CA SALES HOLDINGS

ANNUAL
REPORT
2017

CONTENTS

ABOUT THIS REPORT

The board of directors of CA Sales Holdings Limited ("CA Sales" or "the group" or "the company") is pleased to present the group's first annual report as a listed company, for the year ended 31 December 2017. The company's shares were listed on the 4 Africa Exchange (4AX) and the Botswana Stock Exchange (BSE), on 7 and 9 November 2017, respectively.

The report has been prepared taking into consideration the principles and practices contained in the South African King Code of Governance Principles 2016 (King IV). The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act. Also taking into account 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 Sales' operations and provides insight on both financial and non-financial matters for the year ended 31 December 2017.

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

MATERIAL ISSUES

CA Sales Holdings defines materiality of issues for reporting purposes as issues that substantially affect the group's ability to create and sustain value over the short, medium and long-term. The group is in the process of refining the process of identifying and prioritising material issues as part of the strategy development of the group.

In the interim, the material issues identified are:

- Retention of major principals and customers
- Foreign exchange fluctuations
- Consumer spending and confidence
- Key management retention
- Working capital management

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.

INTRODUCING CA SALES

GROUP PROFILE

CA Sales is the parent company of businesses that operate within the Southern African fast moving consumer goods (FMCG) industry and delivers services to blue chip manufacturers, both locally and internationally. The group has offices and facilities in all the main centres throughout Botswana, Swaziland, Namibia, South Africa, Lesotho, Zimbabwe, Zambia and Mozambique.

Its service offering includes selling, merchandising, warehousing, distribution, debtors administration, marketing and promotions, point of sale warehousing and training.

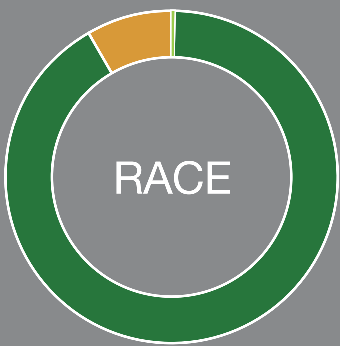
GROUP EMPLOYEE STATISTICS

GENDER

66% Male 5 521

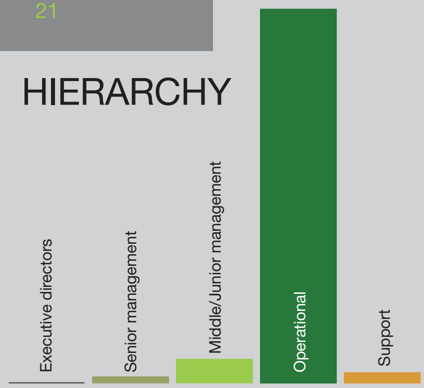
34% Female 2 845

RACE



Black	8 115
White	230
Other	21

HIERARCHY



Executive directors	Senior management	Middle/Junior management	Operational	Support
20	126	479	7 530	211

EDUCATION

Up to grade 11	1 237	15%
Grade 12	6 861	82%
Post grade 12	195	2%
University degree	56	1%
Post-graduate	17	0%

Total number of employees

8 366

CLIENT PORTFOLIO

The portfolio of principals represented, covers all categories of consumer products namely food, homecare, personal care, consumer durables, snacks and confectionary, paper products, beverages, pet care, alcoholic beverages, frozen food, ice cream, tobacco products and accessories.

The major principals represented include Tiger Brands, Unilever SA, Nestle, Kellogg's, Nampak, Aspen, Rhodes Food Group, Colgate Palmolive, Pioneer Foods, Reckitt Benckiser, Pepsico, Diageo, Heineken, Kimberly Clark, Mondelez, AB InBev, Distell, JTI, Amka and Philips.

Relationships with principals have existed for many years and are seen as strategic in the expansion imperative of CA Sales in Southern Africa

THE VALUE PROPOSITION

CA Sales partners with clients to grow their brands by increasing their market share and volume. The group builds on shelf visibility, optimising brand positioning. The group implements category flows and ensures sufficient stock is on hand and readily available, especially when there is fluctuating demand. CA Sales assists in the maintenance of retailer systems and influences sales where possible.

The group's excellent storage solutions and distribution network enable it to consistently deliver for its clients, giving them surety that their products are safely stored, maintained and readily available for distribution through CA Sales' unrivalled distribution network. Its 'route to market' expertise enables it to consistently get clients' products to the right market at the right time.

The group specialises in training, empowering and motivating work forces to improve productivity. Practical modules are tailored to customers' needs and include sales and merchandising as well as a menu of business, IT, wellness and personal development topics. The group also offers 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.

The group's 'route to market' expertise enables it to reliably and consistently get clients' products to the right market at the right time, giving the consumers unbroken access to the clients' brands

THE GROUP'S COLLECTIVE VALUES AND MISSION

Service Excellence
Equally committed to delivering what the clients expect and strive to innovate, continuously improving its service delivery.

Integrity
CA Sales believes operating with respect and integrity as a baseline is fundamental to developing strong business partnerships.

Reliability
CA Sales strives to understand your business. It is there at every step to ensure excellence through your product's journey.

Stakeholder Value
CA Sales is determined to deliver a good return on stakeholders' investments. Your growth and success is key to ours.

With every kilometre we drive, shelf we pack and product we launch, we are committed to deliver our clients' goals. Our mission is to build and maintain long-term client relationships through the provision of exceptional solutions. We aim to foster a culture of integrity, innovation, and dedication.

ORGANISATIONAL STRUCTURE

CA SALES HOLDINGS

CA SALES AND DISTRIBUTION	SMC BRANDS	PACKnSTACK	LOGICO	WUTOW TRADING	SMITHSHINE
(100%)	(100%)	(84%)	(80%)	(100%)	(94%)

CA SALES AND DISTRIBUTION

Established in 1988, the service expanded to include warehousing and distribution in 1993. A solid track record and reputation built over almost 30 years, CA Sales has in-depth experience and knowledge of the local industry environment with strong local trade relationships, eliminating the need for principals to build these relationships. CA Sales strives for maximum market penetration for principals and embarks on joint business planning with suppliers, customers and agents to ensure principals' in-store objectives are delivered and the return on their investment optimised. With 1 200 employees, CA Sales is one of the largest employers in Botswana and prides itself on a highly developed and sophisticated wireless network that facilitates effective operations.

LOGICO

Established in 2003 and primarily an FMCG sales and distribution business that offers a suite of solutions to clients looking for effective sales, merchandising and distribution to the Swaziland market. Logico supplies and delivers to the full spectrum of market sectors, from wholesale and bottom end stores to top end retail and services government tenders. The business is able to multi-temp distribute, allowing it to cater to a range of principals, including ice-cream, milk and paper.

SMC BRANDS

A wholesale liquor distributor for various brand principals established in 1999, providing warehousing, distribution and marketing services. SMC also specialises in advancing the brand of high-quality beverage and beverage-related businesses. SMC does this through offering a comprehensive range of supporting business services including sales and marketing. SMC currently operates in markets in Namibia, Botswana, Swaziland and Lesotho, with comprehensive administrative, logistical and IT support offered from its Cape Town offices.

WUTOW TRADING

With offices in Windhoek, Walvis Bay, Tsumeb and Keetmanshoop, Wutow Trading offers extensive wholesale, retail and informal trade coverage. Wutow warehouses, distributes, sells, merchandises and promotes leading brands in food, beverage, personal care, snacks, baby, sanitary care and tobacco products.

PACK 'n STACK

Established in 1976 as a regional agency business in the North West province of South Africa. With a 40-year heritage PacknStack (PnS) has grown to become the second largest national operator in South Africa across FMCG and hardware retail channels. The business has an exceptional client retention record, still servicing founding clients. In 2016 PnS acquired Array Marketing and in 2017 Surapax, expanding its service offering to the hardware channel, servicing major retail and independent hardware stores. PnS also has a presence in Namibia. Services include sales, merchandising and field marketing services in 4 000+ outlets across channel formats, in addition to call centre and order support. PnS' value-add marketing services include shopper promotions, brand activation as well as POS warehousing and logistics.

SMITHSHINE ENTERPRISES

Established in 2007 and aims to be the most proficient perishable network in Botswana. The core services are sales, warehousing and distribution of products within the FMCG industry. Smithshine strives for maximum market penetration and brand availability. Client-centric and focused on clients in-store goals, Smithshine has extensive cold storage facilities and the infrastructure to service top end retail and wholesale in addition to multiple retailers in the forecourt and convenience sectors across the country.

(49%) BULLRED DISTRIBUTION

(90%) EXPO AFRICA

(45%) WHITAKERS AGENCIES

(49%) KALAHARI TRAINING INSTITUTE

(50%) PEO PROMOTIONS

(49%) WARBRANDS

BULLRED DISTRIBUTION

Offers an end-to-end service of sales, merchandising, warehousing, distribution and debtor administration. Established in 2009, Bull Red offers reduced cost and risk to brand owners wishing to penetrate the Zimbabwean market. Established trade relationships, excellent coverage and an established team on the ground, Bull Red has offices in Harare, Bulawayo, Gweru and Masvingo.

KALAHARI TRAINING INSTITUTE

Specialises in training, educating, empowering and motivating work forces to improve productivity. The company is registered and accredited with the Botswana Qualification Authority (BQA). Modules are tailored to address customer specific needs. Courses are realistic, practical and adaptable to different levels. KTI's skilled administrative team ensures efficient, hassle-free HRDC claims. Course categories range from business, IT, customer service, first aid, health and wellness, HR, hospitality, personal growth and development, merchandising, sales and marketing, warehousing and transport and vehicles.

EXPO AFRICA

With over twenty years of experience, the business has in depth understanding of the consumer markets within each country it operates. Expo offers guidance on the best way to implement any marketing campaign, as well as professional services to ensure smooth co-ordination of events. Services include in-store and mall activations, out of store and roadshow events, school educational and community engagement programmes, market research surveys and mystery shopping. Expo Africa operates in Botswana, Namibia, Zambia, Zimbabwe, Mozambique, Lesotho and Swaziland, where the group has trained teams of brand ambassadors and office support to ensure the smooth execution of any campaign.

PEO PROMOTIONS

An established promotions agency in Botswana that offers a comprehensive range of services and programmes brand owners can participate in to build brand awareness and education, distribution and sales. Its primary offering is product demonstrations in and out of store to educate shoppers, promote and sample new products, talk up innovation and drive sales. Good retailer relationships, an extensive database of promoters and a hands-on team to supervise execution, enables PEO to deliver good results.

WHITAKERS AGENCIES

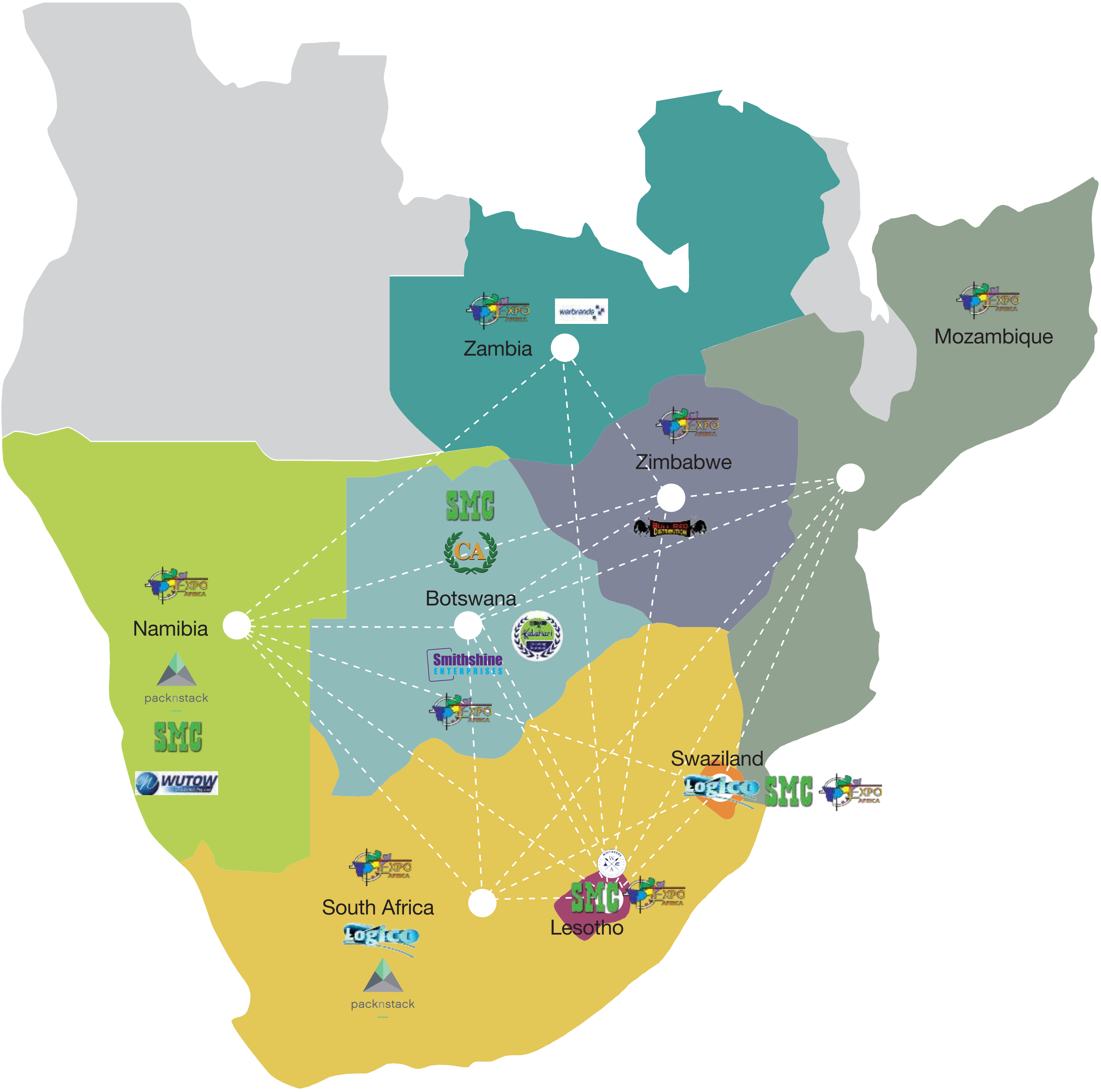
Established in 1930 and still servicing founding clients. Whitakers has built up in-depth knowledge and local experience over many years that enables it to ensure the best possible outcomes for clients. Operating largely in Maseru in Lesotho (90%) and outer lying Lesotho as well as around the borders of the Free State province (10%), Whitakers ensures maximum market penetration for its clients within the geography and sectors it services.

WARBRANDS

It sells and merchandises dry goods, automotive, home and personal care products, consumer batteries and various other FMCG products in Zambia. Warbrands has well established relationships across the board in the FMCG market at all levels, both with large supermarket and hardware chains and smaller independent operators. Warbrands has extensive experience in getting new products listed in all trade sectors, launching or relaunching new lines within the region as well as marketing, selling and merchandising these products.

OPERATING FOOTPRINT

The group has facilities in all the main city centres throughout South Africa, Botswana, Swaziland, Namibia, Zimbabwe, Zambia, Mozambique and Lesotho and continuously investigates acquisition opportunities to expand in current operational countries and northwards of its current footprint.



Africa is home to some of the world's fastest growing economies and emerging markets. Sub-Saharan Africa grew GDP per capita at an average **real rate of 6.3% during 2001 – 2013.** With a population estimated at **1.1 billion people,** and relatively high population growth rates, the African population is estimated to surpass the two billion mark in 15 years and is estimated to surpass China and India in the next 40 to 50 years.

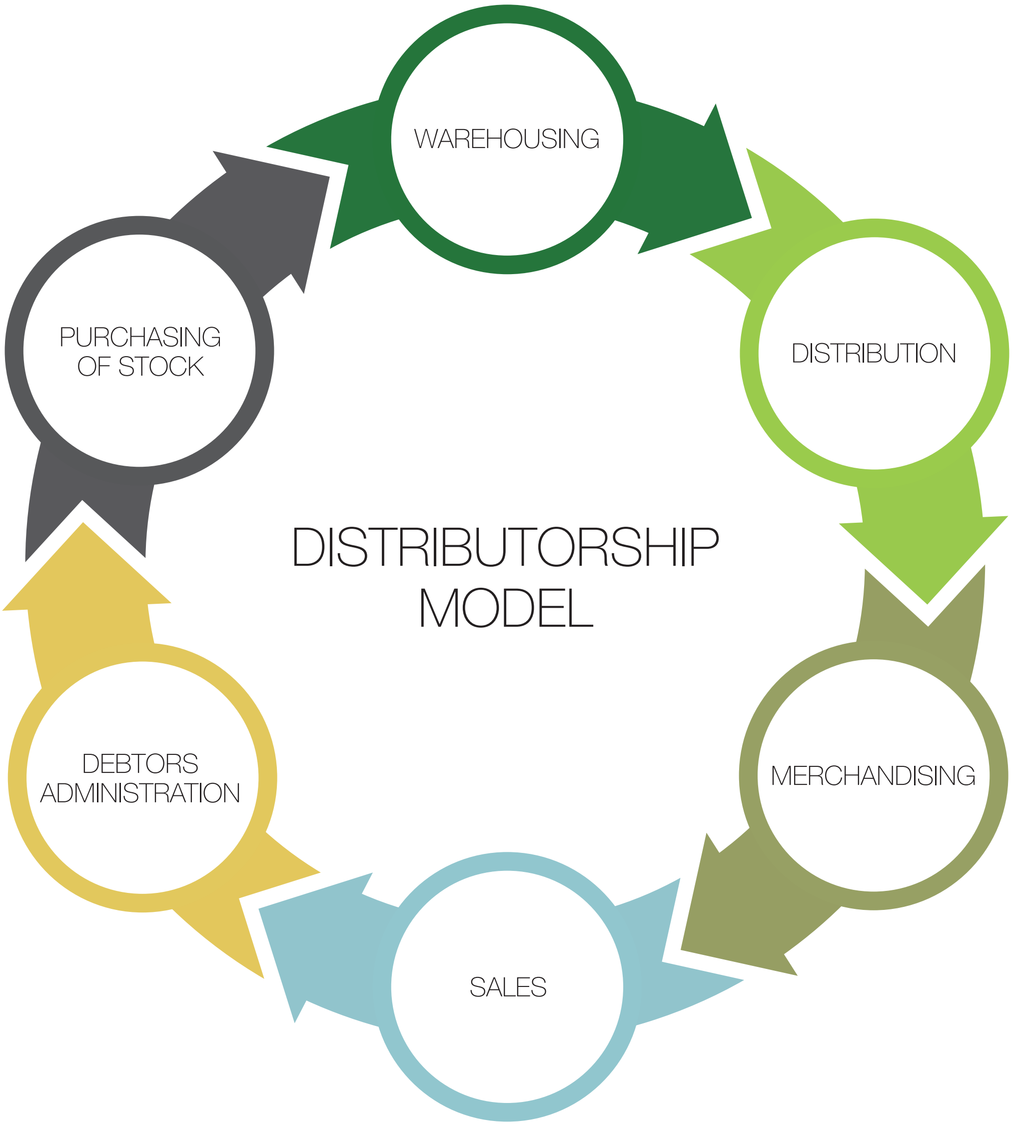
Urbanisation rates in Africa are also increasing, especially in sub-Saharan Africa. According to the UN, urbanisation has increased from 11.2% in 1950 to 36.4% in 2010 and is estimated to reach 45.9% and 56.7% by 2030 and 2050, respectively. This urbanisation trend bodes well for the retail and FMCG industry in Africa. Most of the African retail sector is still relatively underdeveloped and retail is still organised around informal markets. As urbanisation increases and formalisation of the sector is further developed, the retail and FMCG industry is geared for future expansion.

This growing population underpins a growing consumer market and in the future Africa will be host to one of the largest consumer markets in the world. A key trend to note is the **increase in female buying power,** as women start to earn their own money, further adding to the growing consumer market.

Most African consumers still spend most of their available money on food and other necessities. Combined with a large consumer market, this bodes well for the retail and FMCG industry, especially as the markets become more formalised.

The $1,000 annual income level is seen as a key indicator for analysing African consumer spending patterns. **There is an increasing number of African consumers that are reaching the $1,000 annual income level.** Once this level is breached, it allows the consumer to consume more than the bare minimum. As annual income increases above the $1 000 mark, the first levels of increases in consumption relates to the consumption of better quality foods, beer, soft drinks and mobile phones.

BUSINESS MODEL



DISTRIBUTORSHIP MODEL

The distributorship model includes a full-service offering, namely sales, merchandising, purchasing of stock, warehousing, distribution and debtors administration. The core distributorship model includes full representation in the countries outside of South Africa that include sales and merchandising of products in all trade channels and the purchasing of stock from the company's principals resulting in full control of debtors/accounts receivable, warehousing and distribution.

Customers include all major retailers and wholesalers, with many of the customers being listed entities throughout the region.

FULL-SERVICE RETAIL EXECUTION BUSINESS

Services provided in a full-service retail execution business include sales, merchandising, field marketing, call centre and order support, retail and shopper research and shopper engagement programmes to multinational brand owners in the FMCG and hardware industry.

MARKETING AND PROMOTIONAL ACTIVITIES

Marketing and promotional activities include a wide range of services from in store activation, mall activations, out of store activation, road show events, school educational and community engagement programmes, market research and pricing surveys, mystery shopping and event management to multinational or national brand owners in Southern Africa.

TRAINING

The company's training business model includes corporate training services that are custom made for each industry and is Botswana's premier provider of vocational training and BQA (Botswana Qualifications Authority) accredited courses. Services include BQA accreditation and support with Human Resources Development Fund claims.

CHAIRMAN'S LETTER

20% REVENUE GROWTH

15% INCREASE IN GROSS PROFIT

28% INCREASE IN HEADLINE EARNINGS

Revenue contribution per country (R'000)

Revenue (R'000)		Profit (R'000)
R3 078 832	Botswana	R68 702
R642 459	South Africa	R44 888
R636 283	Swaziland	R38 353
R478 875	Namibia	R22 400

Profit contribution per country (R'000)

Dear Shareholder,

It is a privilege to reflect on the 2017 financial year, which is also the year CA Sales listed on the Botswana Stock Exchange and the 4 Africa Exchange. CA Sales operates within the fast moving consumer goods (FMCG) industry and delivers route to market services to blue chip manufacturers. The service offering includes selling, merchandising, warehousing, distribution, shopper promotions, training and debtor's administration. The group boasts a diverse geographical presence across Southern Africa including Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

Although there are many opportunities, there are always challenges. I am proud of the manner in which our management teams have turned challenges into opportunities, and Nelson Mandela's words are very true in circumstances like this: "Do not judge me only by my successes, judge me by how many times I fell down and got back up again".

The economic environment in which we operate was strained to say the least, but despite these market conditions our management teams across the eight jurisdictions have done a magnificent job.

We are a leading FMCG business in Southern Africa, and our aim is to expand our footprint into North and East Africa in a responsible manner. Our warehouse and distribution capacity gives us an edge over most of our competitors.

We are therefore pleased to announce a strong set of results for this financial year. Revenue increased by 20% to over R4.8 billion through a combination of acquisitions, addition of principals, growth in product offerings and new business development.

A continued focus on margins, retention and cost containment assisted in attaining a robust increase of 15% in gross profit to R724 million and resulted in headline earnings increasing with more than 28% to R137 million. Total assets increased by 18% to R2.1 billion. All major operations exceeded expectations even though trading conditions remained challenging as stated above.

As part of the group strategy, CA Sales will continue its expansion strategy through a mixture of growing our principal and customer networks, and by making value added acquisitions to widen our footprint further across the African continent. The group will utilise its strong financial position to take advantage of opportunities arising in the year ahead. Although it is expected that the challenging economic environment and the demanding trading conditions will prevail for the time being, the group believes it is well positioned with its strong balance sheet and diverse geographical presence across Southern Africa to take advantage of any opportunities. I also believe that the group will remain resilient against challenges that may arise.

The pleasing set of maiden results as a listed entity provides us with a solid foundation and to look to the future with confidence.

All stakeholders are important to us and we value the communities in which we operate. Some of the initiatives include; being a participant to the Botswana president's Housing appeal which goes towards building houses for the needy; youth projects; leadership development; humanitarian projects and social health events in various jurisdictions.

The main driver of CA Sales' success has been its people. I would therefore like to thank all the individuals within the broader group for their contribution. We have been fortunate enough to attract some of the best and brightest talent in the FMCG industry that Southern Africa has to offer. To my fellow directors and management, thank you for your contribution, dedication and passion. To our clients, shareholders and other stakeholders, thank you for supporting CA Sales and walking the journey with us. I look forward to the future!

JA Holtzhausen
Chairman

THE GROUP STRATEGY

GROWTH INITIATIVES AND STRATEGIC CONSIDERATIONS

01 PRINCIPAL RELATIONSHIPS

- Excellent relationships with many principals – A network built over many years
- A proven track record in assisting principals to grow their businesses

02 ECONOMIES OF SCALE

- Developing scale in each country by investing in infrastructure for group companies, including *inter alia:*
  - Investing in larger warehouses and premises
  - Increasing fleet sizes
- Grouping and centralising supporting services in each country, independent of principals and brand support, which drives down costs and increases synergies

03 INNOVATIONS

- CA Sales is focused on staying ahead by investing in innovative technologies that enhance effectiveness and efficiency
- Investment in technology is being rolled out across group companies

04 ACQUISITION

- The CA Sales management team has an excellent track record in sourcing, acquiring and integrating earnings accretive acquisitions
- The team is actively increasing the group's footprint in Southern Africa and are eager to continue doing so

05 AFRICAN GROWTH

- Growing African consumer market
- Increasing urbanisation rates
- Formalisation of the retail sector
- Poverty levels are slowly declining

CHIEF EXECUTIVE OFFICER'S REVIEW

OVERVIEW

The year under review can best be described as extremely satisfactory. The group's listing on the Botswana Stock Exchange and the 4 Africa Exchange towards the end of 2017 was a fitting end to a good year.

The group is fortunate in that we are privileged to manage so many wonderful brands in our portfolio. These brands are market leaders which have assisted us in achieving the top line growth despite difficult trading conditions.

Even with slowing GDP growth rates in many of our markets, rising inflation and lower consumer demand, the group was able to achieve its operational and financial objectives during the year. Focus on costs continue to pay dividends.

Improving our service to our clients remains top priority. Our experience and expertise in sales, merchandising and distribution enable us to provide integrated solutions with increased operational efficiency to add value to our clients.

The focus on growth by way of acquisitions continued. The group acquired a significant shareholding in a distributor in Zambia, increasing our presence to eight countries in Southern Africa.

A strategic decision was also made to increase our shareholding in Pack 'n Stack in South Africa and Logico in Swaziland to 84% and 80% respectively. In addition, it diversified its service offering further by making strategic acquisitions in the marketing and promotions sector. This will create unique opportunities within the group going forward.

FINANCIAL PERFORMANCE

The group's financial performance during the year illustrates how uniquely it is positioned to have enabled us to produce very good results, notwithstanding economic headwinds in most of the markets we operate in. All major operations performed above expectation.

INCOME STATEMENT

Revenue increased by 20% to over R4.8 billion from R4.0 billion. A continued focus on margin retention and cost containment assisted in attaining a robust increase in gross profit of 15% to R723.6 million and over 28% in headline earnings to R136.8 million from R106.4 million.

Income from associates are up from the previous year's losses due to breakeven levels reached by Wutow Trading, which went through a business re-engineering exercise.

Finance income increased to R13.2 million from R4.9 million as a once-off preference dividend of R6.1 million was received from an incentive scheme realised as part of the listings. Finance costs of R16.1 million are at a healthy group interest cover ratio of 14 up from the previous year's cover of 12.

The effective group tax rate increased from 23.6% to 24.9% due to the increased profits of the major operations in the different jurisdictions.

FINANCIAL POSITION

Intangible assets rose to R566.6 million primarily due to the acquisition of Expo Africa for R23.7 million and Surapax for R16.5 million.

The movement in investments accounted for using the equity method is due to the step up in shareholding of Wutow, from associate to subsidiary, valued at R14.2 million and the acquisition of Warbrands Zambia for R11.9 million.

The deferred income tax assets increase of R 6.5 million relates mainly to the consolidation of Wutow who had an assessed tax loss at take-on.

FIVE YEAR REVIEW

for the year ended 31 December 2017

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000
Consolidated income statements					
Revenue	**4 838 511**	4 030 606	3 585 284	2 491 915	1 903 376
Profit before tax and income from associates	**228 352**	183 924	139 811	101 433	(10 501)
Share of results from associated companies	**464**	(5 274)	12 187	16 345	12 470
Profit before income tax	**228 816**	178 650	151 998	117 778	1 969
Income tax	**(56 969)**	(42 227)	(34 739)	(15 155)	(93)
Profit for the year from continuing operations	**171 847**	136 423	117 259	102 623	1 876
Owners of the parent	**144 737**	109 882	87 257	93 056	1 876
Non-controlling interests	**27 110**	26 541	30 002	9 567	–

Net working capital increased to R596.2 million from R312.2 million. This is as a result of an increase in trade receivables of R250.5 million and an increase in inventories of R35.7 million. This is due to the seasonal cycle where trade volumes are higher over the last three months of the year.

Net borrowings (total borrowings less cash and cash equivalents) increased to R100.4 million. The main reason was the funding of the seasonal increased working capital. Long-term borrowings consist of finance leases on motor vehicles.

The share capital of the group increased with the issue of additional shares to raise BWP 50 million and shares issued to the shareholders of Logico and Pack 'n Stack to increase the group's shareholding in the subsidiaries.

The non-controlling interest in the group decreased to R41.8 million from R66.7 million partly due to the group's increase in the shareholding of Logico from 55% to 80% and in Pack 'n Stack from 67% to 84%.

CASH FLOW

Cash generated from operating activities decreased to R41.7 million from R258.3 million in the previous year due to the net outflow of working capital at year-end of R222.4 million.

Total cash outflow from acquisitions was R136.4 million for the year. The outflow relates mainly to the acquisition of Expo Africa, Surapax, Peo, Warbrands, step up of Wutow and the increases in shareholding of Logico and Pack ’n Stack.

Cash inflow from borrowings of R138 million relates to short-term borrowings utilised for seasonal working capital.

As a result of the group’s performance, the company declared a dividend of 5.99 cents per share on 23 March 2018.

CA Sales is pleased with the strong set of financial results for the year ending 31 December 2017 and the healthy platform it sets for future growth.

OPERATIONAL PERFORMANCE

DISTRIBUTORSHIPS

Botswana and Swaziland

The major businesses in Botswana and Swaziland have performed above expectation for the period. Margins have continued to come under pressure, particularly due to the increased costs of distribution in order to maintain service levels to customers. This has been offset to some degree by strong top line growth during the period. Cost focus remained a key issue and several innovative plans will be implemented in order to manage costs going forward. These businesses face the challenge of protecting their margins, which are already the lowest in the group.

A phase of low price increases linked to inflation may see some upside in the new year as the businesses might be able to capitalise on stock buy-in against these price increases.

Renewed focus on the frozen business in Botswana paid off with new principals gained during the year. Profitability in this business also increased significantly on the back of higher margins achieved.

Namibia

The economic downturn in Namibia has affected consumer spending negatively during 2017. This had a negative impact on our businesses in Namibia.

Branded goods, in especially the liquor segment, were severely affected by consumers switching to lower cost brands and buying on lower priced deals, eroding the brand equity of high end liquor products.

The once lucrative shoppers from Angola have not returned and it is not predicted that they will do so in the foreseeable future.

New management has been appointed at Wutow Trading and results have already improved in a relatively short period. This business should return positive results going forward.

Zimbabwe

The unavailability of foreign currency is creating havoc in the Zimbabwean market as distributors are not able to pay for goods imported into Zimbabwe. This is likely to continue for some time to come.

Lesotho

Lesotho remains a relatively small market as most goods are traded in from South Africa. Our businesses performed well in a difficult market created by political instability during the year.

Zambia

The group expanded its footprint into Zambia by acquiring a 49% shareholding in Warbrands Zambia towards the end of 2017. The focus will be to add value-adding principals to the basket during the next few months.

SALES AND MERCHANDISING

The strategy of actively pursuing brand owners of food, paid off with two leading food manufacturers gained during the year. In addition, several other category leading clients were successfully added, or contracts renewed during 2017. This provides an extremely solid base for Pack ’n Stack going forward. The additional business also enabled Pack ’n Stack to broaden its service offering in the pharmacy channel during 2017.

A further strategic objective achieved during 2017 was that of channel broadening into the hardware channel. The acquisitions of Array Marketing and Surapax provides a solid foundation to expand further into the hardware channel.

Capability building, in terms of Human Resources and Technology, remains a serious challenge facing the sales and merchandising industry in general. Therefore, it has been identified as a strategic imperative and a dedicated team with sufficient resources has been allocated to evolve our people and systems to ensure Pack ’n Stack remains an integral part of its clients’ success.

PROMOTIONS AND BRAND ACTIVATIONS

With the acquisitions of Expo Africa and PEO Promotions it fulfilled the strategic imperative of entering the promotions and brand activations market and thereby further diversifying the group’s service offering. These businesses are well positioned within its respective market segments to add value to our clients and further strengthen our already strong relationships.

PROSPECTS

The lower published inflation numbers in the region may well be a positive sign for the regional economy. Consumers are however likely to remain under pressure which might lead to decreased spending in certain categories.

Renewed optimism in South Africa, Botswana and Zimbabwe due to leadership changes should lead to more stable markets and hopefully increased consumer spending in general.

The group’s diversified portfolio should enable it to deliver sustainable results going forward.

It remains a strategic imperative to continue along the acquisition and expansion trail to enhance shareholder returns whilst focusing on extracting optimum value from the existing portfolio of businesses. The group will continue to invest in Africa and will actively seek further acquisitions, also in countries we do not currently operate in.

The group is well positioned to make the most of any opportunity that might present itself. It has a strong healthy balance sheet and has an unrivalled management team in the region.

APPRECIATION

My gratitude is due to all our staff throughout the group whose resolve in dealing with difficult conditions during the year was outstanding. We believe and trust they will prove to be resilient in the year ahead.

A particular thanks to my executive committee colleagues that assisted and supported me in my new role as group CEO. It is a privilege to work with such a dedicated and committed group of people.

FW Britz
Chief Executive Officer

VALUE-ADDED STATEMENT

	2017 R'000	2016 R'000
Turnover	**4 838 511**	4 030 606
Less: Cost of products and services	**4 259 146**	3 567 459
Value added by operations	**579 365**	463 147
Add: Income from investments and associates	**13 729**	(385)
Wealth created	**593 094**	462 762
Applied to:		
Employees		
Salaries, wages and other benefits	**208 940**	154 812
Governments		
Corporate and indirect taxation (note 1)	**165 065**	127 257
Levies (note 2)	**36 102**	32 590
Providers of capital	**48 954**	24 485
Interest on borrowings	**16 175**	16 210
Dividends to non-controlling interests	**11 492**	8 275
Dividends to ordinary shareholders	**21 287**	–
Retained in the group	**134 033**	123 618
Wealth distributed	**593 094**	462 762
Note 1	**165 065**	127 257
Income taxation (excluding deferred tax)	**62 004**	46 757
Customs duties, import surcharges etc.	**103 061**	80 500
Note 2	**36 102**	32 590
Training levies	**5 602**	5 043
Skills development levy	**3 936**	3 131
Alcohol levy	**25 754**	23 626
Tobacco levy	**810**	790
Contribution to governments	**201 167**	159 847
Employee statistics		
Average number of employees	**8 366**	6 260
Turnover per employee	**578**	644
Value added per employee	**69**	73
Wealth created per employee	**71**	73

SUMMARY OF RATIOS AND STATISTICS

		2017	2016
Ordinary share performance			
Number of ordinary shares upon which headline earnings per share is based	(000)	**411 940**	405 401
Headline earnings per ordinary share	(cents)	**33.23**	26.26
Dividends paid per ordinary share	(cents)	**5.25**	3.57
Dividend cover	(times)	**5.29**	5.16
Net asset value per ordinary share	(rand)	**2.57**	2.37
Profitability and asset management			
Asset turnover	(times)	**2.31**	2.27
Working capital per R1 000 turnover	(rand)	**123.22**	77.47
Operating margin	(%)	**3.55**	3.38
Effective taxation rate	(%)	**24.90**	23.64
Return on equity	(%)	**14.52**	13.30
Financing			
Current ratio		**2.00**	1.53
Net interest cover	(times)	**10.62**	8.42
Economic indicators			
Key closing exchange rates at 31 December vs ZAR			
– USD		**12.3828**	13.7392
– Botswana pula (BWP)		**1.2580**	1.2820
– Mozambican metical (MZN)		**0.2112**	–
– Zambian kwacha (ZMW)		**1.2486**	–
Stock exchange statistics (since 9 November 2017)			
Market price per share (Botswana thebe)			
– year end		**351**	
– highest		**351**	
– lowest		**345**	
Number of transactions		**41**	
Number of shares traded		**8 916 547**	
Value of shares traded	(BWP'000)	**30 778**	
Number of shares traded as a percentage of total issued shares	(%)	**2**	
Price earnings ratio at year end		**13.29**	
Market capitalisation at year end	(BWP'000)	**1 560 667**	

OUR BOARD OF DIRECTORS

JOHAN HOLTZHAUSEN 47
South African
B.Iuris *(Cum laude)* LLB, HDip Tax
Non-executive Chairman
Appointment: 8 December 2011

Johan has extensive FMCG experience. He was a non-executive director of CIC Holdings Limited ("CIC") (listed in Namibia and later in South Africa). He is the CEO of PSG Capital and also a director of various companies including PSG Group Limited.

Johan is an admitted attorney and a member of the Law Society with over 19 years of corporate finance experience. Before he joined PSG Capital, he was appointed by the Minister of Finance as a chairperson of the Special Income Tax Court for Gauteng. He 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.

Johan is also a member of the JSE Issuer Services Advisory Committee.

FRANS BRITZ 51
South African
CA(SA)
Chief Executive Officer
Appointment: 8 December 2011

Frans was previously the financial director of JSE listed companies DigiCore Holdings Limited, Rectron Holdings Limited and CIC Holdings Limited. He joined the group in 2011 as chief financial officer and has been involved in FMCG related businesses for more than 16 years.

NICO DE WAAL 42
South African
BEng (Mech) (*Cum laude),* MBA
Non-executive director
Appointment: 8 December 2011

Nico started his career as an engineer with Baker Hughes Inc. (USA) in Scotland and the Middle East in the oil and gas exploration industry (1998-2000). He then specialised in strategy and operations work as a management consultant at McKinsey & Co. (2001 to 2007) and also at SAB Miller (2008 to 2010). Nico joined the PSG Group in 2011 and is currently the CEO of PSG Alpha.

TREVOR ROGERS 66
South African
Non-executive director
Appointment: 6 June 2012

Trevor has over 40 years of experience in the FMCG industry. He held various positions at Tiger Brands for over 15 years and was Managing Director of Fattis and Monis.

He then joined Bolux Milling, Botswana as CEO before joining CIC in 2000.

CIC was listed on the Johannesburg Stock Exchange and Trevor was the CEO until the group was sold to Imperial Holdings Limited in 2011.

He was appointed CEO of CA Sales in 2012 until his retirement in March 2017.

Trevor has extensive knowledge of the industry with a deep understanding of both the manufacturing side, managing brand leaders, as well as 17 years of experience in the distribution agency business in African markets.

BADAL PATEL 36
British
CA(UK)
Non-executive director
Appointment: 6 November 2014

Badal is a UK based Chartered Accountant with over 15 years of extensive business experience ranging from banking, mergers and acquisitions, investment management, financial analysis, audit and assurance, business and compliance consulting. He currently performs financial and business consulting work for a leading African commodity supply chain group.

Badal spent his early career at PwC where he gained broad exposure to a variety of leading global companies operating across the technology, consumer goods, logistics and manufacturing industries. Following this he then moved into Banking where he spent five years at RBS Plc in the structured credit derivatives business unit, leading, implementing and delivering a number of large project initiatives aimed at automation, efficiency savings and improved controls and procedures.

Badal studied Mechanical Engineering and Business Finance at University College London and London School of Economics.

JEAN CRAVEN 46
South African
BCom Accounting
Alternate director to B Patel
Appointment: 17 April 2012

Jean holds an accounting degree from the University of Stellenbosch in South Africa.

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

His commodities business was one of the first active participants in the South African Commodity Futures Exchange and Jean served on the South African Futures Exchange advisory panel for many years. Prior to founding Barak, Jean built and led a new team at Standard Bank that covered structured commodity finance, physical and derivative trading as well as agricultural and bio-fuel project finance.

Previously, Jean worked for Rand Merchant Bank (part of the First Rand Group) heading up a team that completed the first successful USD1 billion grain securitisation in the world. This same team also set up the third largest crop insurance company in Africa to mitigate weather risk on farmer production loans for the First Rand Retail Bank.

BLACKIE MAROLE 65
Botswanan
MA (Economics)
Independent non-executive director
Appointment: 7 November 2017

Blackie holds a Master of Arts Degree in Economics from Williams College, Massachusetts, United States. He also holds a Bachelor of Arts Degree in Economics from the University of Botswana, and an Economic Institute Diploma with the University of Colorado.

An Economist by profession, 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.

Blackie has provided oversight as director and/or chairman of the various prestigious national and international boards, including *inter alia:*

- African Energy Resources; Associated Fund Administrators (AFA);
- Debswana Diamond Company;
- Debswana Pension Fund Board of Trustees;
- Botswana Power Corporation;
- Water Utilities Corporation;
- De Beers Centenary AG/De Beers Consolidated Mines;
- BCL Limited; and
- Barclays Bank of Botswana.

ELIAS MASILELA 53
South African
BA (Social Sciences),
MSc (Economic Policy and Analysis)
Independent non-executive director
Appointment: 7 November 2017

Elias is executive chairman of DNA Economics and a part-time commissioner on the National Planning Commission. Elias also holds various other positions, including, *inter alia:*

- Director of the South African Savings Institute; and
- Founder member of the Financial Sector Charter Council.

Elias has also held various other positions including *inter alia:*

- Former member of the Advisory Board of the Faculty of Economic and Management Sciences at the University of Pretoria;
- Chief Executive Officer of the Public Investment Commission (PIC);
- Director of the South African Reserve Bank;
- Senior positions with Sanlam and the Central Bank of Swaziland; and
- Deputy Director General of the South African National Treasury.

Elias holds a Bachelor of Arts degree in Social Sciences (Economics and Statistics) from the University of Swaziland and a Master of Sciences in Economic Policy and Analysis from the Addis Ababa University.

He has lectured at a number of academic institutions and has written widely on the subject of economic policy.

REGINA SIKALESELE-VAKA 51
Botswanan
BLaws
Independent non-executive director
Appointment: 7 November 2017
Resignation: 13 April 2018

Regina is a renowned leader who is currently the CEO of Bona Life, which she founded in 2014 and co-owns with the Botswana Public Officers Pension Fund.

A lawyer by training, her three-decade career spans from practicing as a private attorney to the corporate world where she attained leadership roles as:

- Chief Executive Officer at Motor Vehicle Accident Fund;
- Chief Executive Officer of the largest life insurance company, Botswana Life
- Group Chief Executive Officer of Botswana Insurance Holding Limited
- Chairman of the Government-owned Mineral Development Company of Botswana
- Chairman of the Botswana Stock Exchange.

Her corporate governance experience as a director of blue chip BSE listed companies including:

- FNB Botswana;
- FNB Foundation;
- BIHL Foundation;
- Sechaba Breweries Limited;
- Sefalana;
- ENGEN Botswana;
- G4S;
- MVA Fund;
- University of Botswana Council; and
- BOCCIM/Business Botswana.

CORPORATE GOVERNANCE REVIEW

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

BOARD COMPOSITION

The board has seven directors, comprising six 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.

DIRECTOR CHANGES

The names of the directors serving at the end of the year under review and their biographical details are set out on pages 16 to 17.

The board appointed three independent non-executive directors on 7 November 2017 as part of the listing on the Botswana Stock Exchange and 4 Africa Exchange. One of these directors resigned on 13 April 2018.

THE CHIEF EXECUTIVE OFFICER

The CEO, Frans Britz, reports to the board. He is responsible for overseeing execution of the board-approved strategic direction and objectives of CA Sales. The CEO is not a member of the audit and risk, the social and ethics or remuneration committees, but attends meetings by invitation.

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 regarding the findings of the external auditors. It 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 two non-executive directors, namely Nico de Waal and Badal Patel. New members will be nominated and appointed at the next annual general meeting to be held on 25 June 2018.

Focus areas for 2018

- King IV implementation
- Mandatory audit firm rotation proposal
- Appointment of internal auditors/a risk compliance officer
- Risk management

The ARC met twice during the year.

Company secretary

All directors have unlimited access to the services of the company secretary.

The company secretary ensures the 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 and board sub-committees.

Internal audit

The group is in the process of determining the structure of the internal audit function and the appointment of 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

PricewaterhouseCooper 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 Sales will establish a social and ethics committee within 12 months of its listing, to act as the company's social conscience and take into account public and stakeholder interests in the company's operations.

The CA Sales social and ethics committee members will be responsible for monitoring the company's activities, having regard to any relevant legislation, legal requirements and prevailing codes of best practice with matters relating to, *inter alia:*

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships; and
- Labour and employment

REMUNERATION COMMITTEE

The remuneration committee comprises Johan Holtzhausen and Elias Masilela both being non-executive directors. The committee was set up after the financial year end and will meet when required. 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.

The committee will, on the board's behalf:

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

Member attendance	Board	Audit and risk
Number of meetings	4	2
Johan Holtzhausen	4/4	
Frans Britz	4/4	
Nico de Waal	4/4	2/2
Trevor Rogers	4/4	
Badal Patel	4/4	2/2
Elias Masilela*	0/1	
Blackie Marole*	1/1	
Regina Sikalesele-Vaka**	0/1	

**Independent non-executive directors appointed on 7 November 2017*

***Resigned on 13 April 2018*

STATEMENT OF COMPLIANCE

Botswana Stock Exchange Limited and 4 Africa Exchange

The company is subject to and remains compliant with the listings requirements of the Botswana Stock Exchange and 4 Africa Exchange.

Companies Act 71 of 2008

The company ensures compliance to the Act.

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. Following the launch of the Code in November 2016, the company reviewed its application of current principles to align with the Code and the board is satisfied that in the main, the company has applied most of the principles set out in the Code.

Set out below is the company's compliance with King:

King IV principle	Application/Explanation
1. The governing body should lead ethically and effectively.	The board of directors of CA Sales hold one another accountable for decision-making and ethical behaviour. The chairman of the board oversees this on an ongoing basis. This responsibility is contained in the board's terms of reference.
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board is responsible for the monitoring and governance of the ethics of the group in the interim until such time as the Social and Ethics Committee, is established.
3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The board is responsible for monitoring the overall responsible corporate citizenship performance of the group. CA Sales supports various initiatives within the broader southern African area, particularly in relation to social well-being.
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The company's ability to create value in a sustainable manner is illustrated throughout its business model. The Audit and Risk Committee assists the board with the governance of risk and continuously monitors risks and ensures the implementation of various migrating controls. This responsibility is contained in the board's terms of reference and the Audit and Risk Committee's terms of reference.
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	The group's Annual Report provides an assessment of its performance, measured against its objectives.
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The board is the focal point and custodian of corporate governance within the group. Its role and responsibilities and the way that it executes its duties and decision making are documented and are set out in the board's terms of reference. Further aspects of governance are addressed with greater impetus through the established board sub-committees i.e. Audit and Risk, Remuneration and Social and Ethics committees

CORPORATE GOVERNANCE REVIEW CONTINUED

King IV principle	Application/Explanation
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.	The board and its sub-committees consider on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities. The board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities. Through the annual self-assessment of the board and its sub-committees, the knowledge and skills set are evaluated and improved where required. Furthermore, where necessary the subject matter experts are available for matters requiring specialised guidance.
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.	There is a clear balance of power to ensure that no individual/s have undue decision-making powers. The Audit and Risk Committee is satisfied that the auditor is independent and non-audit services are not performed and the audit firm has been appointed with the designated audit partner having oversight of the audit. The Chief Financial Officer oversees the finance function and is assisted by suitably qualified staff. An internal audit function is not in place yet as reliance is placed on management to ensure controls are in place. In the future this will however be considered. An assessment of the effectiveness of the Chief Financial Officer's performance is conducted annually by the Audit and Risk Committee which has been confirmed in the report of the ARC.
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The board and all sub-committees' terms of reference now includes the onus of annual assessments. Assessments of the performance of the board, its sub-committees and the company secretary are conducted annually by way of internal evaluation processes.
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.	A detailed Delegation of Authority policy and framework indicate matters reserved for the board and senior management. The board is satisfied that the group is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee assists the board with the governance of risk. The board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the group. The Audit and Risk Committee implements processes by which the risks to the sustainability of the business are identified and managed within acceptable parameters. The Audit and Risk Committee delegates to management to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.
12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The board, together with the Audit and Risk Committee, oversees the governance of information technology. The board is aware of the importance of technology and information in relation to the group's strategy.
13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The board assisted by the company secretary monitors compliance with the various regulations the group is subject to. There are no material penalties, sanctions or fines for contraventions of, or non-compliance with, regulatory obligations.

King IV principle	Application/Explanation
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The Remuneration Committee, assisted by the CEO's of the underlying businesses ensure that staff are remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in a sustainable manner.
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The board is satisfied that the CEO and CFO provide assurance that an adequate and effective control environment exists and on the integrity of reports for better decision-making.
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 interests of the organisation over time.	Various stakeholder groups have been identified and the board balances their legitimate and reasonable needs, interests and expectations.
17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A – CA Sales is not an institutional investor.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 December 2017

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 2017, 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.

PN de Waal
Chairman of Audit and Risk Committee

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2017

These annual financial statements have been prepared under the supervision of FJ Reichert, CA(SA), acting 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 2017

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), acting group chief financial officer.

SECRETARIAL CERTIFICATION

In accordance with section 88 of the Companies Act, for the year ended 31 December 2017, 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

25 May 2018

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 December 2017

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 judgements 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 2018 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 26 to 28.

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 sub-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 30 to 75, which have been prepared on the going concern basis, were approved by the directors on 25 May and are signed on its behalf by:

JA Holtzhausen
Chairman

FW Britz
Chief executive officer

25 May 2018

DIRECTORS' REPORT

NATURE OF BUSINESS

CA Sales operates within the fast-moving consumer goods industry and delivers route-to-market services to blue chip manufacturers. The service offering includes selling, merchandising, warehousing, distribution, shopper promotions, training and debtor's administration. The group has diverse geographical presence across Southern Africa including in Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

OPERATING RESULTS

Revenue increased by 17% to over R4.7 billion through a combination of acquisitions, addition of principals, growth in product offerings and new business development. A continued focus on margin retention and cost containment assisted in attaining a robust increase of 15% in gross profit to R723.6 million, net profit after taxation increased by 26% to R171.8 million (2016: R136.4 million) and over 28% in headline earnings to R136.9 million.

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

The distributor footprint was further expanded into Zambia, opening a new territory for the group. In addition, an acquisition in the marketing and promotions industry expanded the group's current service offering. The group made three acquisitions during the year under review. For detail of acquisitions see note 24. There were four transactions where shares were bought from minorities. For this detail, see notes 5 and 24.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 11 to the financial statements.

On 8 August 2017, the shareholders resolved to split the number of shares in issue on a ratio of 1 400 shares for every share held. In addition, the shareholders also resolved to increase the authorised share capital of the company from 1 000 000 shares to 2 000 000 000 shares.

On 7 November 2017, the company was listed on the 4AX Stock Exchange and on 9 November 2017 on the Botswana Stock Exchange. Additional shares were issued to new shareholders together with shares issued in exchange for increased shareholding in subsidiaries. 39 million shares were issued at a value of R132.6 million net of capitalised listing fees.

DIVIDENDS

A final dividend of 5.99 (2016: 5.25) cents (or BWP equivalent) per share in respect of the year ended 31 December 2017 was declared on Friday, 23 March 2018, for payment to the ordinary shareholders of the company at the close of business on Friday, 20 April 2018. In line with the company's dividend policy, the dividend was maintained at approximately 20% of the headline earnings. The number of issued shares at the declaration date is 444 634 430. 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. In respect of shareholders registered on the 4AX Stock Exchange, the dividends payable is subject to withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 4.792 cents per share.

The last date to trade was Friday, 13 April 2018 and trading ex-dividend commenced on 16 April 2018.

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.

DIRECTORS

Detail of the directors are listed on pages 16 and 17 of the annual report.

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2017 was as follows:

		2017		2016
Indirect shareholding	Number	%	Number	%
TP Rogers	4 097 940	0.9	5 322	1.8
FW Britz	4 097 940	0.9	5 322	1.8
Total	8 195 880	1.8	10 644	3.7

There was a share split in 2017 (note 11)

Subsequent to year-end, TP Rogers and FW Britz exercised share options, in April 2018 and received 3 885 720 ordinary shares directly held. TP Rogers disposed of 1 943 028 shares in May 2018.

BOARD COMMITTEES AND ATTENDANCE

Refer to page 19 of this annual report.

EVENTS AFTER BALANCE-SHEET DATE

CA Sales is finalising the purchase of warehouses in Botswana. These will grow its asset base in Botswana and show its commitment to invest in the country. There were no other 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 2017.

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.

REPORT OF THE INDEPENDENT AUDITORS

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 2017, 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 30 to 75 comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- 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.

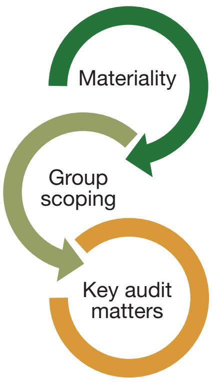
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

OUR AUDIT APPROACH

OVERVIEW



Overall group materiality

- Overall group materiality: R11.5 million, which represents 5% of profit before tax.

Group audit scope

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

Key audit matters

- Impairment assessment of cash generating units (CGUs); and
- Wutow Step Up Acquisition

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.

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	R11.5 million
How we determined it	5% of consolidated profit before tax
Rationale for the materiality benchmark applied	We chose consolidated profit before 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. 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 four financially significant components of the Group were subject to a full scope audit of its financial reporting information submitted to the Company.

The Group engagement team met with the component auditors of each of the four significant components and inspected their working papers and required reporting documents which included a comprehensive memorandum of work performed.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of cash generating units (CGUs) Goodwill amounting to R555m is required to be tested annually for impairment or when impairment indicators are identified, pursuant to the requirements of IAS 36: *Impairment of assets.* Management used the value in use method to determine the recoverable amount of each CGU. This required the use of discounted cash flow modelling techniques which required management to make assumptions regarding future revenue growth rates, gross margin, operating cost increases and the long-term growth rate, and then applying a discount rate to these cash flows (Note 4 Intangible Assets). The complexity of the judgements and assumptions applied in calculating the value in use of goodwill resulted in this being a matter of most significance to our current year audit.	We evaluated the composition and magnitude of management's future cash flow forecasts for their respective CGUs by recalculating the free cash flow that arises from the budgeted revenue levels and challenging assumptions. This included testing management's assumptions (future revenue growth rates, gross margin, operating cost increases and the long-term growth rate and the discount rate) for reasonability by inspecting signed agreements, comparison to external and industry benchmarks, and comparison to future market volume forecasts. Based on our audit work performed, we consider management's assumptions to be reasonable. We compared the process followed in determining these cash flow forecasts to past practice. Cash flow forecasts were also compared to board approved budgets and forecasts. We noted no differences in this regard. The 2016 and 2017 actual results were compared to the forecasts for those years, to identify any situations where actual results achieved were different from budgeted results. In respect of differences that were identified, we inquired of management and inspected documentation to understand the reasons for the differences. Based on our audit work performed, we considered these explanations to be reasonable. To assess whether similar deviations could occur in future, we held discussions with management, inspected industry and economic forecasts and obtained an understanding of the actions implemented by management. The discount rates and growth rates included in the impairment assessments were assessed as follows: • As a reasonability test, we used our valuations expertise to independently calculate the discount rates used in the models, taking into account independently obtained data. The discount rates applied were accepted as falling within a reasonable range. • Long-term growth rates in South Africa were independently assessed by comparison to economic and industry forecasts. Based on our procedures, the growth rates applied were accepted as falling within a reasonable range. We tested the mathematical accuracy of management's valuation models and made use of our valuations expertise to assess whether generally accepted valuation methodology was applied. Management's valuation models were considered to be in line with generally accepted valuation methodology. We performed sensitivity calculations on the impairment assessments to determine the degree by which the key assumptions (discount rates and long term growth rates) needed to change in order to trigger an impairment. We discussed these with management and considered the likelihood of such changes occurring.

REPORT OF THE INDEPENDENT AUDITORS CONTINUED

to the Shareholders of CA Sales Holdings Limited

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the CA Sales Holdings Annual Report 2017, which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa. Other information does not include the consolidated and 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 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, 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.

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 five years.

PricewaterhouseCoopers Inc.
***Director:* Isak Buys**
Registered Auditor

4 Lisbon Lane, Waterfall City
Jukskei, 2090

25 May 2018

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**

as at 31 December 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Assets					
Non-current assets		**696 141**	682 331	**797 051**	729 241
Property, plant and equipment	3	**100 807**	97 129	**–**	–
Intangible assets	4	**566 591**	533 939	**–**	–
Investment in subsidiaries	5	**–**	–	**795 148**	684 071
Investments accounted for using the equity method	6	**16 273**	29 261	**1 903**	29 170
Deferred income tax assets	14	**12 470**	6 002	**–**	–
Loans and advances	7	**–**	16 000	**–**	16 000
Current assets		**1 397 805**	1 089 679	**151 680**	86 913
Inventories	8	**313 550**	277 777	**–**	–
Trade and other receivables	9	**878 389**	627 840	**82 718**	51 702
Income tax receivable		**1 725**	1 184	**–**	4
Cash and cash equivalents (excluding overdrafts)	10	**204 141**	182 878	**68 962**	35 207
Total assets		**2 093 946**	1 772 010	**948 731**	816 154
Equity and liabilities					
Stated capital	11	**841 526**	708 944	**841 526**	708 944
Other reserves	12	**14 398**	14 042	**8 261**	3 928
Retained earnings		**286 145**	236 122	**96 862**	102 526
		1 142 069	959 108	**946 649**	815 398
Non-controlling interest	5	**41 799**	66 712	**–**	–
Total equity		**1 183 868**	1 025 820	**946 649**	815 398
Non-current liabilities		**27 532**	29 145	**–**	–
Borrowings	13	**23 308**	24 484	**–**	–
Deferred income tax liabilities	14	**4 224**	4 661	**–**	–
Current liabilities		**882 546**	717 045	**2 082**	756
Trade and other payables	15	**543 120**	554 582	**1 914**	756
Provisions	16	**52 624**	38 790	**–**	–
Income tax payable		**5 557**	6 832	**168**	–
Borrowings	13	**281 245**	116 841	**–**	–
Total liabilities		**910 078**	746 190	**2 082**	756
Total equity and liabilities		**2 093 946**	1 772 010	**948 731**	816 154

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company Restated 2016 R'000
Continuing operations					
Revenue		**4 838 511**	4 030 606	**–**	–
Dividend income		**–**	–	**29 758**	20 514
Cost of sales		**(4 114 878)**	(3 401 698)	**–**	–
Gross profit		**723 633**	628 908	**29 758**	20 514
Other operating expenses	17	**(520 051)**	(445 768)	**(19 743)**	(5 620)
Other operating income	17	**27 680**	12 105	**16**	489
Operating profit		**231 262**	195 245	**10 031**	15 383
Share of profit/(loss) of investments accounted for using the equity method	6	**464**	(5 274)	**–**	–
Profit before interest and tax		**231 726**	189 971	**10 031**	15 383
Finance income	19	**13 265**	4 889	**7 703**	1 283
Finance costs	19	**(16 175)**	(16 210)	**(14)**	–
Profit before income tax		**228 816**	178 650	**17 720**	16 666
Income tax	21	**(56 969)**	(42 227)	**(2 097)**	(60)
Profit for the year		**171 847**	136 423	**15 623**	16 606
Other comprehensive income to be subsequently reclassified to profit or loss:					
Currency translation differences net of taxation		**(3 998)**	(12 300)	**–**	–
Share of other comprehensive income of associated companies net of taxation		**(1)**	295	**–**	–
Total comprehensive income for the year		**167 848**	124 418	**15 623**	16 606
Profit attributable to:					
– Owners of the parent		**144 737**	109 882	**15 623**	16 606
– Non-controlling interests		**27 110**	26 541	**–**	–
		171 847	136 423	**15 623**	16 606
Total comprehensive income attributable to:					
– Owners of the parent		**140 760**	98 095	**15 623**	16 606
– Non-controlling interests		**27 088**	26 323	**–**	–
Total comprehensive income for the year		**167 848**	124 418	**15 623**	16 606
Basic earnings per share (cents)		**35.14**	27.10		
Diluted earnings per share (cents)		**34.46**	26.84		

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2017

	Notes	Stated capital R'000	Share-holders' equity contri-butions R'000	Other reserves R'000	Retained income R'000	Total attrib-utable to the owners R'000	Non-con-trolling interest R'000	Total equity R'000
GROUP								
Balance at 1 January 2016		371 231	337 713	21 901	121 322	852 167	54 522	906 689
Profit for the year		–	–	–	109 882	109 882	26 541	136 423
Other comprehensive income for the year:								
Currency translation differences net of taxation	12	–	–	(12 082)	–	(12 082)	(218)	(12 300)
Share of other comprehensive income of associated companies net of taxation		–	–	295	–	295	–	295
Transactions with owners:								
Subscription shares	11	337 713	(337 713)	–	–	–	–	–
Share-based payment costs	12	–	–	3 928	–	3 928	–	3 928
Acquisition of subsidiary		–	–	–	–	–	5 410	5 410
Transaction with non-controlling interest		–	–	–	4 918	4 918	(11 268)	(6 350)
Dividends paid		–	–	–	–	–	(8 275)	(8 275)
Balance as at 31 December 2016		708 944	–	14 042	236 122	959 108	66 712	1 025 820
Balance at 1 January 2017		**708 944**	**–**	**14 042**	**236 122**	**959 108**	**66 712**	**1 025 820**
Profit for the year		**–**	**–**	**–**	**144 737**	**144 737**	**27 110**	**171 847**
Other comprehensive income for the year:								
Currency translation differences net of taxation	12	**–**	**–**	**(3 976)**	**–**	**(3 976)**	**(22)**	**(3 998)**
Share of other comprehensive income of associated companies net of taxation		**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Transactions with owners:								
Shares issued net of capitalised listing fees	11	**132 582**	**–**	**–**	**–**	**132 582**	**–**	**132 582**
Share-based payment costs	12	**–**	**–**	**4 333**	**–**	**4 333**	**–**	**4 333**
Acquisition of subsidiary		**–**	**–**	**–**	**–**	**–**	**3 641**	**3 641**
Transactions with non-controlling interest		**–**	**–**	**–**	**(73 427)**	**(73 427)**	**(44 150)**	**(117 577)**
Dividends paid		**–**	**–**	**–**	**(21 287)**	**(21 287)**	**(11 492)**	**(32 779)**
Balance as at 31 December 2017		**841 526**	**–**	**14 398**	**286 145**	**1 142 069**	**41 799**	**1 183 868**

	Notes	Stated capital R'000	Share-holders' equity contri-butions R'000	Other reserves R'000	Retained income R'000	Total equity R'000
COMPANY						
Balance at 1 January 2016		371 231	337 713	–	85 920	794 864
Profit for the year		–	–	–	16 606	16 606
Transactions with owners:						
Subscription shares	11	337 713	(337 713)	–	–	–
Share-based payment costs	12	–	–	3 928	–	3 928
Balance as at 31 December 2016		708 944	–	3 928	102 526	815 398
Balance at 1 January 2017		**708 944**	**–**	**3 928**	**102 526**	**815 398**
Profit for the year		**–**	**–**	**–**	**15 623**	**15 623**
Transactions with owners:						
Shares issued net of capitalised listing fees	11	**132 582**	**–**	**–**	**–**	**132 582**
Share-based payment costs	12	**–**		**4 333**		**4 333**
Dividends paid		**–**	**–**	**–**	**(21 287)**	**(21 287)**
Balance as at 31 December 2017		**841 526**	**–**	**8 261**	**96 862**	**946 649**

		Company 2017	Company 2016
Dividends paid per share	(cents)	**5.25**	3.57

CONSOLIDATED **STATEMENT OF CASH FLOWS**

for the year ended 31 December 2017

	Notes	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Cash flows from operating activities					
Cash receipts from customers		**4 610 228**	3 982 396	**–**	–
Cash paid to suppliers and employees		**(4 568 528)**	(3 724 109)	**(33 053)**	(1 851)
Cash generated from/(utilised by) operating activities	23.1	**41 700**	258 287	**(33 053)**	(1 851)
Interest paid		**(16 174)**	(16 210)	**(14)**	–
Income taxes paid	23.4	**(59 250)**	(48 875)	**(1 950)**	(64)
Net cash (utilised by)/generated from operating activities		**(33 724)**	193 202	**(35 017)**	(1 915)
Cash flow from investing activities					
Acquisition of subsidiaries	24	**(77 031)**	(13 998)	**–**	–
Additions to property, plant and equipment	3	**(24 367)**	(43 814)	**–**	–
Additions to intangible assets	4	**(3 786)**	(1 362)	**–**	–
Proceeds from disposal of property, plant and equipment	23.2	**3 486**	6 684	**–**	–
Acquisition of associated companies	6	**(13 369)**	(300)	**–**	–
Loan repaid by associated companies		**–**	6 000	**–**	6 000
Proceeds from disposal of associated company		**–**	10 000	**–**	10 000
Investment in preference shares repaid		**16 000**	–	**16 000**	–
Dividends received		**628**	1 294	**29 758**	20 513
Interest received		**13 265**	4 905	**7 703**	1 299
Net cash (outflow)/inflow from investing activities		**(85 174)**	(30 591)	**53 461**	37 812
Cash flows from financing activities					
Shares issued		**66 503**	–	**66 503**	–
Capitalised listing fees		**(5 422)**	–	**(5 422)**	–
Payments to non-controlling interest to acquire shares	5	**(46 013)**	–	**(25 355)**	–
Dividends paid		**(20 415)**	(9 598)	**(20 415)**	(9 598)
Dividends paid to non-controlling interests		**(11 492)**	(8 275)	**–**	–
Repayments of borrowings		**(37 431)**	(115 404)	**–**	–
Proceeds from borrowings		**138 046**	14 687	**–**	–
Net cash inflow/(outflow) from financing activities		**83 776**	(118 590)	**15 311**	(9 598)
Net (decrease)/increase in cash and cash equivalents		**(35 122)**	44 021	**33 755**	26 299
Effects of exchange rate changes on cash and cash equivalents		**(690)**	(1 776)	**–**	–
Cash and cash equivalents at beginning of the year		**132 395**	90 150	**35 207**	8 908
Cash and cash equivalents at end of the year	10	**96 583**	132 395	**68 962**	35 207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2017

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 is 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, IFRIC interpretations and the Companies Act of South Africa. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2017 that would be expected to have a material impact on the group.

International Financial Reporting Standards and amendments effective for the first time for 31 December 2017 year-end:

Topic	Key requirements	Effective date
Amendment to IAS 12 – Income taxes	The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.	1 January 2017
Amendment to IAS 7 – Cash flow statements	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.	1 January 2017
Annual improvements 2014 – 2016	IFRS 12 – "Disclosure of interests in other entities" regarding clarification of the scope of the standard. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively.	1 January 2017

INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

International Financial Reporting Standards, interpretations and amendments issued but not effective for 31 December 2017 year-end:

Topic	Key requirements	Effective date
IFRS 9 – Financial Instruments (2009 and 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets	This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: • The own credit risk requirements for financial liabilities. • Classification and measurement (C&M) requirements for financial assets. • C&M requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. This standard will be adopted in the 2018 financial year. The group will not be restating comparatives. It is not expected that the requirements for classification and measurement for the group will change significantly. The group is considering using a provision matrix to calculate its expected credit loss. There is a possibility that impairment losses will be higher and more volatile because of the requirement to recognise impairment earlier and incorporate forward-looking information.	1 January 2018
IFRS 15 – Revenue from contracts with customers	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The standard will be adopted in the 2018 financial year. It is not expected that there will be a change in how the group identifies its customers. The group does not expect to change from a point-in-time to over-time revenue recognition.	1 January 2018

1. ACCOUNTING POLICIES CONTINUED

INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

Topic	Key requirements	Effective date
IFRS 16 – Leases	This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, "Leases", IFRIC 4, "Determining whether an Arrangement contains a Lease", SIC 15, "Operating Leases – Incentives" and SIC 27, "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard will be adopted in the 2019 financial year. The group has a number of leases classified as operating leases. There will be a material increase in non-current assets and liabilities to record the right-of-use assets and lease liabilities. Operating profit before interest will increase significantly and the interest expense will also increase. Certain key ratios will be impacted as well.	1 January 2019
Amendments to IFRS 2 – "Share-based payments" Clarifying how to account for certain types of share-based payment transactions.	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The changes to this standard will be adopted in the 2018 financial year. It is not expected that the requirements for classification and measurement for the group will change significantly.	1 January 2018
Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures" on sale or contribution of assets	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The group will implement the changes recommended when the final amendment is circulated.	Effective date postponed (initially 1 January 2016)
Annual improvements 2014 – 2016	These amendments impact 3 standards: • IFRS 1, "First-time adoption of IFRS", regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10. • IAS 28, "Investments in associates and joint ventures" regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The board clarified that this election should be made separately for each associate or joint venture at initial recognition.	1 January 2018
IFRIC 22, "Foreign currency transactions and advance consideration"	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. This standard will be adopted in the 2018 financial year. It is not expected that the requirements for classification and measurement for the group will change significantly.	1 January 2018

INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

Topic	Key requirements	Effective date
IFRIC 23, "Uncertainty over income tax treatments"	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting. This standard will be adopted in the 2019 financial year. It is not expected that the requirements for classification and measurement for the group will change significantly.	1 January 2019

CONSOLIDATION

Group financial statements

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

Subsidiaries

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

The 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 values 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 their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or 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 remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement 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 remeasured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries in the company's stand-alone financial statements are accounted for at cost less impairment. These investments include any inter-group loans receivable, which represent by nature a further investment in the subsidiary. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Direct attributable costs of investment are expensed 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 income statement.

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.

1. ACCOUNTING POLICIES CONTINUED

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. The group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss.

Where equity securities are transferred to investment in associated companies upon gaining significant influence ("step acquisition"), the investment is transferred at its fair value. Goodwill is calculated at each stage of step acquisitions.

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 income statement, 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 income statement.

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 costs 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 remeasured. 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 operating profit. 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 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 qualitative 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 income statement 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 to10 years
Computer equipment	3 to 5 years
Vehicles, plant and machinery	4 to 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 profit or loss.

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 undertaking at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment 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 or associate 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 their estimated useful lives ranging between two and five years or using an attrition rate ranging between three and five years, which reflect the expected life of the book of business acquired. The carrying amount is reviewed for impairment when an impairment indicator is identified.

1. ACCOUNTING POLICIES CONTINUED

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 10 years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 costs 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 loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes 9 and 10).

Recognition and measurement

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful receivables.

Loans advanced to associated companies and subsidiaries, which are interest-free with no repayment terms, are carried at amortised cost using the effective-interest method.

The group does not apply hedge accounting.

Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

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.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

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.

FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. 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.

1. ACCOUNTING POLICIES CONTINUED

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of 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. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

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.

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.

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 a single equity-settled share-based payment scheme.

For the share incentive schemes, the fair value of the executive services received in exchange for the grant of the scheme shares/share options, less the amount paid by the executive, is recognised as an expense. The total amount to be expensed over the vesting period, which is four years, is determined by reference to the fair value of the scheme shares/share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of scheme shares/share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of scheme shares/share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, 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 income statement 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.

REVENUE RECOGNITION
Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts (including settlement discounts), returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods
The sale of goods is recognised when a group entity has delivered products to the customer, the customer has accepted the products and all risks and rewards associated with them, there is no further group management involvement in the products and collectability of the related receivables is reasonably assured.

Sale of goods – retail
Sale of goods are recognised when the group sells a product to the customer. Retail sales are usually paid for in cash or by credit card.

Sale of services
Sale of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of actual service provided as a proportion of the total services to be provided.

DIVIDEND INCOME
Dividends are recognised as income, when the group's right to receive payment has been established.

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 loan 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 shareholders.

HEADLINE EARNINGS AND EARNINGS PER SHARE
Headline earnings is earnings as determined by IAS 33, excluding "separately identifiable remeasurements" (as defined in SAICA Circular 2/2015), net of related tax (both current and deferred) and related non-controlling interest, other than remeasurements specifically included in headline earnings "included remeasurements" (as defined in SAICA Circular 2/2015).

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).

1. ACCOUNTING POLICIES CONTINUED

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 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 value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 4 for further detail and disclosure of estimates used).

Impairment of investment in associated companies

An impairment of investment in associated companies is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: the financial health of the investee, sector performance, changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the investment in associated company's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated with reference to the assumptions set out below.

An asset's fair value less costs to sell is determined with reference to its market price, and its value in use is determined with reference to assessing the fair value of underlying investments or valuation techniques. Valuation techniques used include applying a market-related price/earnings ratio, ranging between 4 and 8, to operational earnings or performing discounted cash flow models to the expected cash flows. The assumptions used in performing discounted cash flow models include a weighted average cost of capital (discount rate), growth rate, terminal growth rate and risk-free rate to determine the value of the asset. If the assumptions used are considered to be significant further disclose is performed in the notes for intangible assets.

The directors are satisfied that the group's investment in associated companies are fairly stated. Refer to note 6 for further detail.

Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset-specific risks.

Customer lists acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value in use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The cost of customer lists is amortised over their estimated useful lives. The remaining useful lives of intangible assets are re-assessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

The main assumptions used in the valuation of key customer lists are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of a key customer list is estimated based on the cancellation experience of the existing business and the useful life of customer lists of other players in the market. For the key customer lists, the group recognised a useful life between two and five years and an average cancellation rate of between 10% and 12% were assumed.

Future profit margins, used in determining customer contracts and relationships values, were consistent with the margins applied in determining the fair value of the related investment. Refer to the intangible assets accounting policy and note 4 for further detail.

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax in the period in which such determination is made.

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.*

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Classes of financial assets				
Trade receivables	**842 364**	614 081	**–**	–
Amount receivable from related parties	**–**	–	**82 718**	51 702
Sundry debtors	**9 252**	7 774	**–**	–
Total receivables	**851 616**	621 855	**82 718**	51 702
Loans and advances	**–**	16 000	**–**	16 000
Loans to associated companies	**1 327**	3 788	**–**	3 788
Loans and other receivables	**1 327**	19 788	**–**	19 788
Cash and cash equivalents	**204 141**	182 878	**68 962**	35 207
Total financial assets – IFRS 7	**1 057 084**	824 521	**151 680**	106 697
Classes of financial liabilities				
Bank overdrafts	**107 558**	50 483	**–**	–
Loans	**196 995**	90 842	**–**	–
Total borrowings	**304 553**	141 325	**–**	–
Accounts payable and accruals	**523 540**	540 058	**159**	–
Contingent consideration	**4 073**	–	**–**	–
Amount due to related parties	**–**	–	**481**	354
Total trade and other payables	**527 613**	540 058	**640**	354
Total financial liabilities – IFRS 7	**832 166**	681 383	**640**	354

Financial instruments by category	Group		Company	
Assets as per statement of financial position	Loans and receivables R'000	Total R'000	Loans and receivables R'000	Total R'000
2017				
Loans to associated companies	**1 327**	**1 327**	**–**	**–**
Receivables	**851 616**	**851 616**	**82 718**	**82 718**
Cash and cash equivalents	**204 141**	**204 141**	**68 962**	**68 962**
	1 057 084	**1 057 084**	**151 680**	**151 680**
2016				
Loans and advances	16 000	16 000	16 000	16 000
Loans to associated companies	3 788	3 788	3 788	3 788
Receivables	621 855	621 855	51 702	51 702
Cash and cash equivalents	182 878	182 878	35 207	35 207
	824 521	824 521	106 697	106 697

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 FINANCIAL RISK FACTORS CONTINUED

Liabilities as per statement of financial position	Group: Liabilities measured at amortised cost R'000	Group: Total R'000	Company: Liabilities measured at amortised cost R'000	Company: Total R'000
2017				
Borrowings	**304 553**	**304 553**	**–**	**–**
Contingent consideration	**4 073**	**4 073**	**–**	**–**
Trade and other payables	**523 540**	**523 540**	**640**	**640**
	832 166	**832 166**	**640**	**640**
2016				
Borrowings	141 325	141 325	–	–
Trade and other payables	540 058	540 058	354	354
	681 383	681 383	354	354

Excluding the contingent consideration and 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. Management monitors this exposure and forward exchange contracts are entered into, where appropriate. The forex profit and loss recognised in the group's profit and loss 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:

	Group: Pula R'000	Group: Total R'000
2017		
Financial assets		
Receivables (note 9)	**247 574**	**247 574**
Cash and cash equivalents (note 10)	**155 978**	**155 978**
Financial liabilities		
Trade and other payables (note 15)	**(343 602)**	**(343 602)**
Borrowings (note 13)	**(225 047)**	**(225 047)**
	(165 097)	**(165 097)**
2016		
Financial assets		
Receivables	467 898	467 898
Cash and cash equivalents	72 775	72 775
Financial liabilities		
Trade and other payables	(505 182)	(505 182)
Borrowings	(114 280)	(114 280)
	(78 789)	(78 789)

The company had cash at bank of R61.2 million denominated in Botswana Pula at year-end.

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 FINANCIAL RISK FACTORS CONTINUED

The table below shows the sensitivity of post-tax profits of the group to a 20% move in the rand exchange rates (representing the Rand strengthening or weakening against the Pula foreign currency).

	Group	
	20% appreciation R'000	20% depreciation R'000
Impact on post-tax profit		
2017	**(2 766)**	**2 766**
2016	(992)	**992**
Impact on equity		
2017	(32 127)	32 127
2016	(15 758)	15 758

(ii) Cash flow and fair value interest rate risk

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

The group's exposure to floating rates, fixed rates and non-interest-bearing financial instruments are as follows:

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Borrowings				
Floating rate	**(304 553)**	(28 286)	**–**	–
Fixed rate and non-interest-bearing	**–**	(113 039)	**–**	–
	(304 553)	(141 325)	**–**	–
Cash and cash equivalents				
Floating rate	**59 502**	125 694	**68 962**	35 207
Fixed rate and non-interest-bearing	**144 639**	57 184	**–**	–
	204 141	182 878	**68 962**	35 207
Loans to associated companies				
Fixed rate and non-interest-bearing	**1 327**	3 788	**–**	3 788
Loans and advances				
Floating rate	**–**	16 000	**–**	16 000
Trade and other receivables				
Fixed rate and non-interest-bearing	**851 616**	621 855	**82 718**	51 702
Total				
Floating rate	**(245 051)**	113 408	**68 962**	51 207
Fixed rate and non-interest-bearing	**997 582**	569 788	**82 718**	55 490
	752 531	683 196	**151 680**	106 697

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.

Consideration is given to hedging options which will be utilised if viable.

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

	Group		Company	
	1% increase R'000	1% decrease R'000	1% increase R'000	1% decrease R'000
Impact on post-tax profit				
2017	**(492)**	**492**	**185**	**(185)**
2016	817	(817)	369	(369)

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 FINANCIAL RISK FACTORS CONTINUED

(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 exposures 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, 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.

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

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
2017				
Receivables	**851 616**	**851 616**	**82 718**	**82 718**
Loans to associated companies	**1 327**	**1 327**	**–**	**–**
Cash and cash equivalents	**204 141**	**204 141**	**68 962**	**68 962**
	1 057 084	**1 057 084**	**151 680**	**151 680**
2016				
Receivables	621 855	621 855	51 702	51 702
Loans and advances	16 000	16 000	16 000	16 000
Loans to associated companies	3 788	3 788	3 788	3 788
Cash and cash equivalents	182 878	182 878	35 207	35 207
	824 521	824 521	106 697	106 697

** Not taking into account any collateral held or other credit enhancements.*

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 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Receivables				
Group 1	**19 339**	1 064	**–**	–
Group 2	**824 392**	595 145	**–**	–
Group 3	**7 884**	25 185	**–**	–
Non-rated	**1**	461	**82 718**	51 702
Loans and advances				
Non-rated	**–**	16 000	**–**	16 000
Loans to associated companies and joint ventures				
Non-rated	**1 327**	3 788	**–**	3 788
Cash and cash equivalents				
Ba1-rated	**2 131**	–	**–**	–
Baa1-rated	**817**	–	**–**	–
Baa2-rated	**–**	122 872	**–**	35 207
Baa3-rated	**33 289**	–	**7 719**	–
B3-rated	**2 843**	–	**–**	–
F1-rated	**2 424**	41 505	**–**	–
Bot-rated	**156 374**	18 501	**61 243**	–
A1-rated	**6 263**	–	**–**	–
	1 057 084	824 521	**151 680**	106 697

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 FINANCIAL RISK FACTORS CONTINUED

(b) Credit risk continued

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 a provision for impairment of R2.9 million (2016: R2.3 million).

The individually impaired receivables mainly relate to unresolved claims and disputes with customers for services rendered. It was assessed that a portion of the receivables is expected to be recovered.

Trade receivables of R46.6 million (2016: R52.7 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 trade receivables is as follows:

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
30 days	43 887	25 212	–	–
91 to 120 days	2 714	15 446	–	–
120 days plus	–	12 074	–	–
	46 601	52 732	–	–

Cash and cash equivalents

A1-Baa3 – Moody's rating.

F1 – Fitch's rating.

Bot – 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 other 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 R87.6 million. For detail on undrawn facilities available, refer to note 13.

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 FINANCIAL RISK FACTORS CONTINUED

(c) Liquidity risk continued

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				
2017				
Borrowings	**307 412**	**283 082**	**24 261**	**69**
Contingent consideration	**4 073**	**4 073**		
Trade and other payables	**523 540**	**523 540**	**–**	**–**
	835 025	**810 695**	**24 261**	**69**
2016				
Borrowings	146 596	117 317	28 862	417
Trade and other payables	540 058	540 058	–	–
	686 654	657 375	28 862	417
Company				
2017				
Trade and other payables	**640**	**640**	**–**	**–**
	640	**640**	**–**	**–**
2016				
Trade and other payables	354	354	–	–
	354	354	–	–

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 monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by the total capital. The gearing ratios at 31 December 2017 and 31 December 2016 were as follows:

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Total borrowings		**304 553**	141 325	**–**	–
Less: Cash and cash equivalents		**(204 141)**	(182 878)	**(68 962)**	(35 207)
Net debt		**100 412**	(41 553)	**(68 962)**	(35 207)
Total equity		**1 183 868**	1 025 820	**946 649**	815 398
Total capital		**1 284 280**	984 267	**877 687**	780 191
Gearing ratio	(%)	**8**	(4)	**(8)**	(5)

2.3 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

Financial instruments consist of trade receivables, bank and cash balances and other payables resulting from normal business operations. The nominal value less impairment provision 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.

	Vehicles, plant and machinery R'000	Office equipment and other R'000	Computer equipment R'000	Leasehold property R'000	Total R'000
3. PROPERTY, PLANT AND EQUIPMENT					
Group					
2017					
At the end of the year					
Cost or valuation	243 448	26 934	33 498	38	303 918
Accumulated depreciation	(164 901)	(14 401)	(23 791)	(18)	(203 111)
Net book value	78 547	12 533	9 707	20	100 807
Reconciliation of net book value:					
Opening net book value	74 812	12 617	9 700	–	97 129
Exchange differences	262	(1 184)	(62)	–	(984)
Additions	18 824	837	4 668	38	24 367
Disposals	(1 815)	(7)	(185)	–	(2 007)
Subsidiaries acquired	4 001	2 798	484	–	7 283
Depreciation	(17 537)	(2 528)	(4 898)	(18)	(24 981)
Closing net book value	78 547	12 533	9 707	20	100 807
Leased assets included above comprise:					
Cost of capitalised finance leases	36 993	954	4 480	38	42 465
Accumulated depreciation	(19 695)	(288)	(2 856)	(18)	(22 857)
Net book value	17 298	666	1 624	20	19 608
2016					
At the end of the year					
Cost or valuation	221 983	25 903	30 669	–	278 555
Accumulated depreciation	(147 171)	(13 286)	(20 969)	–	(181 426)
Net book value	74 812	12 617	9 700	–	97 129
Reconciliation of net book value:					
Opening net book value	63 244	11 340	10 061	–	84 645
Exchange differences	(3 953)	1 609	(1 420)	–	(3 764)
Additions	36 195	2 163	5 456	–	43 814
Disposals	(4 241)	(25)	–	–	(4 266)
Subsidiaries acquired	3 888	54	46	–	3 988
Depreciation	(20 321)	(2 524)	(4 443)	–	(27 288)
Closing net book value	74 812	12 617	9 700	–	97 129
Leased assets included above comprise:					
Cost of capitalised finance leases	80 869	2 402	4 103	–	87 374
Accumulated depreciation	(33 116)	(445)	(2 139)	–	(35 700)
Net book value	47 753	1 957	1 964	–	51 674

The company does not have any property, plant and equipment.

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

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

Refer to note 13 for detail of property, plant and equipment encumbered as security for borrowings from financial institutions.

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.

4. INTANGIBLE ASSETS

	Goodwill R'000	Customer lists R'000	Computer software R'000	Total R'000
Group				
2017				
At the end of the year				
Cost or valuation	555 115	111 107	5 148	671 370
Accumulated amortisation	–	(104 367)	(412)	(104 779)
Net book value	555 115	6 740	4 736	566 591
Reconciliation of net book value:				
Opening net book value	522 292	10 323	1 324	533 939
Business combinations	32 891	6 986	–	39 877
Additions	–	–	3 786	3 786
Amortisation	–	(10 557)	(374)	(10 931)
Exchange differences	(68)	(12)	–	(80)
Closing net book value	555 115	6 740	4 736	566 591
2016				
At the end of the year				
Cost or valuation	522 292	104 166	1 362	627 820
Accumulated amortisation	–	(93 843)	(38)	(93 881)
Net book value	522 292	10 323	1 324	533 939
Reconciliation of net book value:				
Opening net book value	511 196	23 375	–	534 571
Business combinations	11 269	3 960	–	15 229
Additions	–	–	1 362	1 362
Amortisation	–	(16 921)	(38)	(16 959)
Exchange differences	(173)	(91)	–	(264)
Closing net book value	522 292	10 323	1 324	533 939

Impairment test for goodwill and intangible assets

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 CGUs to which a significant amount of goodwill have been allocated are indicated separately below:

CA Sales and Distribution (Pty) Ltd and subsidiaries (CA Sales)
Pack 'n Stack Investment Holdings (Pty) Ltd and subsidiaries (PnS)
SMC Brands SA (Pty) Ltd and subsidiaries (SMC)
Logico Unlimited (Pty) Ltd and subsidiaries (Logico)
Smithshine Enterprises (Pty) Ltd (Smithshine)
Array Marketing (Pty) Ltd (Array)
Surapax (Pty) Ltd (Surapax)
Peo Capital (Pty) Ltd (Peo)
Expo Africa Group (Expo)

	2017 R'000	2016 R'000
Entities to which goodwill relates:		
CA Sales	262 096	262 096
PnS	112 061	112 061
SMC Botswana	17 972	17 972
SMC Namibia	70 355	70 355
SMC Swaziland	5 855	5 855
Logico	42 858	42 858
Expo	20 143	–
Surapax	12 530	–
Array	7 640	7 640
Smithshine	3 390	3 455
Peo	215	–
	555 115	522 292

4. **INTANGIBLE ASSETS** CONTINUED

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-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.
Operating cost increases	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed below are the average operating costs for the five-year forecast period.
Long-term growth rate	This is the weighted average 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.

Key assumptions used to test recoverability/impairment through value-in-use calculations:

	CA Sales %	PnS %	SMC Botswana %	SMC Namibia %	SMC Swaziland %	Logico %	Expo %	Surapax %
2017								
Revenue growth	**6**	**7**	**6**	**6**	**6**	**8**	**7**	**7**
Gross margin	**10**	**32**	**17**	**20**	**19**	**20**	**65**	**–**
Operating cost increases	**6**	**5.5**	**6**	**6**	**6**	**6**	**5.5**	**6**
Long-term growth rate	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**6.0**
Discount rate	**15.9**	**26.5**	**18.5**	**20.8**	**23.7**	**21.3**	**24.6**	**25.6**
2016								
Revenue growth	7	7	4	4	4	7	–	–
Gross margin	9.8	28.5	18.5	18.5	18.5	11.4	–	–
Operating cost increases	7	7	4	4	4	7	–	–
Long-term growth rate	5.0	5.0	5.0	5.0	5.0	5.0	–	–
Discount rate	14.5	23.2	23.2	23.2	23.2	17.0	–	–

SMC was valued as one entity in 2016.

Goodwill sensitivity analysis

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 discount rate and long-term growth rate assumptions used in the calculation of value-in-use and the percentage by which each assumption must change in isolation in order for the estimated recoverable amount to equal the carrying value.

Sensitivity analysis of assumptions used in the goodwill impairment tests of cash-generating units with low safety margins:
Change required for the carrying value to equal the recoverable amount:

		CA Sales %	SMC Botswana %	SMC Namibia %	SMC Swaziland %
Discount rate		15.9	18.5	20.8	23.7
Basis points movement – increase		2.3	2.7	0.9	11.3
Long-term growth rate		5.0	5.0	5.0	5.0
Basis points movement – decrease		(4.2)	(4.8)	(1.7)	(46.6)
Recoverable amount	(R'000)	314 642	58 924	142 097	19 604
Carrying value	(R'000)	307 153	47 810	136 034	12 095
	(R'000)	7 489	11 114	6 063	7 509

	Company 2017 R'000	Company 2016 R'000
5. INVESTMENTS IN SUBSIDIARIES		
Carrying value of ordinary share investments		
Unlisted	**795 148**	684 071

Company	Country of incorporation	Effective holding %	Stated capital R'000	Shares at cost R'000	Shares at cost R'000
CA Sales & Distribution (Pty) Ltd	Botswana	100	798.7	**336 422**	336 423
Logico Unlimited (Pty) Ltd	Swaziland	80	0.1	**107 081**	60 934
Pack 'n Stack Investment Holdings (Pty) Ltd	South Africa	84	2.0	**179 407**	128 697
SMC Brands SA (Pty) Ltd	South Africa	100	100.0	**158 017**	158 017
Wutow Trading (Pty) Ltd	Namibia	100	0.0	**14 221**	–
Diverse Distribution (Pty) Ltd	Namibia	100	0.1	**0**	0
Private Label Sales and Merchandising Services (Pty) Ltd	South Africa	100	0.1	**0**	0
Private Label Sales and Merchandising Cape Town (Pty) Ltd	South Africa	100	0.1	**0**	0
CAS Marketing (Pty) Ltd	South Africa	100	1.0	**–**	–
CA Sales Investments (Pty) Ltd	South Africa	100	1.0	**–**	–
Pamstad (Pty) Ltd	Botswana	100	0.0	**–**	–
				795 148	684 071

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

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.

	Expo Africa		Pack 'n Stack		Logico Unlimited	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Summarised statement of financial position						
Current assets	**8 831**	–	**143 891**	103 712	**149 940**	119 574
Current liabilities	**(6 864)**	–	**(67 281)**	(47 897)	**(92 578)**	(62 158)
Current net assets	**1 967**	–	**76 610**	55 815	**57 362**	57 416
Non-current assets	**2 295**	–	**50 339**	29 583	**34 405**	38 172
Non-current liabilities	**(214)**	–	**(2 206)**	(1 503)	**(11 781)**	(14 557)
Non-current net assets	**2 081**	–	**48 133**	28 080	**22 624**	23 615
Net assets	**4 048**	–	**124 743**	83 895	**79 986**	81 031
Accumulated NCI	**233**	–	**19 225**	28 006	**15 997**	36 464
Summarised statement of comprehensive income						
Revenue	**15 728**	–	**614 163**	519 867	**598 912**	502 327
Profit for the period	**2 328**	–	**47 539**	41 262	**39 612**	32 796
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**2 328**	–	**47 539**	41 262	**39 612**	32 796
Profit allocated to NCI	**233**	–	**13 338**	13 747	**13 262**	14 758
Dividends paid to NCI	**–**	–	**3 701**	5 724	**7 791**	2 250
Summarised cash flows						
Cash flows from operating activities	**1 958**	–	**26 484**	36 369	**29 093**	27 174
Cash flows from investing activities	**194**	–	**(19 455)**	(14 895)	**(2 871)**	(12 076)
Cash flows from financing activities	**(232)**	–	**(11 968)**	(17 500)	**(45 230)**	(4 911)
Net increase/(decrease) in cash and cash equivalents	**1 920**	–	**(4 939)**	3 974	**(19 008)**	10 187

5. INVESTMENTS IN SUBSIDIARIES CONTINUED

Transactions with non-controlling interests

On 9 November 2017, the group acquired an additional 16.9% of the issued shares of Pack 'n Stack Investment Holdings (Pty) Ltd for a cash amount of R25.35 million and equity instruments to the value of R25.35 million, totalling R50.7 million.

Immediately prior to the purchase, the carrying amount of the existing 32.9% non-controlling interest in Pack 'n Stack Investment Holdings (Pty) Ltd was R33.9 million.

The group recognised a decrease in non-controlling interest of R17.6 million and a decrease in retained earnings attributable to owners of the parent of R33.1 million.

On 9 November 2017, the group acquired an additional 18.9% of the issued shares of Logico Unlimited (Pty) Ltd for equity instruments to the value of R46.1 million.

Immediately prior to the purchase, the carrying amount of the existing 38.9% non-controlling interest in Logico Unlimited (Pty) Ltd was R27.3 million.

The group recognised a decrease in non-controlling interest of R13.3 million and a decrease in retained earnings attributable to owners of the parent of R32.9 million.

On 1 April 2017, Logico Unlimited (Pty) Ltd bought back 10 shares to the value of R20.7 million, from a minority shareholder. The group recognised a decrease in non-controlling interest of R13.3 million and a decrease in retained earnings attributable to the owners of the parent of R7.4 million.

The effect on the equity attributable to the owners of CA Sales Holdings Limited during the year is summarised as follows:

	Logico	Pack 'n Stack	Total	Total
	2017 R'000	2017 R'000	2017 R'000	2016 R'000
Carrying amount of non-controlling interests acquired	**13 267**	**17 633**	**30 900**	4 291
Consideration in the form of equity instruments	**(46 147)**	**(25 355)**	**(71 502)**	(8 042)
Cash consideration paid to non-controlling interests	**–**	**(25 354)**	**(25 354)**	–
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(32 880)**	**(33 076)**	**(65 956)**	(3 751)

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are the associates of the group as at 31 December 2017. 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**	2017 %	2016 %	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Warbrands Ltd	Zambia	**49**	–	**11 074**	–	**–**	–
Whitakers Agencies	South Africa and Lesotho	**45**	45	**2 957**	2 545	**1 903**	1 903
Edge Logistics (Pty) Ltd	South Africa	**30**	30	**495**	430	**–**	–
Kalahari Training Institute (Pty) Ltd	Botswana	**49**	49	**420**	–	**–**	–
Wutow Trading (Pty) Ltd	Namibia	**–**	49	**–**	19 642	**–**	23 479
Bullred Farming (Pvt) Ltd	Zimbabwe	**49**	49	**–**	2 856	**–**	–
				14 946	25 473	**1 903**	25 382
Loans Unlisted Warbrands Ltd Unsecured interest-free loan. Repayment is not expected to be within the next 12 months.				**1 327**	–	**–**	–
Wutow Trading (Pty) Ltd Unsecured interest-free loan. Repayment is not expected to be within the next 12 months. The loan has been transferred to loans to subsidiaries in 2017.				**–**	3 788	**–**	3 788
Carrying value of ordinary share investments in unlisted associated companies				**16 273**	29 261	**1 903**	29 170

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

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 of the relevant associates and not CA Sales Holdings Limited's share of those amounts.

		Warbrands		Whitakers		Immaterial aggregated		Total
		2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000
Summarised statement of financial position								
Current assets		17 137	–	2 560	2 719			
Non-current assets		1 583	–	522	732			
Current liabilities		6 720	–	405	632			
Non-current liabilities		–	–	240	359			
Net assets		12 000	–	2 677	2 819			
Reconciliation to carrying amounts:								
Opening net assets		–	–	5 656	4 229			
At acquisition		23 033	–	–	–			
Profit/(loss) for the period		(433)	–	916	1 427			
Prior year adjustment		–	–	204	–			
Closing net assets		22 600		6 571	5 656			
Group's share	(%)	49	–	45	45			
Carrying amount		11 074	–	2 957	2 545	915	430	14 946
Summarised statement of comprehensive income								
Revenue		6 412	–	5 960	5 987	–	–	
Profit/(loss) for the period		(433)	–	916	1 427	623	(12 772)	
Group's share	(%)	49	–	45	45	–	–	
Share of profit/(loss) of investments accounted for using the equity method		(212)	–	412	642	264	(5 916)	464

2017

Additions

49% of Warbrands Ltd was acquired on 1 November 2017 for R11.96 million plus a loan of R1.4 million. The latest management accounts of the company were used to equity account the investments for the two months from 1 November 2017 to 31 December 2017.

Control and power to make executive decisions resides with the other shareholders as per the shareholders agreement.

Impairment

On 31 August 2017 the group impaired its investment of 49% in Bullred Farming (Pvt) Ltd by R2.4 million.

Transfers to subsidiaries

The group obtained control over the following equity accounted associate during the year and the investment was transferred to subsidiaries:

Wutow Trading (Pty) Ltd. See note 24 for more detail.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
7. LOANS AND ADVANCES				
Preference shares				
Unlisted	–	16 000	–	16 000
The preference shares were redeemed on 9 November 2017. They carried dividend rates that were linked to the prime interest rate.				
8. INVENTORIES				
Finished goods held for resale	313 550	277 777	–	–

Inventories are ceded against bank overdraft facilities as disclosed in note 13.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**845 279**	616 341	**–**	–
Less: provision for impairment of trade receivables	**(2 915)**	(2 260)	**–**	–
Trade receivables	**842 364**	614 081	**–**	–
Receivables from related parties	**–**	–	**82 718**	51 702
Vat receivable	**24 664**	4 475	**–**	–
Deposits	**4 882**	3 467	**–**	–
Prepayments	**2 109**	1 510	**–**	–
Other receivables	**4 370**	4 307	**–**	–
	878 389	627 840	**82 718**	51 702
Current portion	**878 389**	627 840	**82 718**	51 702
Trade receivables of R842.4 million (2016: R614.1 million) were fully performing.				
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:				
Rand (ZAR), Namibian Dollar (NAD) and Emalangeni (SZL)	**630 815**	159 942	**82 718**	51 702
Botswana Pula (BWP)	**247 574**	467 898	**–**	–
	878 389	627 840	**82 718**	51 702
The Namibian Dollar (NAD) and Emalangeni (SZL) is currently at a ratio of one to one to the Rand.				
Trade receivables of R2.9 million (2016: R2.3 million) were impaired.				
The ageing of these receivables is as follows:				
Over six months	**2 915**	2 260	**–**	–
Movements on the group provision for impairment of trade receivables are as follows:				
At 1 January	**2 260**	1 970	**–**	–
Provision for receivables impairment	**673**	315	**–**	–
Other	**(18)**	(25)	**–**	–
At 31 December	**2 915**	2 260	**–**	–

The creation and release of provision for impaired receivables have been included in "other operating expenses" in the statement of comprehensive income (note 17) and the criteria for the creation and write off is explained in the accounting policies.

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

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.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
10. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	**202 935**	147 040	**68 962**	35 207
Short-term bank deposits	**1 206**	35 838	**–**	–
	204 141	182 878	**68 962**	35 207
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	**204 141**	182 878	**68 962**	35 207
Bank overdrafts	**(107 558)**	(50 483)	**–**	–
	96 583	132 395	**68 962**	35 207
The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:				
Rand (ZAR), Namibian Dollar (NAD) and Emalangeni (SZL)	**48 163**	110 103	**7 719**	35 207
Botswana Pula (BWP)	**155 978**	72 775	**61 243**	–
	96 583	132 395	**68 962**	35 207

	Group and Company 2017 Number	2016 Number
11. STATED CAPITAL		
Authorised shares		
Ordinary shares with no par value	**2 000 000 000**	1 000 000

Issued shares	2017 Number of shares	2016 Number of shares	2017 R'000	2016 R'000
Balance at beginning of the year	**289 572**	200 000	**708 944**	371 231
Subscription shares	**–**	89 572	**–**	337 713
Share split	**405 111 228**	–	**–**	–
Shares issued	**39 233 630**	–	**138 004**	–
Transaction costs arising on shares listing	**–**	–	**(5 422)**	–
Balance at end of the year	**444 634 430**	289 572	**841 526**	708 944

On 8 August 2017, the shareholders resolved, to split the number of shares in issue on a ratio of 1 400 shares for every share held. In addition, the shareholders also resolved to increase the authorised share capital of the company from 1 000 000 shares to 2 000 000 000 shares.

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 2017:

Shareholder name	Total shareholding	%
PSG Alpha Investments (Pty) Ltd	**214 057 200**	**48,1**
Kgori Capital Nominees and Funds	**39 244 149**	**9,6**
Export Marketing Investments (Pty) Ltd	**42 200 690**	**9,5**
FNB Nominees	**36 287 595**	**7,2**
Total	**331 789 634**	**74,4**

Share incentive scheme

CA Sales Holdings Limited operated a single equity-settled share incentive scheme, being the share option scheme. In terms of the scheme, shares/share options are granted to executive directors.

In terms of the aforementioned scheme, shares/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 total equity-settled share-based payment charge recognised in the statement of comprehensive income amounted to R4.3 million. This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 12).

Type of arrangement	Executive share option scheme	Before share split
Date granted	1 January 2015	
Number granted	16 216 200	11 583
Contractual life	4 years	
Vesting conditions	25% per year	
Estimated fair value of each share option granted	R2.42	R3 384

The estimated fair value was calculated by applying a binomial option pricing model.

Binomial option pricing model input		
Share price at grand date	R1.86	R2 604.00
Exercise price	R1.86	R2 604.00
Expected volatility	29.46%	
Expected dividend yield	2.03%	
Contractual life	4 years	
Risk-free interest rate	6.59%	

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 similar businesses listed on the JSE's share average volatility, as the company's shares were not traded in public; the company expects the volatility of its share price to be the same as similar companies that are listed.

11. STATED CAPITAL CONTINUED

The estimated fair value of each share granted in the executive share plan is R1.86 (before share split: R2 604.00), which is equal to the share price at the date of grant.

	Number of shares	
	2017	2016
Granted	11 583	11 583
Share split	16 204 617	–
Balance at end of the year	16 216 200	11 583
Exercisable at end of the year	8 108 100	2 896

The options outstanding at year-end had an exercise price of R1.86 and an average remaining contractual life of two years.

12. OTHER RESERVES

	Foreign currency translation R'000	Share-based payment R'000	Other R'000	Total R'000
Group				
2017				
Opening carrying value	10 114	3 928	–	14 042
Currency translation adjustments	(3 977)	–	–	(3 977)
Share-based payment costs	–	4 333	–	4 333
Closing carrying value	6 137	8 261	–	14 398
2016				
Opening carrying value	21 522	–	379	21 901
Currency translation adjustments	(12 125)	–	43	(12 082)
Share of other comprehensive income of associated companies	717	–	(422)	295
Share-based payment cost	–	3 928	–	3 928
Closing carrying value	10 114	3 928	–	14 042
Company				
2017				
Opening carrying value	–	3 928	–	3 928
Share-based payment costs	–	4 333	–	4 333
Closing carrying value	–	8 261	–	8 261
2016				
Share-based payment costs	–	3 928	–	3 928
Closing carrying value	–	3 928	–	3 928

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
13. BORROWINGS				
Non-current				
Secured loans	–	1 765	–	–
Unsecured loans	6 242	–	–	–
Finance lease liabilities	17 066	22 719	–	–
Total non-current borrowings	23 308	24 484	–	–
Current				
Bank overdrafts	107 558	50 483	–	–
Unsecured loans	4 817	–	–	–
Secured loans	157 422	51 785	–	–
Finance lease liabilities	11 448	14 573	–	–
Total current borrowings	281 245	116 841	–	–
Total borrowings	304 553	141 325	–	–
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), Namibian Dollar (NAD) and Emalangeni (SZL)	(117 489)	(63 797)	–	–
Botswana Pula (BWP)	225 047	114 280	–	–
	304 553	141 325	–	–

The group has the following loan and overdraft facilities:

CA Sales and Distribution (Pty) Ltd
- Overdraft facility of P60 million (2016: P60 million) obtained from Standard Chartered Bank Botswana Limited.
- Invoice financing of P32 million (2016: P32 million) and R100 million (2016: R100 million) obtained from Standard Chartered Bank Botswana Limited.

Logico Unlimited (Pty) Ltd
- Overdraft facility with Standard Bank of Swaziland Limited of E2 million at a rate of prime less 0.95%. The facility is subject to annual review in October.
- Overdraft facility with First National Bank of Swaziland Limited of E10 million (2016: E10 million) at a rate of prime less 0.95%. The facility is subject to annual review on 30 December.
- Unsecured loan with First National Bank of Swaziland at a rate of prime less 1.2%.

Pack 'n Stack (Pty) Ltd
- Overdraft facility with Absa Limited of R6 million (2016: R6 million) at the prime rate.
- Fleet cars facility with Absa Limited of R3 million (2016: R3 million) at the prime rate.
- Vehicle and asset finance credit line facility with Nebank Limited of R5 million at a rate of prime less 0.5%.
- Credit card facility with Nebank Limited of R0.5 million.

SMC Brands (Pty) Ltd
- Overdraft facility with Stanbic Botswana Limited of P1.5 million at a rate of prime plus 0.75%.

Wutow Trading (Pty) Ltd
- Overdraft facility with First National Bank of Namibia Limited of N48 million at a rate of prime plus 0.5%.

13. BORROWINGS CONTINUED

The above loan and overdraft facilities are secured as follows:

CA Sales and Distribution (Pty) Ltd
– Deed of hypothecation no HA9 dated 12 January 2010 for BWP40 million over moveable assets and book debts.
– Unlimited corporate guarantee by Dafin Sales & Distribution (Pty) Ltd.
– Assignment of receivables for P141.8 million.

Logico Unlimited (Pty) Ltd
– Unlimited suretyship by Biotrace Trading 338 (Pty) Ltd dated 11 January 2012.
– Cession of Logico Unlimited debtors. 1st to 6th DOH totalling R19 million over moveable assets, stock and debtors.
– Subordination Agreement by Biotrace Trading 338 (Pty) Ltd not to let loan reduce to less than R2.7 million without the banks consent dated 11 February 2012.
– Cross suretyship between Logico Unlimited and Biotrace Trading 338 (Pty) Ltd.
– Multimark Insurance Schedule over life of A van Rensburg, A Geldard and L Taman effective 30 May 2013.

Pack 'n Stack (Pty) Ltd
– Trade receivables were pledged as security for overdraft facilities.

SMC Brands (Pty) Ltd
– Inventories and book debts serve as security for overdraft facilities.

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

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

	Group 2017	Group 2016
Finance lease liabilities	**6.0% to 12.3%**	6.5% to 10.5%
Secured loans	**8.8% to 10.2%**	8.7%
Overdrafts	**6.0% to 11.0%**	5.5% to 10.5%

The present value of finance lease liabilities may be analysed as follows:

	Group 2017 R'000	Group 2016 R'000
Gross finance lease liabilities – minimum lease payments		
No later than one year	**13 284**	15 049
Later than one year no later than five years	**18 054**	27 097
Later than five years	**35**	417
	31 373	42 563
Less future finance charges on finance leases	**(2 859)**	(5 271)
Present value of finance lease liabilities	**28 514**	37 292
The present value of finance lease liabilities is as follows:		
No later than one year	**11 448**	14 573
Later than one year no later than five years	**17 066**	22 326
Later than five years	**–**	393
	28 514	37 292

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 renewal or purchase options and escalation clauses. There are no restrictions imposed by the lease arrangements such as those concerning dividends, additional debt and further leasing.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
14. DEFERRED INCOME TAX				
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	**3 839**	111	**–**	–
Deferred tax assets to be recovered within 12 months	**8 631**	5 891	**–**	–
	12 470	6 002	**–**	–
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months	**1 356**	1 708	**–**	–
Deferred tax liabilities to be recovered within 12 months	**2 868**	2 953	**–**	–
	4 224	4 661	**–**	–
Deferred tax assets (net)	**(8 246)**	(1 341)	**–**	–

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

Group	Capital allowances R'000	Provisions R'000	Tax losses R'000	Unrealised profits R'000	Intangible assets and other differences R'000	Total R'000
2017						
At 1 January	**–**	**4 364**	**–**	**(64)**	**(2 959)**	**1 341**
Subsidiaries acquired	**–**	**(451)**	**5 470**	**–**	**(1 956)**	**3 063**
Income statement charge	**(603)**	**1 426**	**1 182**	**25**	**3 005**	**5 035**
Prior year adjustment	**–**	**(1 210)**	**–**	**–**	**–**	**(1 210)**
Other movements	**(639)**	**489**	**(4)**	**99**	**72**	**17**
At 31 December	**(1 242)**	**4 618**	**6 648**	**60**	**(1 838)**	**8 246**
2016						
At 1 January	–	5 196	–	(3)	(7 315)	(2 122)
Subsidiaries acquired	–	(267)	–	–	(954)	(1 221)
Income statement charge	–	(565)	–	(61)	5 156	4 530
Other movements	–	–	–	–	154	154
At 31 December	–	4 364	–	(64)	(2 959)	1 341

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits, is probable. The group did not recognise deferred income tax assets of R3.0 million (2016: R3.1 million) in respect of losses amounting to R10.7 million (2016: R11.1 million) that can be carried forward against future taxable income.

15. TRADE AND OTHER PAYABLES

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Trade payables	**480 507**	517 606	**5**	–
Amounts due to related parties (note 26)	**–**	–	**481**	354
Dividends payable	**2 774**	402	**1 274**	402
VAT payable	**15 507**	8 398	**–**	–
Deferred payments	**5 470**	–	**–**	–
Contingent consideration	**4 073**	–	**–**	–
Accrued expenses	**34 789**	28 176	**154**	–
	543 120	554 582	**1 914**	756
Current portion	**543 120**	554 582	**1 914**	756
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
Rand (ZAR), Namibian Dollar (NAD) and Emalangeni (SZL)	**199 518**	49 400	**1 914**	756
Botswana Pula (BWP)	**343 602**	505 182	**–**	–
	543 120	554 582	**1 914**	756

16. PROVISIONS

Group	Severance benefit R'000	Bonuses R'000	Leave pay R'000	Other R'000	Total R'000
Opening balance	6 893	16 793	13 030	2 074	**38 790**
Charged to statement of comprehensive income	3 861	37 587	1 603	(1 271)	**41 780**
Utilised during the year	–	(27 608)	(2 044)	(894)	**(30 546)**
Subsidiaries acquired	10	567	1 011	1 450	**3 038**
Other	(211)	(159)	(53)	(15)	**(438)**
Closing balance	10 553	27 180	13 547	1 344	**52 624**

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 non-citizens of Botswana, 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.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
17. OPERATING PROFIT				
The following items have been credited/charged in arriving at the operating profit:				
(i) Other operating income				
Fair value adjustment on step-up from associated company to subsidiary	–	619	–	–
Gain on bargain purchase	14 221	–	–	–
Profit on sale of property, plant and equipment	1 580	2 418	–	–
Profit on sale of interest in associated company	–	–	–	489
Foreign exchange gains	152	216	16	–
Rental income	2 940	5 597	–	–
Sundry income	8 787	3 255	–	–
	27 680	12 105	16	489
(ii) Expense by nature				
Auditors' remuneration – audit fees	4 459	3 244	–	–
Auditors' remuneration – other services	598	410	–	–
Depreciation – note 3	24 981	27 288	–	–
Amortisation of intangible assets – note 4	10 931	16 959	–	–
Employee benefit expenses – note 18	218 478	162 986	4 332	3 928
Directors' remuneration – note 26	9 533	16 314	–	–
Foreign exchange losses	14 041	7 051	4 735	–
Operating lease payments	64 219	63 371	–	–
Impairment of loans to associated company	–	5 200	–	–
Impairment of interest in associated company – note 6	2 537	–	–	–
Loss on sale of interest in associated company	–	3 756	–	–
Fair value adjustment on step-up from associated company to subsidiary	4 886	–	9 259	–
Loss on sale of property, plant and equipment	101	–	–	–
Professional fees	6 500	4 115	469	250
Vehicle expenses – fuel and maintenance	50 622	53 037	–	–
Pallet hire	11 279	9 944	–	–
Insurance	11 038	9 613	–	–
Travel and entertainment	13 743	11 829	10	–
Telephone and communication	9 918	8 289	–	–
Repairs and maintenance	6 946	5 641	–	–
Bank charges	2 767	2 547	16	–
Stationery, printing and office expenses	7 739	4 886	–	–
Staff training	13 138	10 383	–	–
Information technology cost	11 460	8 177	–	–
Water and electricity	6 634	5 634	–	–
Security, fumigation and sanitation	2 300	2 312	–	–
Marketing and advertising	2 228	2 089	–	–
Write off of debt	1 356	693	–	–
Other expenses	7 619	–	922	1 442
	520 051	445 768	19 743	5 620
18. EMPLOYEE BENEFIT EXPENSES				
Wages and salaries, including restructuring costs and other termination benefits:				
Salaries, wages and allowances	218 478	162 986	4 332	3 928

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
19. FINANCE INCOME AND COSTS				
Finance income				
Bank deposits	**7 139**	4 773	**1 577**	1 167
Related party – note 25	**6 126**	116	**6 126**	116
	13 265	4 889	**7 703**	1 283
Finance costs				
Bank overdrafts and CFD facilities	**5 914**	7 854	**–**	–
Secured loans	**9 020**	4 587	**–**	–
Finance leases	**1 227**	3 769	**–**	–
Other	**14**	–	**14**	–
	16 175	16 210	**14**	–
Net finance costs	**2 910**	11 321	**(7 689)**	(1 283)

20. PRIOR PERIOD ERROR

It has come to management's attention that the dividend income for the company was incorrectly included under operating income in the prior year, instead of as part of the company's revenue. As the company is an investment entity and does not engage in operating activities, dividend income is regarded as revenue in nature. Dividend income has been moved to a line above the gross margin in the statement of comprehensive income for the company.

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
21. INCOME TAX EXPENSE				
Current taxation				
Current year	**58 872**	46 119	**499**	47
Prior period	**435**	–	**377**	–
Withholding tax	**2 697**	638	**1 221**	13
Total current taxation	**62 004**	46 757	**2 097**	60
Deferred tax				
Current year	**(5 035)**	(4 530)	**–**	–
Total deferred taxation	**(5 035)**	(4 530)	**–**	–
Income tax expense	**56 969**	42 227	**2 097**	60
Reconciliation of rate of taxation:				
South African normal taxation rate – 28%	**64 068**	50 022	**4 962**	4 666
Adjusted for:				
Assessed tax losses	**(5 989)**	(7 030)	**–**	–
Capital gains tax rate differential	**6**	90	**–**	91
Foreign tax differential in rates	**(4 045)**	(2 981)	**–**	–
(Loss)/income from associated companies	**17**	3 246	**–**	–
Non-deductible charges[1]	**6 503**	4 069	**2 864**	1 171
Non-taxable income[2]	**(6 606)**	(7 555)	**(7 455)**	(5 881)
Prior year adjustments	**435**	–	**377**	–
Other	**(117)**	–	**128**	–
Dividend withholding taxation	**1 221**	–	**1 221**	–
Withholding taxation	**1 476**	2 367	**–**	13
	56 969	42 227	**2 097**	60

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
21. INCOME TAX EXPENSE CONTINUED				
[1] Non-deductible charges include the tax impact of:				
Share-based payment expenses	**1 213**	1 100	**1 213**	1 100
Dividends paid to employees by the Trust	**3 102**	2 434	**–**	–
Apportionment of expenses to non-taxable income	**1 473**	–	**1 473**	–
Other non-deductible expenses, including impairments and legal expenses	**715**	535	**178**	71
	6 503	4 069	**2 864**	1 171
[2] Non-taxable income include the tax impact of:				
Gain on bargain purchase	**(3 982)**	–	**–**	–
Preference share dividends received	**(1 715)**	–	**(1 715)**	–
Learnership rebates	**(1 963)**	(2 780)	**–**	–
Dividends received	**–**	(211)	**(8 332)**	(5 744)
Closure cost on discontinued operations overprovided	**–**	(3 203)	**–**	–
Fair value gains and losses	**1 368**	(136)	**2 593**	–
Profit on sale of fixed assets	**(154)**	(677)	**–**	–
Other non-taxable income including currency translation differences and profit on sale of fixed assets and associates	**(160)**	(548)	**(1)**	(137)
	(6 606)	(7 555)	**(7 455)**	(5 881)

	Group 2017 cents	Group 2016 cents
22. EARNINGS PER SHARE		
Basic earnings per share		
Represents the income in cents attributable to each equity share, based on the group's profit or loss attributable to equity holders of the parent from ordinary activities divided by the weighted average number of shares in issue during the year.	**35.14**	27.10
Basic earnings (R'000)		
Profit from continuing operations attributable to the owners of the parent	**144 737**	109 882
Profit/loss from discontinued operations	**–**	–
Total	**144 737**	109 882
Diluted earnings per share		
It is calculated by adjusting the weighted average number of ordinary shares outstanding, to assume conversion of all dilutive potential ordinary shares (incentive shares).	**34.46**	26.84
Diluted earnings (R'000)		
The company does not have any potentially dilutive transactions		
Diluted earrings	**144 737**	109 882
Diluted headline earnings	**136 881**	106 439
Headline earnings per share	**33.23**	26.26
Represents the income in cents attributable to each equity share, based on the group's profit or loss attributable to equity holders of the parent from ordinary activities, adjusted as required by SAICA Circular 2/2015, divided by the weighted average number of shares in issue during the year.		
Diluted headline earnings per share	**32.59**	26.00
Represents the income in cents attributable to each equity share, based on the group's profit or loss attributable to equity holders of the parent from ordinary activities, adjusted as required by SAICA Circular 2/2015, divided by the weighted average number of shares in issue during the year, adjusted to assume conversion of all dilutive potential ordinary shares (incentive shares).		
	shares	shares
Weighted average number of ordinary shares in issue	**411 939 738**	405 400 800
Shares in issue for full year	**411 939 738**	405 400 800
Exercisable share options	**8 108 100**	4 054 050
Diluted weighted average number of ordinary shares	**420 047 838**	409 454 850

The 2016 number of shares have been adjusted with the effect of the share split in 2017, in order to be comparable.

22. EARNINGS PER SHARE CONTINUED

	2017 Gross R'000	2017 Net R'000	2016 Gross R'000	2016 Net R'000
Profit attributable to ordinary shareholders of the parent	–	144 737	–	109 882
Adjustments:				
Net loss on sale of associated companies	–	–	3 757	3 848
Closure cost on discontinued operations overprovided	–	–	(11 438)	(11 438)
Impairment of investment in associates	2 537	2 537	6 000	6 000
Profit on sale of property, plant and equipment	(1 479)	(1 058)	(2 418)	(1 234)
Fair value adjustment on step-up from associated company to subsidiary	4 886	4 886	(619)	(619)
Gain on bargain purchase	(14 221)	(14 221)	–	–
Headline earnings		136 881		106 439

23. NOTES TO THE CASH FLOW STATEMENT

23.1 CASH GENERATED FROM OPERATIONS

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Profit before income tax including discontinued operations	228 816	178 650	17 720	16 666
Adjustments for:				
Depreciation	24 981	27 288	–	–
Amortisation	10 931	16 959	–	–
Profit on disposal of property, plant and equipment	(1 479)	(2 418)	–	–
Loss/(profit) on disposal of associated company	–	3 756	–	(489)
Dividends received	–	–	(29 758)	(20 514)
Finance income	(13 265)	(4 889)	(7 703)	(1 283)
Finance costs	16 175	16 210	14	–
Fair value adjustment on step-up from associated company to subsidiary	4 886	(619)	9 259	–
Gain on bargain purchase	(14 221)	–	–	–
Impairment of equity-accounted investments	2 537	6 000	–	–
Share of profit from associated companies	(464)	5 570	–	–
Share-based payment expense	4 333	3 928	4 333	–
Other	844	1 705	152	3 928
	264 074	252 140	(5 983)	(1 692)
Changes in working capital				
Inventories	(6 142)	16 590	–	–
Trade and other receivables	(183 767)	(36 886)	–	–
Inter-group loans payable – loans paid	–	–	(27 229)	(692)
Trade and other payables	(32 465)	26 443	159	533
	(222 374)	6 147	(27 070)	(159)
Cash generated from/(utilised by) operating activities	41 700	258 287	(33 053)	(1 851)

23.2 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Net book value	2 007	4 266	–	–
Profit on disposal of property, plant and equipment	1 479	2 418	–	–
	3 486	6 684	–	–

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
23. NOTES TO THE CASH FLOW STATEMENT CONTINUED				
23.3 NET DEBT RECONCILIATION				
Cash and cash equivalents excluding bank overdraft	**204 141**	182 878	**68 962**	35 207
Bank overdrafts	**(107 558)**	(50 483)	**–**	–
Current borrowings	**(162 239)**	(51 785)	**–**	–
Non-current borrowings	**(6 242)**	(1 765)	**–**	–
Current finance leases	**(11 448)**	(14 573)	**–**	–
Non-current finance leases	**(17 066)**	(22 719)	**–**	–
Net debt	**(100 412)**	41 553	**68 962**	35 207

Group	Other assets	Liabilities from financing activities				
	Cash including overdraft R'000	Current finance leases R'000	Non-current finance leases R'000	Current borrowings R'000	Non-current borrowings R'000	Total R'000
Net debt as at 1 January 2017	132 395	(14 573)	(22 719)	(51 785)	(1 765)	41 553
Cash flows	7 862	14 573	(3 637)	51 785	(163 335)	(92 752)
Acquisitions	(42 985)	–	(2 158)	–	(7 091)	(52 234)
Foreign exchange adjustments	(690)	–	–	3 710	–	3 020
Other non-cash movements	–	(11 448)	11 448	(165 949)	165 949	–
Net debt as at 31 December 2017	96 583	(11 448)	(17 066)	(162 239)	(6 242)	(100 412)

	Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
23.4 TAXATION PAID				
Charge to profit and loss	**(56 969)**	(42 227)	**(2 097)**	(60)
Movement in deferred taxation	**(5 035)**	(4 530)	**–**	–
Movement in net taxation	**2 754**	(2 118)	**147**	(4)
	(59 250)	(48 875)	**(1 950)**	(64)

24. BUSINESS COMBINATIONS

ACQUISITION OF SUBSIDIARIES

Surapax (Pty) Ltd

On 1 September 2017, Pack 'n Stack Investment Holdings (Pty) Ltd, a subsidiary of CA Sales Holdings Limited, acquired 51% of the share capital of Surapax (Pty) Ltd for R15.455 million during the year and obtained control of Surapax (Pty) Ltd, a sales and merchandising agency business in South Africa. As a result of the acquisition, the group is expected to increase its presence in the hardware sector. Goodwill of R12.53 million arose from the acquisition.

Transaction costs relating to the acquisition, in the form of legal expenses amounted to R21 100. These costs have been expensed as per the accounting policy.

The following table summarises the consideration paid for Surapax (Pty) Ltd, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	2017 R'000
Consideration at 1 September 2017	
Cash	15 455
Total consideration	15 455
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	762
Property, plant and equipment	1 299
Intangible assets	4 044
Trade and other receivables	693
Trade and other payables	(258)
Borrowings	(682)
Income tax receivable	1 010
Deferred income tax liabilities	(1 132)
Total identifiable net assets	5 736
Non-controlling interest	(2 811)
Goodwill	12 530
Total	15 455
Cash flow on acquisition	
Purchase consideration – cash portion	15 455
Cash and cash equivalents acquired	(762)
Net cash outflow on acquisition	14 693

The fair value of the non-controlling interest in Surapax (Pty) Ltd, an unlisted company, was estimated by using the proportional share of identifiable net assets.

The goodwill arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the carrying value of net assets acquired. Goodwill is attributable to the current relationships with suppliers and customers. Goodwill is not expected to be deductible for tax purposes.

The revenue included in the consolidated statement of comprehensive income since 1 September 2017, contributed by Surapax (Pty) Ltd was R4.5 million. Surapax (Pty) Ltd also contributed profit of R1.4 million over the same period.

Had Surapax (Pty) Ltd been consolidated from 1 January 2017, the consolidated statement of comprehensive income would show *pro forma* revenue of R4 845.3 million and profit of R173.7 million.

24. BUSINESS COMBINATIONS CONTINUED

Expo Africa Group

On 1 April 2017, CA Sales Investments (Pty) Ltd, a subsidiary of CA Sales Holdings Limited, acquired 90% of the share capital of Expo Africa group for R23.74 million during the year and obtained control of Expo Africa group. With this acquisition, the group expanded its service offering to marketing and promotional services in Southern Africa. Goodwill of R20.14 million arose from the acquisition.

Transaction costs relating to the acquisition, in the form of legal expenses and Botswana Competition Commissioner fees, amounted to R80 243 and R246 681, respectively. These costs have been expensed as per the accounting policy.

The following table summarises the consideration paid for Expo Africa group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	2017 R'000
Consideration at 1 April 2017	
Cash	20 000
Contingent consideration (included in trade and other payables – note 15)	3 743
Total consideration	23 743
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	395
Property, plant and equipment	2 810
Intangible assets	2 942
Trade and other receivables	400
Trade and other payables	(314)
Borrowings	(650)
Income tax payable	(760)
Deferred income tax liabilities	(824)
Total identifiable net assets	3 999
Non-controlling interest	(400)
Goodwill	20 144
Total	23 743
Cash flow on acquisition	
Purchase consideration – cash portion	20 000
Cash and cash equivalents acquired	(395)
Net cash outflow on acquisition	19 605

The fair value of the non-controlling interest in the Expo Africa group, a group of unlisted companies, was estimated by using the proportional share of identifiable net assets.

The goodwill arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the carrying value of net assets acquired. Goodwill is attributable to the current relationships with suppliers and customers. Goodwill is not expected to be deductible for tax purposes.

The revenue included in the consolidated statement of comprehensive income since 1 April 2017, contributed by Expo Africa group was R15.7 million. Expo Africa group also contributed profit of R2.3 million over the same period.

Had Expo Africa group been consolidated from 1 January 2017, the consolidated statement of comprehensive income would show *pro forma* revenue of R4 845.1 million and profit of R174.2 million.

24. BUSINESS COMBINATIONS CONTINUED

Wutow Trading (Pty) Ltd

On 1 August 2014, CA Sales Holdings Limited acquired 50% of the share capital of Wutow Trading (Pty) Ltd for R23.48 million. On 1 July 2017 the group acquired a further 50% of the share capital and obtained control of Wutow Trading (Pty) Ltd, a fast moving consumer goods agency business in Namibia. As a result of the acquisition, the group is expected to increase its presence in the market.

Transaction costs relating to the acquisition, in the form of legal expenses and Namibia Competition Commissioner fees, amounted to R69 540 and R250 000 respectively. These costs have been expensed as per the accounting policy.

The following table summarises the consideration paid for Wutow Trading (Pty) Ltd, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2017 R'000
Consideration at 1 July 2017	
Cash	–
Fair value of equity interest in Wutow Trading (Pty) Ltd held before the business combination	14 222
Total consideration	14 222
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	(42 985)
Property, plant and equipment	3 104
Inventories	33 003
Deferred income tax assets	5 019
Trade and other receivables	82 015
Income tax receivable	2 727
Borrowings	(18 682)
Trade and other payables	(35 758)
Total identifiable net assets	28 443
Gain on bargain purchase (included in other operating income – note 17(i))	(14 221)
Total	14 222
Cash flow on acquisition	
Purchase consideration – cash portion	–
Cash and cash equivalents acquired	42 985
Net cash outflow on acquisition	42 985

No consideration was paid to obtain the additional 50% of the business as the business was loss-making and the consideration paid as per the put and call option agreement was based on profits after tax. This resulted in a gain on bargain purchase of R14.2 million, which was 50% of the carrying value of the net assets of the business. The gain on bargain purchase is included in other operating income in the group's statement of comprehensive income for the year ended 31 December 2017.

The revenue included in the consolidated statement of comprehensive income since 1 June 2017 contributed by Wutow Trading (Pty) Ltd was R282.9 million. Wutow Trading (Pty) Ltd also contributed profit of R1.4 million over the same period.

Had Wutow Trading (Pty) Ltd been consolidated from 1 January 2017, the consolidated statement of comprehensive income would show *pro forma* revenue of R5 025.4 million and profit of R171.3 million.

The carrying amounts of the trade and other receivables acquired through the above business combinations are equal to the gross contractual amounts receivable and fairly represent the fair values. All amounts are expected to be collected.

25. RELATED PARTY TRANSACTIONS

Parent
PSG Group Limited is the ultimate holding company of CA Sales Holdings group.

Subsidiaries
CA Sales and Distribution (Pty) Ltd
Diverse Distribution and Marketing Services (Pty) Ltd
Private Label Sales and Merchandisings Services (Pty) Ltd
CAS Marketing (Pty) Ltd
Pamstad (Pty) Ltd
CA Sales Investments (Pty) Ltd
Logico Unlimited (Pty) Ltd
Pack 'n Stack Investment Holdings (Pty) Ltd
SMC Brands SA (Pty) Ltd
Wutow Trading (Pty) Ltd

Associated companies and joint ventures
Whitakers Agencies (Pty) Ltd
Whitakers Agencies (Lesotho) (Pty) Ltd

Subsidiaries of PSG Group
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 CA Sales 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.

25. RELATED PARTY TRANSACTIONS CONTINUED

		Group 2017 R'000	Group 2016 R'000	Company 2017 R'000	Company 2016 R'000
Transactions and balances					
During the financial year the company and its subsidiaries conducted the following transactions with joint ventures, associates, parties exercising significant influence and key management personnel.					
Finance income					
Interest received	Wutow Trading (Pty) Ltd	**–**	116	**–**	116
Interest received	Repassen 21 (Pty) Ltd	**3 063**	–	**3 063**	–
Interest received	Rose Bridge 15 (Pty) Ltd	**3 063**	–	**2 063**	–
Other operating expenses					
Rent	PSG Capital (Pty) Ltd	**412**	411	**–**	–
IT Services	PSG Corporate Services (Pty) Ltd	**81**	71	**–**	–
Listing expenses	PSG Capital (Pty) Ltd	**54**	–	**–**	–
Management fees	CAS Marketing (Pty) Ltd	**–**	–	**684**	1 436
Stated capital					
Capitalised listing expenses	PSG Capital (Pty) Ltd	**5 422**	–	**5 422**	–
Amounts due from related parties					
Loan to associates – equity accounted					
	Wutow Trading (Pty) Ltd	**–**	3 788	**–**	3 788
Trade receivables					
	CA Sales and Distribution (Pty) Ltd	**–**	–	**35 991**	36 216
	CAS Marketing (Pty) Ltd	**–**	–	**15 539**	15 485
	Wutow Trading (Pty) Ltd	**–**	–	**11 188**	–
	CA Sales Investments (Pty) Ltd	**–**	–	**20 000**	–
Amounts due to related parties					
Trade payables					
	Private Label Sales and Merchandisings Services (Pty) Ltd	**–**	–	**354**	354
	Pack 'n Stack Investment Holdings (Pty) Ltd	**–**	–	**127**	–
Investments and loans					
Preference shares in Repassen 21 (Pty) Ltd	Management member – FW Britz	**–**	8 000	**–**	8 000
Preference shares in Rose Bridge 15 (Pty) Ltd	Director– TP Rogers	**–**	8 000	**–**	8 000
Key management compensation					
Salaries and other short-term employee benefits – note 26		**9 533**	16 314	**–**	–

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

26. DIRECTORS' REMUNERATION

	Salary (R'000)	Bonus (R'000)	Total (R'000)
Executive directors			
2017			
T Rogers	**3 723**	**1 500**	**5 223**
F Britz	**2 810**	**1 500**	**4 310**
	6 533	**3 000**	**9 533**
2016			
T Rogers	3 586	5 195	8 781
F Britz	2 338	5 195	7 533
	5 924	10 390	16 314
Key management personnel			
F Reichert			
2017	**1 323**	**200**	**1 523**
2016	1 161	500	1 661

No payments were made during the year to non-executive directors.

27. CONTINGENT LIABILITIES

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

28. EVENTS AFTER BALANCE SHEET DATE

The group is finalising the purchase of warehouses in Botswana. These will grow its asset base in Botswana and show its commitment to invest in the country. The company declared a dividend of 5.99 cents per share on 23 March 2018. There were no other 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 2017.

29. OPERATING LEASE COMMITMENTS

The group leases various offices and warehouses under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The future aggregate minimum lease payments under non-cancellable operating lease commitments are as follows:

	Group 2017 R'000	Group 2016 R'000
Operating leases – premises		
Not later than one year	**50 634**	42 668
Later than one year and not later than five years	**29 084**	88 436
Later than five years	**–**	–
	79 719	131 104
Operating leases – office and computer equipment		
No later than one year	**473**	804
Later than one year and no later than five years	**112**	368
	585	1 172
Operating leases – vehicles and plant		
No later than one year	**14 152**	4 577
Later than one year and no later than five years	**25 432**	306
	39 584	4 883

The company does not have any operating lease commitments.

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

30. 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

The group's chief operating decision-makers (CODM), consisting of the chief executive officer and the chief financial officer, examines the group's performance from a geographic 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, Zimbabwe, Zambia and Mozambique.

The group evaluates the performance of its reportable segments based on revenue and operating profit (EBIT and EBITDA). The group does not have any material intersegment sales and transfers.

All the segments derives their revenues from selling and distributing fast-moving consumer goods as well as marketing and promotional services.

	Revenue		EBIT		EBITDA	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Botswana	**3 078 832**	2 750 408	**96 059**	83 703	**111 449**	101 298
South Africa	**642 459**	544 912	**66 853**	57 595	**78 629**	69 944
Namibia	**478 875**	202 430	**23 095**	12 552	**23 869**	16 379
Swaziland	**636 288**	532 856	**53 032**	45 853	**60 874**	56 327
Other countries	**2 057**	–	**937**	1 133	**148**	1 133
Group transactions	**–**	–	**(7 343)**	(10 866)	**(7 329)**	(10 866)
Total	**4 838 511**	4 030 606	**232 633**	189 970	**267 640**	234 215
Reconciliation from EBITDA to profit after tax:						
EBITDA					**267 640**	234 215
Depreciation and amortisation					**(35 912)**	(44 245)
Net finance cost					**(2 910)**	(11 321)
Taxation					**(56 969)**	(42 227)
Profit after tax					**171 849**	136 423

Revenues of approximately R577 million (2016: R535 million) are derived from a single external customer. These revenues are attributed to the Botswana segment. The entity is domiciled in Botswana.

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 excluding deferred tax and financial assets		Total liabilities		Capital expenditure and intangibles acquired	
	2017 R'000	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Botswana	**1 162 868**	1 120 501	**328 131**	369 744	**673 364**	638 619	**38 549**	24 089
South Africa	**417 892**	286 588	**257 959**	145 263	**64 110**	63 315	**25 299**	12 805
Namibia	**255 435**	141 465	**45 509**	47 181	**153 426**	48 348	**526**	266
Swaziland	**231 100**	191 139	**65 628**	70 852	**118 451**	72 913	**3 655**	10 614
Other countries	**3 669**	4 104	**1 063**	4 104	**3 097**	–	**1**	–
Group transactions	**22 981**	28 212	**(14 619)**	23 184	**(102 371)**	(77 006)	**–**	–
Total	**2 093 945**	1 772 009	**683 671**	660 328	**910 077**	746 189	**68 030**	47 774

The significant increases in revenue, assets and liabilities for Namibia is as a result of the step up of Wutow Trading (Pty) Ltd from an associate, equity-accounted in the prior year, to a subsidiary, consolidated in the current year.

ANALYSIS OF REGISTERED SHAREHOLDERS

Registered shareholder spread
Dated 31 December 2017

	Number of holders	% of total shareholders	Number of shares	% of share issued capital
Shareholder spread				
1 – 10 000 shares	233	59.14	652 004	0.15
10 001 – 100 000 shares	89	22.59	3 483 117	0.78
100 001 – 1 000 000 shares	44	11.17	17 537 639	3.94
1 000 001 – 100 000 000 shares	27	6.85	208 904 470	46.98
100 000 001 shares and above	1	0.25	214 057 200	48.14
Total	394	100.00	444 634 430	100.00
Public and non-public shareholding				
Non-public shareholders	8	2.03	252 972 801	56.89
Shareholder holding more than 10%	1	0.25	214 057 200	8.75
Directors and directors of subsidiaries	7	1.78	38 915 601	48.14
Public shareholders	386	97.97	191 661 629	43.11
Total	394	100.00	444 634 430	100.00
Shares held by Botswana citizens (individuals and institutions)			155 439 784	34.96
Shares on the BSE share register			144 700 594	32.54
Shares on the 4AX shares register			299 933 836	67.46

SHAREHOLDERS' DIARY

Financial year-end		31 December
Annual general meeting		25 June 2018
Reports and accounts		
Announcement of interim results for the six months ending 30 June 2018		September 2018
Announcement of annual results and final dividend for the year ending 31 December 2018		March 2019
Annual report		June 2019
Dividends 2018	**Declaration**	**Payment**
Ordinary shares		
Final dividend	23 March 2018	20 April 2018

ANNEXURE 1

AMENDMENTS TO THE CA SALES HOLDINGS SHARE INCENTIVE TRUST DEED

The following amendments are proposed to the CA Sales Holdings Share Incentive Trust deed:

1.1 by the insertion of a new clause 1.1.1A after the existing clause 1.1.1 of the Trust Deed, to read as follows –

*"1.1.1A "**After-Tax Gain**" bears the meaning ascribed thereto in clause 24A.3.1;"*

1.2 by the deletion of the words "30 (thirty)", "following" and ", subject to" and the insertion of the words "180 (one hundred and eighty)", "commencing on" and "or" in clause 1.1.15 of the Trust Deed, to read as follows –

*"1.1.13 "**Exercise Period**" means the <u>180 (one hundred and eighty)</u> day period <u>commencing on</u> the applicable Vesting Date <u>or</u> any extension thereof pursuant to clause 21.3;"*

1.3 by the insertion of a new clause 1.1.18A after the existing clause 1.1.18 of the Trust Deed, to read as follows –

*"1.1.18A "**Market Price**" means the price per Share at the closing of trade on the BSE on the relevant Option Exercise Date;"*

1.4 by the insertion of a new clause 1.1.18B after the newly inserted clause 1.1.18A of the Trust Deed, to read as follows –

*"1.1.18B "**Minimum Shareholding for Executive Directors**" means such minimum number(s) of Shares, if any, required to be held by an executive Director, for such Director to qualify for –*

1.1.18B.1 any award of Options occurring on or after 31 December 2017; and/or

1.1.18B.2 the vesting of any Options awarded on or after 31 December 2017,

as may be determined by the Board in its sole discretion, from time to time;"

1.5 by the insertion of a new clause 1.1.22A after the existing clause 1.1.22 of the Trust Deed, to read as follows –

*"1.1.22A "**Performance Measures**" means such performance measures, if any, as may be determined by the Board in its sole discretion, from time to time, and which need to be met for any Options awarded to a Participant on or after 31 December 2017 to vest, which performance measures may include, but will not be limited to, any one or more of the following –*

1.1.22A.1 the Participant in question meeting key performance objectives;

1.1.22A.2 the Company meeting a specified recurring headline earnings per Share growth hurdle; and/or

1.1.22A.3 the Company meeting a specified return on equity hurdle;"

1.6 by the insertion of a new clause 18.1A before the existing clause 18.1 of the Trust Deed, to read as follows:

"18.1A The Board may, from time to time, determine and set –

18.1A.1 the Performance Measures which will apply to the vesting of Options that were awarded on or after 31 December 2017; and

18.1A.2 the Minimum Shareholding for Executive Directors which will apply to the awarding and vesting of Options to executive Directors, where such Options are awarded on or after 31 December 2017."

1.7 by the insertion of the words "*, the Performance Measures and/or Minimum Shareholding for Executive Directors which will apply to the vesting of such Options (if applicable)*" and "the Performance Measures and/or Minimum Shareholding for Executive Directors which will apply to the vesting of such Options (if applicable), the" in clause 18.1 of the Trust Deed, to read as follows –

*"18.1 The Board, subject to clause 19.4, may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in this Scheme ("**the Resolution**"). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price<u>, the Performance Measures and/or Minimum Shareholding for Executive Directors which will apply to the vesting of such Options (if applicable)</u> and any other relevant terms and conditions as may be determined by the Board. Each such Option shall be offered for purchase at the Strike Price. The Trustees shall as soon as practicable award the Options to the persons named in the Resolution, which award shall be in writing and specify the number of Options, the Option Date, the Strike Price, <u>the Performance Measures and/or Minimum Shareholding for Executive Directors which will apply to the vesting of such Options (if applicable), the</u> obligation of the Participant to adhere strictly to the terms of this Deed (which shall be made available at all times to any Participant) and any other relevant terms and conditions as may be determined by the Trustees."*

1.8 by the insertion of a new clause 18.6 after the existing clause 18.5 of the Trust Deed, to read as follows –

"18.6 The Board may, in future, resolve that the award and/or exercise of Options occur in terms of a mechanism other than as specified in this Trust Deed, which could involve share appreciation rights, nil paid share options or another appropriate mechanism, provided that, to the extent that such change would necessitate an amendment to this Deed requiring shareholder approval in terms of the BSE Listings Requirements, such amendment shall not be effected without the approval of Shareholders being obtained."

1.9 by the insertion of a new clause 20.1.1A after the existing clause 20.1.1 of the Trust Deed, to read as follows –

"20.1.1A may be subject to the fulfilment and meeting of certain Performance Measures, as set out in the Resolution and written award referred to in clause 18.1, if applicable;"

1.10 by the insertion of a new clause 20.1.1B after the newly inserted clause 20.1.1A of the Trust Deed, to read as follows –

"20.1.1B may, in respect of executive Directors, be subject to the retaining of a Minimum Shareholding for Executive Directors, as set out in the Resolution and written award referred to in clause 18.1, if applicable;"

1.11 by the insertion of a new clause 20.1.6A after the existing clause 20.1.6. of the Trust Deed, to read as follows –

"20.1.6A may, at the election of the Participant in accordance with clause 24A, be settled on a net equity basis as set out in clause 24A;"

1.12 by the deletion of clause 20.1.8 of the Trust Deed in its entirety and the replacement thereof with a new clause 20.1.8, to read as follows –

"20.1.8 shall, pursuant to the exercise of an Option, in the sole discretion of the Board, be settled upon a Participant -

20.1.8.1 by way of the delivery of Shares, it being recorded that, for purposes of International Financial Reporting Standard 2, the foregoing shall be an equity-settled share-based payment transaction; or

20.1.8.2 in the event that the Participant elects to have the Options settled on a net equity basis in accordance with clause 24A, either by the delivery of Shares or by the Company making a cash payment to the Participant, in lieu of Shares, as the Board may elect, in its sole discretion;"

1.13 by the insertion of the words "save as provided for in clause 24A" in clause 20.1.9 of the Trust Deed, to read as follows –

"20.1.9 <u>save as provided for in clause 24A,</u> shall be awarded on the basis that the number of Scheme Shares to be delivered to a Participant, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of this Trust Deed; and"

1.14 by the insertion of a new clause 20.5.1A after the existing clause 20.5.1 of the Trust Deed, to read as follows –

"20.5.1A to the extent that the Performance Measures applicable to such Option (if any), have not been fulfilled, met or achieved, unless the Board resolves otherwise in its sole discretion;"

1.15 by the insertion of a new clause 20.5.1B after the newly inserted clause 20.5.1A of the Trust Deed, to read as follows –

"20.5.1B to the extent that any executive Director ceases to hold the Minimum Shareholding for Executive Directors applicable to such Option (if any), unless the Board resolves otherwise in its sole discretion;"

1.16 by the insertion of a new clause 20.5.1C after the newly inserted clause 20.5.1B of the Trust Deed, to read as follows –

"20.5.1C in relation to Options awarded on or after 31 December 2017, in the event and to the extent that the Board determines, in its sole discretion, that the Beneficiary is guilty of misconduct or poor performance as measured against any key performance indicators or targets as set for the Beneficiary by the Board or relevant senior management members of the Company, from time to time;"

1.17 by the insertion of the word "otherwise" in clause 20.5.3 of the Trust Deed, to read as follows –

"20.5.3 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, ceases to be employed by any Group Company for any reason whatsoever, save to any extent expressly <u>otherwise</u> contemplated in terms of clause 24 below;"

1.18 by replacing the words *"within 30 (thirty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date"* appearing in clause 21.2 of the Trust Deed, with the words *"within 180 (one hundred and eighty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date"*, to read as follows:

*"21.2 An Option must be exercised during the applicable Exercise Period of such Option ("**Option Exercise Date**") and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of this Trust Deed. For the avoidance of any doubt, and having regard to the provisions of clauses 20.5.1 and 21.1, the Exercise Period for Options falling due at the First Vesting Date, the Second Vesting Date, the Third Vesting Date and the Fourth Vesting Date (as the case may be) shall be <u>within 180 (one hundred and eighty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date</u> (as the case may be)."*

1.19 by replacing the words *"the Trustees ("Lender") shall, in their absolute and unfettered discretion"*, appearing in clause 24.1 of the Trust Deed, with the words *"the Trustees ("Lender") shall, in exceptional circumstances, in their absolute and unfettered discretion"*

1.20 by the insertion of a new clause 24A after the existing clause 24 of the Trust Deed, to read as follows –

24A NET EQUITY SETTLEMENT

24A.1 Notwithstanding any of the other provisions of this Trust Deed, in the event that a Beneficiary wishes to exercise his Options in terms of the Trust Deed, but is unable to, or elects not to, pay the aggregate Strike Price due in respect of such Options being exercised and the Beneficiary Taxation due in relation to the exercise of such Options and where –

24A.1.1 the Trustees, in their absolute and unfettered discretion, decide not to provide financial assistance to the Beneficiary in terms of clause 24, for the purpose of fulfilling such monetary obligations; or

24A.1.2 the Beneficiary decides not to accept the financial assistance offered by the Trustees in terms of clause 24, for the purpose of fulfilling such monetary obligations,

the Beneficiary may elect (in writing, together with his written notice to the Company that he is exercising his Options) to have all (and not only a portion) of his Options so exercised, settled on a net equity basis as set out in this clause 24A.

24A.2 Where a Beneficiary has, in accordance with the provisions of clause 24A.1, elected to have his Options settled on a net *equity basis in accordance with the provisions of clause 24.A.1 above, the Company will settle –*

24A.2.1 the Beneficiary's After-Tax Gain through the issue or other transfer of fully paid Shares to the Beneficiary or by making a cash payment in lieu of Shares to the Beneficiary, as may be determined by the Board in its sole discretion; and

24A.2.2 the Beneficiary Taxation due in respect of the Options being exercised, on behalf of the Beneficiary.

*24A.3 The "**After Tax Gain**" of the Beneficiary will be determined as follows –*

*24A.3.1 First, the "**Taxable Gain**" of the Beneficiary will be determined using the following formula –*

***Taxable Gain** = Market Value – Strike Value*

Where

***Market Value** = the number of Options exercised x by the Market Price per Share on the Option Exercise Date*

***Strike Value** = the number of Options exercised x by the Strike Price per Share*

*24A.3.1 Next, the "**After-Tax Gain**" will determined using the following formula –*

After-Tax Gain = Taxable Gain – Tax Payable

*The "**Tax Payable**" will be calculated on the Taxable Gain based on the applicable income tax rate which applies to the Beneficiary.*

24A.4 The After-Tax Gain will then be settled by the Company, either by making a cash payment to the Beneficiary in lieu of Shares, or by the issue and allotment of such number of Shares by the Company, or by the transfer of such number of Shares by the Trust, within 5 business days following the relevant Option Exercise Date, as determined using the formula set out below, as may be elected by the Board in its sole discretion –

Number of Shares = After-Tax Gain / Market Price Per Share on the Option Exercise Date

Rounded to the nearest full number, as no fractions of Shares will be issued.

24A.5 For the avoidance of doubt, an illustrative example is set out below:

		Net settlement	***Full settlement when Options exercised at Strike Price***
1	*Number of Options exercised*	*100*	*100*
2	*Strike Price per Share*	*R150*	*R150*
3	*Strike Value (1 x 2)*	*R15 000*	*R15 000*
4	*Market Price per Share*	*R220*	*R220*
5	*Market Value (1 x 4)*	*R22 000*	*R22 000*
6	*Taxable Gain (5 – 3)*	*R7 000*	*R7 000*
7	*Tax rate applicable*	*45%*	*45%*
8	*Tax Payable (6 x 7)*	*R3 150*	*R3 150*
9	*After-Tax Gain (6 – 8)*	*R3 850*	*R3 850*
10	*Total Strike Value & Tax Payable in cash by Participant (3 + 8)*	*n/a*	*R18 150*
11	*Number of Shares to be issued if not settled by way of a cash payment (9/4)*	*18*	*n/a*
12	*Market Value*	*R3 850*	*R22 000*
13	*Less: Strike Value & Tax Payable by Participant (10)*	*n/a*	*18 150*
14	***Upside to Participant on date of settlement***	***R3 850***	***R3 850***

NOTICE OF ANNUAL GENERAL MEETING

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 Sales**” or “**the company**”)

Notice is hereby given of the annual general meeting of shareholders of CA Sales Holdings Limited (“CA Sales” or “the company”) to be held at the offices of CA Sales and Distribution, 2nd Floor, Boardroom, Portion 867, Commerce Park, Gaborone, Botswana, on 25 June 2018, at 11h00 (“the AGM”).

PURPOSE

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

AGENDA

- Presentation of the audited annual financial statements of the company, including the reports of the directors for the year ended 31 December 2017. The annual report, of which this notice forms part, contains the summary consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on CA Sales’ website at www.casholdings.co.za, or may be requested and obtained in person, at no charge, at the registered office of CA Sales during office hours.
- 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 7 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 8 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. RETIREMENT AND RE-ELECTION OF DIRECTOR

ORDINARY RESOLUTION NUMBER 1

“Resolved that Mr PN De Waal, 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 PN De Waal’s curriculum vitae has been included on page 16 of the annual report.

2. CONFIRMATION OF APPOINTMENT OF DIRECTORS

ORDINARY RESOLUTION NUMBER 2

“Resolved that shareholders confirm the appointment of Mr B Marole as a director of the company in terms of the company’s MOI.”

ORDINARY RESOLUTION NUMBER 3

“Resolved that shareholders confirm the appointment of Mr E Masilela as a director of the company in terms of the company’s MOI.”

Reason for and effect of ordinary resolutions numbers 2 and 3

The reason for ordinary resolutions 2 and 3 is that the MOI of the company and the Companies Act require that any director appointed by the board be confirmed by the shareholders at the AGM. Brief curriculum vitaes of each of the directors up for confirmation appear on page 17 of the annual report.

3. 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 Companies Act.

3.1 ORDINARY RESOLUTION NUMBER 4

“Resolved that 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.”

3.2 ORDINARY RESOLUTION NUMBER 5

“Resolved that Mr B Patel, 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.”

3.3 ORDINARY RESOLUTION NUMBER 6

"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 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the 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 reappointment to the audit and risk committee appear on pages 16 and 17 of the annual report.

4. RE-APPOINTMENT OF AUDITOR

ORDINARY RESOLUTION NUMBER 7

"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."

The reason for ordinary resolution number 7 is that the company, being a public listed 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 Companies Act.

5. GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

ORDINARY RESOLUTION NUMBER 8

"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 Companies Act and the Listings Requirements of the BSE and 4AX ("Listings Requirements"), provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash in the aggregate in any one financial year may not exceed 10% of the company's issued share capital (number of securities) of that class, provided that such issues shall not in aggregate in any 36-month period (each of which commences on the first day of the financial year of the company) exceed 15% of the company's issued share capital of that class (in this calculation, the securities of a particular class will be aggregated with the securities which are compulsorily convertible into securities of that class; and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible). The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year or current and preceding two financial years (as applicable) provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application. As at the date of this notice of AGM, 10% of the company's issued ordinary share capital (net of treasury shares) amounts to 44 852 015 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined 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. The BSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on 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 ordinary resolution number 8 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.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

- 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 4 to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

6. AMENDMENTS TO THE CA SALES HOLDINGS SHARE INCENTIVE TRUST DEED

ORDINARY RESOLUTION NUMBER 9

"Resolved that the existing trust deed of the CA Sales Holdings Share Incentive Trust, which contains the terms of and governs the company's share incentive scheme ("Trust Deed"), be amended as set out in Annexure 1 to this notice of AGM."

The reason for ordinary resolution number 9 is to obtain the prior approval of shareholders to amend the Trust Deed. Although not obliged to do so, the Company has decided to submit these changes to the Trust Deed to shareholders for approval. The changes are aimed at refreshing and updating the scheme rules, given market trends, and should benefit shareholders. The effect of ordinary resolution number 9, if passed, will be that the proposed amendments to the Trust Deed are approved.

For this resolution to be adopted at least 50% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

A copy of the current Trust Deed is available for inspection by shareholders at the company's registered address.

7. REMUNERATION OF NON-EXECUTIVE DIRECTORS

SPECIAL RESOLUTION NUMBER 1

"Resolved, in terms of section 66(9) of the 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[1]	R20 000
Audit committee meeting	R15 000
Remuneration committee meeting	R10 000

[1] *If the company only holds three board meetings a year, the fee due per meeting attended for that year will be R25 000.*

The reason for special resolution number 1 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 Companies Act.

The effect of special resolution number 1 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.

8. INTER-COMPANY FINANCIAL ASSISTANCE

8.1 SPECIAL RESOLUTION NUMBER 2: INTER-COMPANY FINANCIAL ASSISTANCE

"Resolved, in terms of section 45(3)(a)(ii) of the 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 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 2 of the 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 2 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.

8.2 SPECIAL RESOLUTION NUMBER 3: 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 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 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 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 3 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 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 2 and 3 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.

9. SHARE REPURCHASES BY THE COMPANY AND ITS SUBSIDIARIES

SPECIAL RESOLUTION NUMBER 4: SHARE BUY-BACK BY CA SALES 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 Companies Act, the memorandum of incorporation of the company and the 4AX Listings Requirements, including, *inter alia,* that:

- the general repurchase of the shares may only be implemented through the open market;
- 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 450 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 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 R5 or the BWP equivalent; 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 4 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 4. 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 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 Companies Act.

10. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

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 4 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 report of which this notice forms part, as well as the full set of annual financial statements, being available on CA Sales' website at www.casholdings.co.za or which may be requested and obtained in person, at no charge, at the registered office of CA Sales during office hours.

2. The directors, whose names appear on pages 16 and 17 of the annual 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 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 31 August 2017.

VOTING

1. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is 1 June 2018, with the last day to trade being 29 May 2018. The finalisation date will be 25 May 2018
2. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.
3. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
4. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretary of the company at the address provided on the inside back cover of this annual report by no later than 12:00 on 21 June 2018 provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
7. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

FJ Reichert
Company secretary

Stellenbosch
25 May 2018

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 Sales**" or "**the company**")

CA SALES HOLDINGS

FORM OF PROXY – 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 the offices of CA Sales and Distribution, 2nd Floor, Boardroom, Portion 867, Commerce Park, Gaborone, Botswana at 11h00, on 25 June 2018 ("the AGM").

I/We (full name in print)

of (address)

being the registered holder of (number) 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 PN De Waal as director			
2.	**Ordinary resolution number 2:** To elect Mr B Marole as director			
3.	**Ordinary resolution number 3:** To elect Mr E Masilela as director			
4.	**Ordinary resolution number 4:** To elect Mr E Masilela as a member of the audit and risk committee			
5.	**Ordinary resolution number 5:** To elect Mr B Patel as a member of the audit and risk committee			
6.	**Ordinary resolution number 6:** To elect Mr B Marole as a member of the audit and risk committee			
7.	**Ordinary resolution number 7:** To re-appoint PricewaterhouseCoopers Inc as the auditor			
8.	**Ordinary resolution number 8:** General authority to issue ordinary shares for cash			
9.	**Ordinary resolution number 9:** Approval of amendments to the company's share incentive trust			
10.	**Special resolution number 1:** Remuneration of non-executive directors			
11.	**Special resolution number 2:** Inter-company financial assistance			
12.	**Special resolution number 3:** Financial assistance for acquisition of shares in a related or inter-related company			
13.	**Special resolution number 4:** Share buy-back by CA Sales 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 2018.

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each CA Sales 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 Sales 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 Sales 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)

   Shares listed on 4AX
   4 Africa Exchange Registry
   Postnet Suite 532
   Private Bag X51, Bryanston, 2021
   Email: operations@4aregistry.co.za

   by no later than 12h00 on 21 June 2018, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time prior 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. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

CORPORATE INFORMATION

Company registration number	2011/143100/07
Country of incorporation	South Africa
Date of incorporation	7 December 2011
Tax residency	South Africa
Registered office	1st Floor, Ou Kollege Building 35 Kerk Street Stellenbosch 7600 South Africa
Auditor and Reporting Accountants	PricewaterhouseCoopers Inc, 4 Lisbon Lane Waterfall City, Juskei, 2090 (Private Bag X36, Sunninghill, 2157, 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, 7599 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)
BSE Sponsor	African Alliance Botswana Securities Ltd African Alliance House Fairgrounds Office Park, Plot 64511 Gaborone Botswana
Transfer Secretaries	Grant Thornton Botswana Acumen Park, Plot 50370 Fairgrounds Gaborone Botswana
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) 2nd Floor, Building 3 11 Alice Lane, Sandown Sandton, 2196 South Africa (PO Box 650957, Benmore, 2010)
Principle banker	First National Bank Limited
Website	www.casholdings.co.za