme, share options are allocated to participants on the grant date at fair value. The settlement of the purchase consideration payable by the executive in terms of the shares granted occurs when options are exercised. The options are equity settled and have no performance conditions. The benefit to the employees is the growth potential in the value of the shares to which the options relate.

The equity-settled share-based payment charge recognised in the statement of comprehensive income amounted to R0.5 million. This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 11).

	Executive share option scheme – 2019
Date granted	**14 March 2019**
Number granted	**1 258 972**
Contractual life	**5 years**
Vesting conditions	**25% per year from year 2**
Fair value of each share option granted	**R6,86**
The fair values were calculated by applying the Black-Scholes option pricing model.	
Option pricing model input:	
Share price at grant date	**R5,11**
Exercise price	**R5,11**
Expected volatility	**44,59%**
Expected dividend yield	**1,37%**
Contractual life	**5 years**
Risk free interest rate	**7,20%**

To allow for the effects of early exercise, it was assumed that the executives would exercise the options after vesting date when the share price was the same as the exercise price. Volatility was calculated using the share average volatility of similar businesses listed on the JSE.

Below is the reconciliation of the number of shares for the two schemes and the share options relating to the directors of the company.

	Number of shares F Britz 2019	D Lewis 2019	Employees 2019	Total 2019	Number of shares F Britz 2018	T Rogers 2018	Employees 2018	Total 2018
Granted – scheme 2015	**2 026 850**	**–**	**–**	**2 026 850**	8 107 400	8 108 800	–	16 216 200
Granted – scheme 2018	**1 818 400**	**1 371 600**	**9 938 000**	**13 128 000**	1 818 400	–	11 309 600	13 128 000
Granted – scheme 2019	**–**	**63 720**	**1 195 252**	**1 258 972**	–	–	–	–
Forfeited	**1 818 400**	**–**	**–**	**1 818 400**	–	2 027 200	–	2 027 200
Exercised – scheme 2015	**2 026 850**	**–**	**–**	**2 026 850**	6 080 550	6 081 600	–	12 162 150
Balance at the end of the year	**–**	**1 435 320**	**12 568 572**	**12 568 572**	3 845 250	–	11 309 600	15 154 850

No options expired during the period.

T Rogers retired in 2018 and forfeited 2 027 200 unvested shares under scheme 2015.

F Britz resigned in 2019 and forfeited 1 818 400 unvested shares under scheme 2018.

The options outstanding for scheme 2018, at year-end had an exercise price of R4.53 and an average remaining contractual life of three years.

The options outstanding for scheme 2019, at year-end had an exercise price of R5.11 and an average remaining contractual life of four years.

11. Other reserves

The following table shows a breakdown of the other reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

Group	Foreign currency translation R'000	Share-based payment R'000	Total R'000
2019			
Opening carrying value	**23 738**	**6 526**	**30 264**
Currency translation adjustments	**(7 915)**	**290**	**(7 625)**
Share-based payment cost of share options exercised – 2015 scheme	**–**	**(2 717)**	**(2 717)**
Share-based payment cost – 2018 scheme	**–**	**5 308**	**5 308**
Share-based payment cost – 2019 scheme		**504**	**504**
Closing carrying value	**15 823**	**9 911**	**25 734**
2018			
Opening carrying value	6 137	8 261	14 398
Currency translation adjustments	17 601	–	17 601
Share-based payment cost of share options exercised – 2015 scheme	–	(5 932)	(5 932)
Share-based payment cost – 2015 scheme	–	388	388
Share-based payment cost – 2018 scheme	–	3 809	3 809
Closing carrying value	23 738	6 526	30 264
Company			
2019			
Opening carrying value	**–**	**6 526**	**6 526**
Share-based payment cost of share options exercised – 2015 scheme	**–**	**(2 717)**	**(2 717)**
Share-based payment cost – 2018 scheme	**–**	**5 308**	**5 308**
Share-based payment cost – 2019 scheme	**–**	**504**	**504**
Closing carrying value	**–**	**9 621**	**9 621**
2018			
Opening carrying value	–	8 261	8 261
Share-based payment cost of share options exercised – 2015 scheme	–	(5 932)	(5 932)
Share-based payment costs – 2015 scheme	–	388	388
Share-based payment costs – 2018 scheme	–	3 809	3 809
Closing carrying value	–	6 526	6 526

Nature and purpose of other reserves

Share-based payment

The share-based payment reserve is used to recognise the grant date fair value of options issued to employees, but not exercised.

Foreign currency translation

Exchange differences arising on the translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

12. Borrowings

	Group 2019 R'000	Group 2018 R'000
Non-current		
Secured loans	257 807	289 220
Lease liabilities	59 589	12 048
Total non-current borrowings	317 396	301 268
Current		
Bank overdrafts	99 272	79 448
Unsecured loans	1 709	2 978
Secured loans	70 061	83 191
Lease liabilities	38 987	10 555
Total current borrowings	210 029	176 172
Total borrowings	527 425	477 440
The carrying amount of total borrowings is a reasonable approximation of the fair value.		
The carrying amounts of the group's borrowings are denominated in the following currencies:		
Rand (ZAR)	33 149	552
Namibian Dollar (NAD)	76 705	47 044
Emalangeni (SZL)	49 847	24 934
Botswana Pula (BWP)	367 724	404 794
Mozambiquan Metical (MZN)	–	116
	527 425	477 440

The group has the following loan and overdraft facilities with the accompanied securities:

Secured loan facilities

- Revolving trade loan facility of P125 million obtained from Barclays Bank Botswana Limited at jibar rate plus 1.5%.

  Deed of cession over insurance policy for the amount of P60 million

  Cession of receivables for the amount of P250 million

  Letter of comfort from CA Sales Holdings Ltd

  Deed of Hypothecation over stock and movables for the amount of P60 million

  Corporate guarantee for the amount of P250 million from Dafin Sales (Pty) Ltd

- Bond with Barclays Botswana of P215.6 million (2018: P243 million) at the prime rate less 0.25% repayable in monthly instalments over 10 years.

  First covering mortgage bond of P56 million over plot 9784, 9790, 9792 Francistown (valued at P 31.9 million)

  First covering mortgage bond of P187 million over portion 867 Gaborone (valued at P267.7 million)

  Pledge of shares held by Pamstad (Pty) Ltd in Breckwick Holdings (Pty) Ltd

  Cession over rental income from Plot 9784, 9790, 9792 Francistown

  Cession over rental income from portion 867 Gaborone

  Corporate guarantee for P243 million from CA Sales & Distribution (Pty) Ltd

  Corporate guarantee for P243 million from Pamstad (Pty) Ltd

Overdraft facilities

- Overdraft facility of P55 million obtained from Barclays Bank Botswana Limited at the prime rate less 1.25%

  Deed of cession over insurance policy in respect of inventory

  Cession of receivables for the amount of P250 million

  Letter of comfort from CA Sales Holdings Ltd

  Deed of Hypothecation over stock and movables for the amount of P60 million

  Corporate guarantee for the amount of P250 million from Dafin Sales (Pty) Ltd

- Overdraft facility with First National Bank of Swaziland Limited of E25 million (2018: E10 million) at prime rate. The facility is subject to review on 15 April 2020

  Unlimited suretyship by Biotrace Trading 338 (Pty) Ltd

  Cross suretyship between Logico Unlimited and Biotrace Trading 338 (Pty) Ltd

  Cession of debtors by Logico Unlimited (Pty) Ltd of any and all of its rights which Logico Unlimited (Pty) Ltd has towards its debtors from time to time upon terms and conditions acceptable to the bank

  First, second, third, fourth, fifth, sixth and seventh Deed of Hypothecation in favour of the bank totalling E29 million over moveable assets, stock and debtors situated at Lot No. 490 Matsapha Township. A fire policy for an adequate amount is ceded to the Bank and this cession is to be noted in the books of the relevant insurance company

- Overdraft facility with Standard Bank of Swaziland Limited of E15 million (2018: E5 million) at 0.5% below prime rate. The facility is subject to review on 1 February 2020

  Subordination Agreement by Biotrace Trading 338 (Pty) Ltd not to let shareholders loan reduce to less than E2.7 million without the bank's consent

  Unlimited suretyship by Biotrace Trading 338 (Pty) Ltd

  Deed of Hypothecation for E15 million over moveable assets including all stock and debtors

- Overdraft facility with Absa Limited of R6 million (2018: R6 million) at the prime rate less 0.2%

  Trade receivables were pledged as security for overdraft facilities

- Overdraft facility with Nedbank Limited of R10 million at the prime rate less 0.2%.

  Trade receivables were pledged as security for overdraft facilities

- Overdraft facility with Stanbic Botswana Limited of P1.5 million (2018: P1.0 million) at a rate of prime plus 3%

  Inventories and book debts serve as security for overdraft facilities

- Overdraft facility with First National Bank of Namibia Limited of N48 million (2018: N48 million) at prime rate

  Suretyship given by CA Sales Holdings Ltd for N48 million as well as session of the debtors book of Wutow Trading (Pty) Ltd

In the previous year, the group only recognised lease liabilities in relation to leases that were classified as "finance leases" under IAS 17 *Leases*. The liabilities were presented as part of the group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 25 as well as the accounting policies (note 1).

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of three to five years but may have extension options, described in the policy (note 1).

	Group 2019 R'000	Group 2018 R'000
Reconciliation of net book value of lease liabilities:		
Opening net book value	**22 603**	28 513
Adjustment for change in accounting policy (IFRS 16 – Lease liabilities)	**54 654**	–
Restated opening net book value	**77 257**	28 513
Exchange differences	**(203)**	945
New leases	**63 270**	5 611
Repayments	**(41 502)**	(12 466)
Other movements	**(246)**	–
Closing net book value	**98 576**	22 603

Short term and low-value leases are included in expenses and are valued at R23.1 million as per note 17 (ii).

Interest on lease liabilities amounted to R10.0 million (2018: R1.8 million) for the year as per note 19.

The effective interest rates per annum at the balance sheet date were as follows:

	Group 2019	Group 2018
Lease liabilities	**6.0% – 12.25%**	6.0% – 12.5%
Secured loans	**6.0% – 10.0%**	6.25% – 10.25%
Unsecured loans	**10.0%**	–
Overdrafts	**6.5% – 10.25%**	6.0% – 10.75%
Refer to note 2.1 for interest rate risk exposure.		

The present value lease liabilities may be analysed as follows:

Gross lease liabilities – minimum lease payments	Group 2019 R'000	Group 2018 R'000
Not later than one year	**45 882**	11 886
Later than one year not later than five years	**63 776**	13 091
Later than five years not later than ten years	**1 604**	–
	111 262	24 977
Less: future finance charges on lease liabilities	**(12 686)**	(2 374)
Present value of lease liabilities	**98 576**	22 603
The present value of lease liabilities is as follows:		
Not later than one year	**38 987**	10 555
Later than one year not later than five years	**58 066**	12 048
Later than five years not later than ten years	**1 523**	–
	98 576	22 603

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Details of assets secured are disclosed in note 3.

These leases have no purchase options. There are no restrictions imposed by the lease arrangements such as those concerning dividends, additional debt and further leasing.

Leased assets may not be used as security for borrowing purposes.

13. Deferred income tax

	Asset 2019 R'000	Liability 2019 R'000	Net 2019 R'000	Asset 2018 R'000	Liability 2018 R'000	Net 2018 R'000
The balance comprises temporary differences attributable to:						
Tax losses	**9 095**	**–**	**9 095**	4 855	(118)	4 737
Provisions	**18 825**	**676**	**19 501**	6 476	294	6 770
Lease liabilities	**9 745**	**1 435**	**11 180**	–	–	–
Unrealised losses	**–**	**108**	**108**	–	–	–
Income received in advance	**23**	**–**	**23**	6	–	6
Property, plant and equipment	**(1 768)**	**(7 419)**	**(9 187)**	(1 250)	(4 630)	(5 880)
Intangible assets	**(31)**	**(193)**	**(224)**	–	(853)	(853)
Prepayments	**(115)**	**–**	**(115)**	(98)	–	(98)
Unrealised profits	**–**	**–**	**–**	–	(21)	(21)
Right-of-use assets	**(9 099)**	**(1 344)**	**(10 443)**	–	–	–
	26 675	**(6 737)**	**19 938**	9 989	(5 328)	4 661

Deferred income taxes are calculated on all temporary differences under the liability method using the principal tax rate of the country of incorporation as applied. The deferred tax asset include an amount of R8.5 million which relates to carried-forward losses of Wutow Trading (Pty) Ltd. The subsidiary has incurred the losses over the last three years since its acquisition. The group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the expected additional sales from the additional customer contracts obtained during 2019. The subsidiary is expected to generate taxable income from 2020 onwards.

The gross movement on the net deferred income tax assets is as follows:

Group	Property, plant and equipment R'000	Provisions R'000	Tax losses R'000	Right-of-use assets R'000	Lease liabilities R'000	Intangibles assets and other differences R'000	Total R'000
2019							
At 1 January	**(5 880)**	**6 770**	**4 737**	**–**	**–**	**(966)**	**4 661**
Adjustment on adoption of IFRS 16 (see note 25)	**–**	**–**	**–**	**(4 925)**	**4 925**	**–**	**–**
As at 1 January 2019 (Restated)	**(5 880)**	**6 770**	**4 737**	**(4 925)**	**4 925**	**(966)**	**4 661**
Charged to statement of comprehensive income	**(2 375)**	**12 621**	**4 270**	**(5 518)**	**6 255**	**757**	**16 010**
Prior year adjustment	**(800)**	**–**	**–**	**–**	**–**	**–**	**(800)**
Other movements	**(132)**	**110**	**88**	**–**	**–**	**1**	**67**
At 31 December	**(9 187)**	**19 501**	**9 095**	**(10 443)**	**11 180**	**(208)**	**19 938**
2018							
At 1 January	(1 242)	4 618	6 648	–	–	(1 778)	8 246
Subsidiaries acquired	(8)	9	–	–	–	–	1
Charged to statement of comprehensive income	(1 881)	(617)	(1 903)	–	–	924	(3 477)
Prior year adjustment	34	–	–	–	–	–	34
Other movements	(2 783)	2 760	(8)	–	–	(112)	(143)
At 31 December	(5 880)	6 770	4 737	–	–	(966)	4 661

The group did not recognise deferred income tax assets of R3.0 million (2018: R3.2 million) in respect of losses amounting to R10.8 million (2018: R11.4 million) that can be carried forward against future taxable income.

14. Trade and other payables

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Trade payables	**864 134**	621 675	**123**	31
Contract liabilities from contracts with customers	**4 852**	2 489	**–**	–
Amounts due to related parties (note 23)	**366**	407	**354**	354
Dividends payable	**17**	–	**17**	–
VAT payable	**44 985**	15 052	**–**	–
Deferred payments	**2 165**	2 199	**–**	–
Contingent consideration	**–**	4 537	**–**	–
Employee benefits	**16 938**	8 413	**–**	–
Payroll related accruals	**13 373**	13 405	**–**	–
Supplier related accruals	**17 648**	7 655	**–**	–
Other accrued expenses	**38 983**	15 353	**1 072**	91
	1 003 461	691 185	**1 566**	476
Current portion	**1 003 461**	691 185	**1 566**	476

The contingent consideration in 2018 relates to:

- The acquisition of 90% of Expo Africa in 2017 to the value of R3.7 million. This was calculated as five times the profit after tax for the year ended 31 December 2017; and
- PEO Capital – R0.8 million.

The contingent consideration relating to Expo Africa was adjusted in 2019 to its fair value of zero. The fair value gain of R3.7 million is recorded under other income in the statement of comprehensive income. (note 17(i))

Included in employee benefits, is a retrenchment accrual of R8.5 million for employees that will be retrenched in 2020.

The carrying amounts of the group's trade and other payables are denominated in the following currencies:

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Rand (ZAR)	**401 794**	302 900	1 566	476
Namibian Dollar (NAD)	**142 875**	75 078	–	–
Emalangeni (SZL)	**111 219**	55 545	–	–
Botswana Pula (BWP)	**346 438**	256 323	–	–
Other (incl.US Dollar, Mozambique Metical, Zambia Kwacha)	**1 135**	1 339	–	–
	1 003 461	691 185	1 566	476

15. Provisions

Movements in each class of provision during the financial year are set out below:

2019 Group	Severance benefit R'000	Bonuses R'000	Leave pay R'000	Other R'000	Total R'000
Opening balance	**14 135**	**16 569**	**16 566**	**5 081**	**52 351**
Charged to statement of comprehensive income	**6 162**	**49 829**	**21 011**	**(2 303)**	**74 699**
Utilised during the year	**(4 969)**	**(14 175)**	**(7 060)**	**–**	**(26 204)**
Other	**(229)**	**(15)**	**(103)**	**(22)**	**(369)**
Closing balance	**15 099**	**52 208**	**30 414**	**2 756**	**100 477**

2018 Group	**Severance benefit R'000**	**Bonuses R'000**	**Leave pay R'000**	**Other R'000**	**Total R'000**
Opening balance	10 553	27 180	13 547	1 344	**52 624**
Charged to statement of comprehensive income	2 788	16 105	5 163	3 683	**27 739**
Utilised during the year	(13)	(26 961)	(2 525)	–	**(29 499)**
Other	807	245	381	54	**1 487**
Closing balance	14 135	16 569	16 566	5 081	**52 351**

Severance benefit scheme

For employees who are citizens of Botswana, the group has implemented the requirements of the Botswana Labour Act relating to a severance benefit scheme. For employees who are working in Botswana and are non-citizens, the group pays gratuity in accordance with the respective contracts of employment.

Bonus provisions

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

Leave pay provision

The leave obligations cover the group's liability for annual leave. The current portion of this liability includes all of the provided annual leave.

Other

The group recognises a provision for stock write down.

16. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The group derives revenue from selling and distributing fast-moving consumer goods as well as services such as sales and merchandising services, marketing and promotions services, transport services and training services. The group's reportable segments are operating segments that are differentiated by the country of operation. The intersegment transactions have not been eliminated in the segments but are shown separately as intersegmental revenue. The table below shows the segment revenue information as well as the basis on which revenue is recognised:

2019	Botswana R'000	Eswatini R'000	Namibia R'000	South Africa R'000	Other Countries R'000	Total R'000
Distribution of products	4 194 498	905 480	951 082	–	–	6 051 060
Services provided	32 135	35 180	5 260	1 026 461	4 088	1 103 124
Total revenue	4 226 633	940 660	956 342	1 026 461	4 088	7 154 184
Intersegmental revenue	(17 032)	–	(2 701)	(593)	(1 891)	(22 217)
Revenue from external customers	4 209 601	940 660	953 641	1 025 868	2 197	7 131 967
Timing of revenue recognition						
At a point in time	4 215 763	905 480	951 082	4 010	–	6 076 335
Over time	10 870	35 180	5 260	1 022 451	4 088	1 077 849
Total revenue	4 226 633	940 660	956 342	1 026 461	4 088	7 154 184
Intersegmental revenue	(17 032)	–	(2 701)	(593)	(1 891)	(22 217)
Revenue from external customers	4 209 601	940 660	953 641	1 025 868	2 197	7 131 967
2018						
Distribution of products	3 349 039	652 084	714 025	–	–	4 715 148
Services provided	15 440	61 930	5 959	761 434	7 937	852 700
Total revenue	3 364 479	714 014	719 984	761 434	7 937	5 567 848
Intersegmental revenue	(8 632)	(71)	(1 544)	(644)	(1 424)	(12 315)
Revenue from external customers	3 355 847	713 943	718 440	760 790	6 513	5 555 533
Timing of revenue recognition						
At a point in time	3 355 083	684 619	714 025	4 234	–	4 757 961
Over time	9 396	29 395	5 959	757 200	7 937	809 887
Total revenue	3 364 479	714 014	719 984	761 434	7 937	5 567 848
Intersegmental revenue	(8 632)	(71)	(1 544)	(644)	(1 424)	(12 315)
Revenue from external customers	3 355 847	713 943	718 440	760 790	6 513	5 555 533

There were no costs incurred to obtain contracts. Liabilities related to contracts with customers are disclosed under note 14.

In the prior year, the revenue from merchandising and transport services provided in the South African segment, to the value of R756.7 million, was incorrectly classified under revenue recognised at a point in time.

17. Operating profit

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
The following items have been credited/charged in arriving at the operating profit:				
(i) Other operating income				
Fair value gain on contingent consideration	**3 743**	–	**–**	–
Profit on sale of property, plant and equipment	**1 971**	2 640	**–**	–
Foreign exchange gains	**10 852**	664	**–**	188
Rental income	**2 795**	2 803	**–**	–
Botswana training levy refund	**10 814**	6 183	**–**	–
Settlement fee on acquisition of customer contracts	**56 000**	–	**–**	–
Sundry income	**2 506**	2 972	**–**	–
	88 681	15 262	**–**	188

The group elected to early adopt the amendments to IFRS 3 with regards to the definition of a business. In July, a subsidiary of Pack 'n Stack Investment Holdings (Pty) Ltd, acquired customer contracts for which it received a settlement fee of R56 million. The group elected to carry out a concentration test at the early stages of its assessment of whether an acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business. The gross assets acquired are only the customer contracts. These customer contracts are considered to be a group of similar identifiable assets. Therefore the concentration test is met, implying that the acquisition is not deemed to be a business, but an asset acquisition.

	Notes	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
(ii) Expense by nature					
Amortisation of intangible assets	4	**4 507**	5 035	**–**	–
Auditors' remuneration – audit fees		**5 652**	5 088	**–**	–
Auditors' remuneration – other services		**207**	464	**–**	–
Bank charges		**5 433**	5 426	**14**	20
Conferences and subscriptions		**6 470**	1 131	**–**	–
Depreciation	3	**69 424**	27 558	**–**	–
Directors remuneration	24	**5 937**	9 065	**–**	–
Employee benefit expenses	18	**324 649**	231 256	**1 419**	1 017
Fair value loss on contingent consideration		**180**	–	**–**	–
Foreign exchange losses		**14 114**	3 566	**4**	1
Impairment of interest in associated company	6	**12 000**	–	**–**	–
Impairment of intangible assets	4	**31 167**	27 000	**–**	–
Impairment of intergroup loans		**–**	–	**21 800**	–
Information technology cost		**12 039**	11 628	**–**	–
Insurance		**14 051**	11 502	**–**	–
Loss on sale of interest in associated company	6	**438**	835	**–**	–
Loss on sale of property, plant and equipment		**183**	469	**–**	–
Marketing and advertising		**1 258**	4 865	**–**	–
Operating lease payments		**–**	56 861	**–**	–
Short-term and low-value leases		**23 146**	–	**–**	–
Office expenses and staff uniforms		**7 465**	5 662	**–**	–
Pallet hire		**14 006**	14 437	**–**	–
Professional fees		**20 992**	7 961	**1 593**	40
Repairs and maintenance		**11 763**	9 263	**–**	–
Security, fumigation and sanitation		**5 468**	3 355	**–**	–
Staff training		**3 248**	8 976	**–**	–
Stationary, printing and office expenses		**6 788**	5 243	**–**	–
Stock write off and provisions for write off		**2 490**	4 218	**–**	–
Telephone and communication		**15 997**	11 763	**–**	–
Third party transport expenses		**42 097**	12 097	**–**	–
Travel and entertainment		**15 144**	14 059	**–**	–
Vehicle expenses – fuel and maintenance		**77 054**	63 876	**–**	–
Water and electricity		**9 402**	8 393	**–**	–
Write off of debt		**36**	49	**–**	–
Other expenses		**9 991**	7 417	**1**	497
		772 796	578 518	**24 831**	1 575

18. Employee benefit expenses

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Wages and salaries, including restructuring costs and other termination benefits:				
Salaries, wages and allowances	**294 812**	227 059	**–**	–
Retrenchment cost	**24 025**	–	**–**	–
Share-based payment expenses	**5 812**	4 197	**1 419**	1 017
	324 649	231 256	**1 419**	1 017

19. Finance income and costs

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Finance income				
Bank deposits	**7 693**	7 956	**1 621**	2 804
Local tax revenue authority	**20**	–	**–**	–
Related party – note 23	**940**	507	**–**	9
	8 653	8 463	**1 621**	2 813
Finance costs				
Bank overdrafts and CFD facilities	**8 527**	8 902	**–**	–
Secured loans	**22 238**	12 010	**–**	–
Lease liabilities	**10 042**	1 837	**–**	–
Other	**2 161**	187	**25**	–
	42 968	22 936	**25**	–
Net finance costs/(income)	**34 315**	14 473	**(1 596)**	(2 813)

20. Income tax expense

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Current tax				
Current tax on profits for the year	**103 725**	69 254	**444**	820
Adjustments for current tax of prior periods	**2 585**	1 456	**–**	–
Withholding tax	**4 519**	2 710	**1 227**	792
Total current tax expense	**110 829**	73 420	**1 671**	1 612
Deferred income tax				
Current year movement	**(15 391)**	2 983	**–**	–
Adjustments for deferred tax of prior periods	**(619)**	494	**–**	–
Total deferred tax (benefit)/expense	**(16 010)**	3 477	**–**	–
Income tax expense	**94 819**	76 897	**1 671**	1 612
Numerical reconciliation of income tax expense to *prima facie* tax payable:				
Profit before income tax expense	**303 165**	248 903	**40 407**	33 857
Tax at the South African tax rate of 28%	**84 886**	69 693	**11 315**	9 480
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Assessed tax losses	**23**	296	**–**	–
Capital gains tax rate differential	**59**	–	**–**	–
Foreign tax rate differential	**(10 757)**	(6 640)	**–**	–
Income from associated companies	**(197)**	(608)	**–**	–
Non-deductible charges[1]	**18 606**	13 853	**6 949**	421
Non-taxable income[2]	**(4 283)**	(4 235)	**(17 820)**	(9 081)
Tax adjustments of prior periods	**1 907**	1 949	**–**	–
Other	**56**	(121)	**–**	–
Dividend withholding taxation	**3 430**	1 425	**1 227**	792
Withholding taxation	**1 089**	1 285	**–**	–
Income tax expenses	**94 819**	76 897	**1 671**	1 612
[1]Non-deductible charges include the tax impact of:				
Share-based payment expenses	**1 110**	962	**397**	285
Dividends paid to employees by the Trust	**3 340**	3 239	**–**	–
Apportionment of expenses to non-taxable income	**189**	157	**189**	157
Impairment of intangible assets	**8 727**	7 560	**–**	–
Impairment of interest in associate	**3 360**	–	**–**	–
Impairment of intergroup loans	**–**	–	**6 104**	–
Interest expense disallowed under Section 41A of the Botswana Tax Act	**549**	–	**–**	–
Local tax authority penalties and interest	**993**	118	**7**	–
Other non-deductible expenses, including legal expenses and capital losses	**338**	1 817	**252**	(21)
	18 606	13 853	**6 949**	421
[2]Non-taxable income include the tax impact of:				
Learnership rebates	**(3 474)**	(3 990)	**–**	–
Dividends received	**–**	(141)	**(17 820)**	(9 081)
Fair value gains and losses	**(1 008)**	–	**–**	–
Other non-taxable income including currency translation differences	**199**	(104)	**–**	–
	(4 283)	(4 235)	**(17 820)**	(9 081)

21. Earnings per share

	Group 2019 cents	Group 2018 cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**41.83**	34.16
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**41.79**	34.01
Headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2019	**51.31**	40.11
Diluted headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2019	**51.26**	39.95

Reconciliation of earnings used in calculating earnings per share	2019 R'000	2018 R'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating the basic earnings per share		
From continuing operations	**187 820**	152 755
Diluted earnings per share		
The company does not have any potentially dilutive transactions		
Profit attributable to the ordinary equity holders of the company used in calculating the diluted earnings per share		
From continuing operations	**187 820**	152 755

Headline earnings per share	Gross		Net	
	2019	2018	2019	2018
Profit attributable to ordinary equity holders of the company			**187 820**	152 755
Adjustments as per SAICA Circular 01/2019:				
Loss on sale of associated companies	**438**	835	**438**	835
Impairment of intangible assets	**31 167**	27 000	**31 167**	27 000
Impairment of investment in associates	**12 000**	–	**12 000**	–
Profit on sale of property, plant and equipment	**(1 788)**	(2 171)	**(1 034)**	(1 189)
Headline earnings used in calculating headline earnings per share			**230 391**	179 401
Diluted headline earnings per share				
The company does not have any potentially dilutive transactions				
Headline earnings used in calculating diluted headline earnings per share			**230 391**	179 401

Weighted average number of shares used as the denominator	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share	**448 986 373**	447 224 910
Adjustments for calculation of diluted earnings per share and diluted headline earnings per share:		
Share options	**479 983**	1 873 685
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and diluted headline earnings per share	**449 466 356**	449 098 595

Notes to the consolidated and separate financial statements continued

22. Notes to the cash flow statement

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
22.1 Cash generated from operations				
Profit before income tax	303 165	248 903	40 407	33 857
Adjustments for:				
Depreciation	69 424	27 558	–	–
Amortisation	4 507	5 035	–	–
Net profit on disposal of property, plant and equipment	(1 788)	(2 171)	–	–
Impairment of intangible assets	31 167	27 000	–	–
Impairment of investment in associate	12 000	–	–	–
Dividends received	–	–	(63 642)	(32 431)
Finance income	(8 653)	(8 463)	(1 621)	(2 813)
Finance costs	42 968	22 936	25	–
Fair value adjustments on contingent considerations	(3 563)	–	–	–
Impairment of intergroup loans	–	–	21 800	–
Loss on sale of interest in associated company	438	835	–	–
Share of profits from associated companies	(1 031)	(3 191)	–	–
Share-based payments	5 812	4 197	1 419	1 017
Other	(161)	887	–	–
Payment on share options exercised	(2 856)	(14 110)	(2 856)	(14 110)
	451 429	309 416	(4 468)	(14 480)
Changes in working capital				
Inventories	(151 976)	(9 888)	–	–
Trade and other receivables	(324 529)	(93 573)	93	(101)
Trade and other payables	374 516	120 025	(28 396)	(8 969)
	(101 989)	16 564	(28 303)	(9 070)
Cash generated from/(utilised by) operations	349 440	325 980	(32 771)	(23 550)
22.2 Proceeds from disposal of property, plant and equipment				
In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:				
Net book value	2 322	4 042	–	–
Net profit on disposal of property, plant and equipment	1 788	2 171	–	–
Proceeds	4 110	6 213	–	–
22.3 Non-cash investing and financing activities				
Acquisition of right-of-use assets through leases (note 3 and 12)	63 270	5 611	–	–
Acquisition of buildings through secured borrowings (note 3 and 12)	–	321 078	–	–
	63 270	326 689	–	–
22.4 Net debt reconciliation				
Cash and cash equivalents excluding bank overdraft	249 977	227 322	45 349	50 380
Bank overdrafts	(99 272)	(79 448)	–	–
Current borrowings	(71 770)	(86 169)	–	–
Non-current borrowings	(257 807)	(289 220)	–	–
Current leases	(38 987)	(10 555)	–	–
Non-current leases	(59 589)	(12 048)	–	–
Net debt	(277 448)	(250 118)	45 349	50 380

	Other assets	Liabilities from financing activities				
Group	**Cash including overdraft R'000**	**Current leases R'000**	**Non-current leases R'000**	**Current borrowings R'000**	**Non-current borrowings R'000**	**Total R'000**
Net debt as at 1 January 2019	**147 874**	**(10 555)**	**(12 048)**	**(86 169)**	**(289 220)**	**(250 118)**
IFRS 16 adjustment to opening balances	**–**	**(20 298)**	**(34 356)**	**–**	**–**	**(54 654)**
Cash flows	**4 490**	**41 502**	**–**	**86 325**	**(45 636)**	**86 681**
Foreign exchange adjustments	**(1 659)**	**2**	**201**	**–**	**5 123**	**3 667**
Non-cash movements – new leases	**–**	**–**	**(63 270)**	**–**	**–**	**(63 270)**
Other non-cash movements	**–**	**246**	**–**	**–**	**–**	**246**
Transfers from non-current to current balances	**–**	**(49 884)**	**49 884**	**(71 926)**	**71 926**	**–**
Net debt as at 31 December 2019	**150 705**	**(38 987)**	**(59 589)**	**(71 770)**	**(257 807)**	**(277 448)**
Net debt as at 1 January 2018	96 583	(11 448)	(17 066)	(162 239)	(6 242)	(100 412)
Cash flows	46 913	6 160	6 306	107 831	17 451	184 661
Foreign exchange adjustments	4 378	(371)	(573)	(7 133)	(3 979)	(7 678)
Non-cash movements – new leases and bonds	–	–	(5 611)	–	(321 078)	(326 689)
Transfers from non-current to current balances	–	(4 896)	4 896	(24 628)	24 628	–
Net debt as at 31 December 2018	147 874	(10 555)	(12 048)	(86 169)	(289 220)	(250 118)

	Group 2019 R'000	Group 2018 R'000	**Company 2019 R'000**	Company 2018 R'000
22.5 Taxation paid				
Charge to profit and loss	**(94 819)**	(76 897)	**(1 671)**	(1 612)
Movement in deferred taxation	**(15 391)**	2 983	**–**	–
Movement in net taxation	**4 960**	(5 134)	**(142)**	(6)
	(105 250)	(79 048)	**(1 813)**	(1 618)

23. Related party transactions

Parent entities

The group's parent entities are the following:

	Type	Place of incorporation	Ownership interest 2019	Ownership interest 2018
PSG Alpha Investments (Pty) Ltd	Immediate parent entity	South Africa	**47.7%**	47.7%
PSG Group Ltd	Ultimate parent entity and controlling party	South Africa	**47.7%**	47.7%

PSG Group Ltd holds 100% of the issued ordinary shares of PSG Alpha Investments (Pty) Ltd.

Subsidiaries

Interests in subsidiaries are set out in note 5.

Associated companies

Interests in associates are set out in note 6.

Subsidiaries of PSG Group Ltd

PSG Capital (Pty) Ltd

PSG Corporate Services (Pty) Ltd

PSG Alpha Investments (Pty) Ltd

Key management personnel

Key management personnel include the members of the board, members of the group's executive committee, divisional general managers as well as the immediate subordinates of such managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the CA&S group. They include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

Transactions and balances

During the financial year the company and its subsidiaries conducted the following transactions with associates and parties exercising significant influence and key management personnel.

		Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Finance Income		19				
Wutow Trading (Pty) Ltd			**–**	–	**–**	9
PSG Konsult Ltd			**940**	507	**–**	–
Other operating expenses		17 (ii)				
PSG Capital (Pty) Ltd	Rent		**335**	375	**–**	–
PSG Corporate Services (Pty) Ltd	IT Services		**78**	83	**–**	–
PSG Corporate Services (Pty) Ltd	Insurance		**47**	36	**–**	–
PSG Capital (Pty) Ltd	Professional fees		**285**	60	**–**	–
Grayston Elliot (Pty) Ltd	Professional fees		**68**	85	**–**	81
T Rogers (Director)	Consulting fees		**27**	–	**–**	–
Amounts due from related parties						
Loan to associates – equity accounted						
Private Label Sales & Merchandising (Cape Town) (Pty) Ltd		6	**750**	750	**750**	750
Trade and other receivables: Loans to related parties		8				
CA Sales and Distribution (Pty) Ltd			**–**	–	**35 100**	35 191
CAS Marketing (Pty) Ltd			**–**	–	**34 426**	16 956
Wutow Trading (Pty) Ltd			**–**	–	**11 188**	11 188
CA Sales Investments (Pty) Ltd			**–**	–	**10 200**	20 000
Pamstad (Pty) Ltd			**–**	–	**8 288**	8 288
Amounts due to related parties						
Trade payables		14				
Private Label Sales and Merchandising Services (Pty) Ltd			**–**	–	**354**	354
PSG Capital (Pty) Ltd			**5**	41	**–**	–
PSG Corporate Services (Pty) Ltd			**7**	7	**–**	–
T Swanepoel			**354**	359	**–**	–
Key management compensation						
Salaries and other short-term employee benefits			**10 932**	11 174	**–**	–
Share options exercised			**6 346**	31 355	**–**	–
Detailed remuneration disclosures are provided in note 24						

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

24. Directors remuneration

	Salary (R'000)	Consulting fees (R'000)	Bonus (R'000)	Share options exercised (R'000)	Board (R'000)	Audit committee (R'000)	Remuneration committee (R'000)	Total (R'000)
Executive directors								
2019								
F Britz	–	1 302	3 247	6 346	–	–	–	10 895
D Lewis (remuneration received from subsidiary)	838	–	–	–	–	–	–	838
D Lewis	1 925	–	–	–	–	–	–	1 925
	2 763	1 302	3 247	6 346	–	–	–	13 658
2018								
F Britz	3 285	–	3 500	15 676	–	–	–	22 461
T Rogers	–	–	1 750	15 679	–	–	–	17 429
	3 285	–	5 250	31 355	–	–	–	39 890
Non-executive directors								
2019								
N de Waal	–	–	–	–	100	–	10	110
J Holtzhausen	–	–	–	–	100	–	–	100
B Marole	–	–	–	–	100	20	–	120
E Masilela	–	–	–	–	100	20	10	130
B Patel	–	–	–	–	100	20	–	120
T Rogers	–	27	–	–	100	–	–	127
F Britz	–	–	–	–	25	–	–	25
L Cronje	–	–	–	–	50	10	–	60
	–	27	–	–	675	70	20	792
Non-executive directors								
2018								
N de Waal	–	–	–	–	60	10	–	70
J Holtzhausen	–	–	–	–	80	–	10	90
B Marole	–	–	–	–	80	10	–	90
E Masilela	–	–	–	–	80	10	10	100
B Patel	–	–	–	–	80	20	–	100
T Rogers	–	–	–	–	80	–	–	80
	–	–	–	–	460	50	20	530
Key management personnel								
F Reichert								
2019	1 902	–	926	–	–	–	–	2 828
2018	1 509	–	600	–	–	–	–	2 109

See note 10 for share options granted to directors.

In the prior year, T Rogers received a bonus and exercised share options relating to his tenure as executive director in the year before. He resigned in the prior year as executive director and is serving as non-executive director.

The directors fees for N de Waal and J Holtzhausen was paid to PSG Corporate Services (Pty) Ltd.

25. Changes in accounting policies

The group had to change its accounting policy as a result of adopting IFRS 16 *Leases*. This note explains the impact of the adoption of IFRS 16 on the group's financial statements.

The group has adopted the new rules retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provision in the standard. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10,7%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

– applying a single discount rate to a portfolio of leases with reasonably similar characteristics
– accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
– accounting for low-value leases of IT equipment and small items of office equipment as expenses in the statement of comprehensive income
– using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Measurement of lease liabilities

	2019 R'000
Operating lease commitments disclosed as at 31 December 2018	58 088
Less: short-term and low-value leases not recognised as a liability	(1 003)
Less: non-lease components included above	(8 424)
Add: adjustments as a result of a different treatment of extention options	15 726
	64 387
Discounted using the lessee's incremental borrowing rate at the date of initial application	54 654
Add: finance lease liabilities recognised as at 31 December 2018	22 603
Lease liabilities recognised as at 1 January 2019	77 257
Of which are:	
Current lease liabilities	30 853
Non-current lease liabilities	46 404
	77 257

Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liabilities.

Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

– property, plant and equipment	increased by	54 654
– deferred tax assets	increased by	4 925
– deferred tax liabilities	increased by	4 925
– borrowings	increased by	54 654

Impact on segment disclosures

Adjusted EBITDA, segment assets and segment liabilities for December 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
Botswana	1 254	6 111	6 521
Eswatini	3 707	12 075	13 897
Namibia	9 278	12 507	13 323
South Africa	18 944	26 568	27 080
	33 183	**57 261**	**60 821**

The new accounting policy is explained in note 1.

26. Contingent liabilities

There were no contingencies and commitments which require adjustments to or disclosure in these financial statements.

27. Capital commitments

The group has capital expenditure commitments to the value of R2.2 million (2018: R 9.6 million) that were authorised but not yet contracted or recognised as liabilities.

28. Events after balance sheet date

There were no significant events that occurred after the reporting date that require adjustment to or disclosure in the consolidated annual financial statements for the year ended 31 December 2019.

29. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Segmental review

for the year ended 31 December 2019

The group's chief operating decision makers (CODM), consisting of the chief executive officer and the chief financial officer, examine the group's performance from a geographical perspective. The group's reportable segments are operating segments that are differentiated by the country of operation. Countries with insignificant results have been aggregated under the heading "other countries" and include Lesotho, Mauritius, Mozambique, Zambia and Zimbabwe.

The group evaluates the performance of its reportable segments based on revenue and operating profit (EBIT and adjusted EBITDA). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line.

The segments derive their revenues from either selling and distributing fast-moving consumer goods or transport, merchandising, promotional or training services.

	Revenue		**EBIT**		**Adjusted EBITDA**	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Botswana	**4 217 718**	3 364 479	**195 639**	120 615	**220 236**	151 027
Eswatini	**940 660**	714 014	**72 962**	61 874	**83 600**	66 614
Namibia	**956 342**	719 984	**(25 820)**	20 314	**14 332**	21 646
South Africa	**1 026 461**	761 434	**89 617**	76 255	**119 255**	85 725
Other countries	**13 003**	7 937	**1 894**	2 164	**1 969**	2 303
Intersegmental transactions	**(22 217)**	(12 315)	**3 188**	(17 846)	**3 186**	(4 346)
Total	**7 131 967**	5 555 533	**337 480**	263 376	**442 578**	322 969
Reconciliation from adjusted EBITDA to profit after tax:						
Adjusted EBITDA					**442 578**	322 969
Depreciation and amortisation					**(73 931)**	(32 593)
Impairment of intangible assets					**(31 167)**	(27 000)
EBIT					**337 480**	263 376
Net finance cost					**(34 315)**	(14 473)
Taxation					**(94 819)**	(76 897)
Profit after tax					**208 346**	172 006

Revenues of approximately R1 676 million (2018 – R1 446 million) are derived from two external customers domiciled in Botswana and are attributed to the Botswana and Namibia segments.

The EBIT loss in the Namibian segment is due to the R30 million impairment of the goodwill of the SMC Namibia investment.

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	Total assets		**Non-current assets excl deferred tax and financial assets**		**Total liabilities**		**Capital expenditure and intangibles acquired**	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Botswana	**1 834 825**	1 599 229	**655 841**	646 206	**1 122 344**	1 003 872	**41 018**	331 269
Eswatini	**355 470**	237 285	**95 934**	62 923	**171 627**	91 748	**49 093**	2 059
Namibia	**362 189**	253 207	**21 040**	5 192	**263 863**	151 845	**10 602**	1 298
South Africa	**698 689**	602 151	**244 830**	246 620	**239 275**	125 969	**15 210**	13 319
Other countries	**14 656**	17 514	**11 930**	12 280	**3 982**	7 188	**51**	–
Group transactions	**(154 918)**	(152 453)	**–**	–	**(157 736)**	(151 338)	**–**	–
Total	**3 110 911**	2 556 933	**1 029 575**	973 221	**1 643 355**	1 229 284	**115 974**	347 945

SHAREHOLDER INFORMATION

Analysis of shareholders

As at 31 December 2019

	Number of holders	Percentage of total shareholders	Number of shares	Percentage of share issued capital
Shareholder spread				
1 – 10 000 shares	216	58.70	533 771	0.12
10 001 – 100 000 shares	80	21.74	3 028 962	0.67
100 001 – 1 000 000 shares	42	11.41	17 168 131	3.82
1 000 001 – 100 000 000 shares	29	7.88	214 431 420	47.73
100 000 001 shares and above	1	0.27	214 057 200	47.65
Total	368	100.00	449 219 484	100.00
Public and non-public shareholding				
Non-public shareholders				
Shareholder holding more than 10%	1	0.27	214 057 200	47.65
Directors and directors of subsidiaries	6	1.63	29 538 150	6.58
Public shareholders	361	98.10	205 624 134	45.77
Total	368	100.00	449 219 484	100.00
Shares held by Botswana citizens (individuals and institutions)			163 423 444	36.38
Shares on the BSE share register			152 684 254	33.99
Shares on the 4AX share register			296 535 230	66.01

Shareholders' diary

	Date
Financial year-end	31 December
Annual general meeting	29 June 2020
Reports and accounts	
Announcement of interim results for the six months ending 30 June 2020	September 2020
Announcement of annual results and final dividend for the year ending 31 December 2020	March 2021
Annual report	May 2021

Dividends	Declaration	Payment
Ordinary shares		
Final dividend	18 March 2020	9 April 2020

Notice of annual general meeting

CA SALES HOLDINGS LIMITED trading as CA&S Group
(Incorporated in the Republic of South Africa)
(Registration number 2011/143100/06)
Botswana registration number: EX2017/18292
Share code: CAS ISIN: ZAE400000036
("CA&S" or "the company")

Notice is hereby given of the annual general meeting of shareholders of CA Sales Holdings Limited ("CA&S" or "the company") to be held on 29 June 2020, at 9:00 ("the AGM"). The annual general meeting will only be accessible through electronic participation, as provided for in terms of the provisions of the Companies Act 71 of 2008 of South Africa ("Companies Act"), as amended, and the company's memorandum of incorporation. Shareholders wishing to participate in this electronic annual general meeting should contact the company secretary, Mr. Fans Reichert, by email at Frans.Reichert@cas.group or, alternatively, contact him on +27 12 425 3200 as soon as possible, but practically by no later than Thursday, 25 June 2020.

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

A. *Presentation of the audited annual financial statements of the company, including the reports of the directors for the year ended 31 December 2019. The annual integrated report, of which this notice forms part, contains the consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on CA&S' website at www.cas.group, or may be requested and obtained in person, at no charge, at the registered office of CA&S during office hours.*

B. *To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:*

Note: For any of the ordinary resolutions numbers 1 to 11 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

Ordinary resolution number 1

"Resolved that Mr F Britz, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 1 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Mr Britz's curriculum vitae has been included on page 24 of the annual report.

Ordinary resolution number 2

"Resolved that Mr J Holtzhausen, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 2 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Mr Holtzhausen' curriculum vitae has been included on page 24 of the annual report.

Ordinary resolution number 3

"Resolved that Mr E Masilela, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 3 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Mr Masilela's curriculum vitae has been included on page 25 of the annual report.

Notice of annual general meeting continued

2. Confirmation of appointment of directors

Ordinary resolution number 4

"Resolved that shareholders confirm the appointment of Mr L Cronje as a director of the company in terms of the company's memorandum of incorporation."

The reason for ordinary resolution number 4 is that the memorandum of incorporation of the company and the South African Companies Act require that any director appointed by the board be confirmed by the shareholders at the annual general meeting of the company.

A summary of Mr L Cronje's curriculum vitae has been included on page 25 of the annual report.

3. Appointment and re-appointment of the members of the audit and risk committee of the company

Note: *For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the South African Companies Act.*

3.1 Ordinary resolution number 5

"Resolved that, subject to the approval of ordinary resolution number 4 Mr L Cronje, being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

3.2 Ordinary resolution number 6

"Resolved that Mr B Patel, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

3.3 Ordinary resolution number 7

"Resolved that, subject to the approval of ordinary resolution number 3 Mr E Masilela, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

3.4 Ordinary resolution number 8

"Resolved that Mr B Marole, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

The reason for ordinary resolutions numbers 5 to 8 (inclusive) is that the company, being a public company, must appoint an audit committee and the South African Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

Brief curriculum vitaes of each of the directors up for re-appointment to the audit and risk committee appear on page 25 of the annual report.

4. Re-appointment of auditor

Ordinary resolution number 9

"Resolved that PricewaterhouseCoopers Inc be and is hereby re-appointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company with Thomas Howatt as leading director."

The reason for ordinary resolution number 9 is that the company, being a public company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the South African Companies Act.

5. Non-binding endorsement of CA&S' remuneration policy

Ordinary resolution number 10

"Resolved that the company's remuneration policy, as set out on pages 31 to 33 of this annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for and effect of ordinary resolution number 10 is that the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™") recommends, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

6. Non-binding advisory vote on CA&S' Implementation report of the remuneration policy

Ordinary resolution number 11

"Resolved that the company's implementation report in regard to the remuneration policy, as set out on pages 34 to 37 of this annual integrated report, be and is hereby endorsed by way of a non-binding vote."

The reason for and effect of ordinary resolution number 11 is that King IV™ recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the implementation of a company's remuneration policy. Ordinary resolution number 11 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

C. To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note: For any of the special resolutions numbers 1 to 5 to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

7. General Authority to issue ordinary shares for cash

Special resolution number 1

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the South African Companies Act and the listings requirements of the BSE and 4AX ("Listings Requirements"), provided that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- the equity securities must be issued to public shareholders and not to related parties;
- securities which are the subject of a general issue for cash may not exceed 15% of the company's listed equity securities as at the date of this notice of annual general meeting, being 451 436 174 ordinary shares;
- the maximum discount at which equity securities may be issued is 10% of the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities;
- in the event that the securities issued, represent on a cumulative basis, 5% or more of the number of securities in issue prior that issue, an announcement containing the full details of such issue shall be published on the BSE X-News and the 4AX Portal."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for special resolution number 1 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the company.

Notice of annual general meeting continued

8. Remuneration of non-executive directors

Special resolution number 2

"Resolved, in terms of section 66(9) of the South African Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the company:

	Fee per meeting
Board Meeting	R26 875
Audit Committee Meeting	R10 750
Remuneration Committee Meeting	R10 750
Social and Ethics Committee Meeting	R10 750

The proposed increase in the fees is a 7.5% increase on the previous year.

The reason for special resolution number 2 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the South African Companies Act.

The effect of special resolution number 2 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting of the company.

9. Inter-company financial assistance

9.1 Special resolution number 3: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the South African Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the South African Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 3 of the South African Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, *inter alia,* authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

9.2 Special resolution number 4: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the South African Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the South African Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the South African Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia,* to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the South African Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 3 and 4 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

10. Share repurchases by the company and its subsidiaries

Special resolution number 5: Share buy-back by CA&S and its subsidiaries

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the South African Companies Act, the memorandum of incorporation of the company and the Listings Requirements, including, *inter alia,* that:

- the general repurchase of the shares may only be implemented through the open market and may not take place during a closed period unless the company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the BSE and 4AX in writing prior to the commencement of the prohibited period;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 80 million shares;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the South African Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries ("the group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected; and
- the company may not effect a repurchase which will result in the company not complying with the 4AX minimum number and percentage of securities held by the public on the date of the repurchase, as contemplated in terms of paragraph 6.26 of the 4AX Listings Requirements."

The reason for and effect of special resolution number 5 is to grant the directors a general authority in terms of its memorandum of incorporation and the 4AX Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 5. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2) (b)(i) of the South African Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a *pro rata* repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the South African Companies Act.

Notice of annual general meeting continued

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 5 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the group would not be compromised as to the following:

    - the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for a period of 12 months after the repurchase;
    - the consolidated assets of the group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
    - the ordinary capital and reserves of the group after the repurchase will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
    - the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM.

    General information in respect of major shareholders, material changes and the share capital of the company is contained in the annual integrated report of which this notice forms part, as well as the full set of annual financial statements, being available on CA&S' website at www.cas.group or which may be requested and obtained in person, at no charge, at the registered office of CA&S during office hours.

2. The directors, whose names appear on page 24 and 25 of the annual integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.

3. Special resolutions numbers 1, 3, 4 and 5 are renewals of resolutions taken at the previous annual general meeting held on 25 June 2019.

Voting

1. The date on which shareholders on the BSE must be recorded as such in the share register maintained by the transfer secretary of the company ("the share register") for purposes of being entitled to receive this notice is 5 June 2020.

2. The date on which shareholders on the BSE must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is 5 June 2020, with the last day to trade being 2 June 2020.

    The last day to trade and the date on which shareholders on 4AX must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is 19 June 2020.

3. The company secretary will assist shareholders with the requirements for electronic meeting participation. The company secretary is obliged to validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the electronic facility. Please note that shareholders will not be able to vote via such electronic participation.

4. Shareholders are therefore only able to vote through proxy process, despite deciding to participate electronically or not. Shareholders should complete their proxy forms and lodge their proxy forms using the following methods:

    Shares listed on the BSE:

    - delivered to Grant Thornton Botswana at Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana;
    - email to Aparna.vijay@bw.gt.com; and
    - post to PO Box 1157, Gaborone, Botswana.

    Shares listed on the 4AX:

    - email to admin@4axregistry.co.za.

5. Forms of proxy should be received by no later than 12:00 on Thursday, 25 June 2020, provided that any form of proxy not received by this time may still be lodged electronically with the company secretary up to the commencement of the annual general meeting.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, should provide their CSDP, CSDB or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP, CSDB or broker in the manner and time stipulated therein.

7. Shareholders will be liable for their own network charges and it will not be for the expense of the BSE, 4AX or CA&S. Neither the BSE, 4AX nor CA&S can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent you from participating in the electronic meeting.

8. Shareholders are further encouraged to submit any questions by emailing the company secretary (Frans.Reichert@cas.group). These questions will be addressed via the electronic participation channel at the annual general meeting.

By order of the board

Reichert

Mr F Reichert
Company secretary

25 May 2020
Stellenbosch

Form of proxy

CA Sales Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 2011/143100/06)
Botswana registration number: EX2017/18292
Share code: CAS ISIN: ZAE400000036
("**CA&S**" or "**the company**")

For use by certificated and own-name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of the company to be held at 9h00 through electronic participation on 29 June 2020 ("the AGM").

I/We (full name in print)

of (address)

being the registered holder of ordinary shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		Number of shares		
		In favour	Against	Abstain
1.	Ordinary resolution number 1: To re-elect Mr F Britz as director			
2.	Ordinary resolution number 2: To re-elect Mr J Holtzhausen as director			
3.	Ordinary resolution number 3: To re-elect Mr E Masilela as director			
4.	Ordinary resolution number 4: To elect Mr L Cronje as director			
5.	Ordinary resolution number 5: To elect Mr L Cronje as a member of the audit and risk committee			
6.	Ordinary resolution number 6: To re-elect Mr B Patel as a member of the audit and risk committee			
7.	Ordinary resolution number 7: To re-elect Mr E Masilela as a member of the audit and risk committee			
8.	Ordinary resolution number 8: To re-elect Mr B Marole as a member of the audit and risk committee			
9.	Ordinary resolution number 9: To re-appoint PricewaterhouseCoopers Inc as the auditor			
10.	Ordinary resolution number 10: Non-binding endorsement of CA&S' remuneration policy			
11.	Ordinary resolution number 11: Non-binding advisory vote on CA&S' implementation report of the remuneration policy			
12.	Special resolution number 1: General authority to issue ordinary shares for cash			
13.	Special resolution number 2: Remuneration of non-executive directors			
14.	Special resolution number 3: Inter-company financial assistance			
15.	Special resolution number 4: Financial assistance for acquisition of shares in a related or inter-related company			
16.	Special resolution number 5: Share buy-back by CA&S and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at on this day of 2020.

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each CA&S shareholder is entitled to appoint one or more proxy/(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

Notes to the form of proxy

1. A CA&S shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A CA&S shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretary of the company:

   Shares listed on BSE
   Grant Thornton, Botswana, Acumen Park
   Plot 50370, Fairground, Gaborone
   (PO Box 1157, Gaborone, Botswana)
   email: Aparna.vijay@bw.gt.com

   Shares listed on 4AX
   4 Africa Exchange Registry
   Email: admin@4aregistry.co.za

   by not later than 12h00 on 25 June 2020, provided that any form of proxy not delivered to the transfer secretary by this time may be lodged electronically with the company secretary (frans.reichert@cas.group) up to the commencement of the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretary or waived by the chairman of the AGM.
7. Shareholders are only able to vote through proxy process, despite deciding to participate electronically or not.

Corporate information

Company registration number
2011/143100/06

Country of incorporation
South Africa

Date of incorporation
7 December 2011

Tax residency
South Africa

Registered Office:
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch
7600
South Africa

Auditor and Reporting Accountants:
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City, Jukskei, 2090, South Africa

Corporate Advisor and 4AX Issuer Agent:
PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
South Africa
(PO Box 7403, Stellenbosch,7599)
and at
2nd Floor, Building 3
11 Alice Lane, Sandown
Sandton, 2196
South Africa
(PO Box 650957, Benmore, 2010)

Majority Shareholder
PSG Alpha Investments Proprietary Limited
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
South Africa

Company Secretary:
Frans Reichert CA(SA)
1st Floor, Building C
Westend Office Park
254 Hall Street
Centurion, 0157
South Africa
(PO Box 650957, Benmore, 2010)

Principle Banker
First National Bank Limited

Website: www.cas.group

BSE Sponsor
African Alliance Botswana Securities Limited
African Alliance House, Fairgrounds Office Park, Plot 64511, Gaborone, Botswana

Transfer Secretaries
Grant Thornton Botswana
Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana

Notes