



**enX**  
GROUP

Integrated annual report 2014

**A new era**

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Evolution of a brand is a requirement for growth. Since listing in 2007, the group's focus has shifted from primarily woodworking equipment to include power and fuel. In order to better reflect this new strategic direction we have changed our name to enX Group Limited. An acronym for Energy Exchange, enX is more representative of the composition of the group today as well as our focus going forward. The new name and logo perfectly encapsulate our repositioning as a leading industrial energy group.

## Investment case

- Exposure to large industries (Power and Fuel) with attractive growth prospects in sub-Saharan Africa
- Businesses with market leading or niche positions
- Profitable operations
- Strong cash and robust liquidity position
- Extensive industry, public and private sector experience at director level
- Strengthened management and strategic leadership
- Extensive personal investment by management and alignment of interests with investors

## Strategic direction

A major globally competitive, sub-Saharan African industrial supplies and energy group, providing South African manufactured, branded capital and consumable goods to a broad range of economic sectors.

### Values

We have the highest regard for the dignity of all stakeholders and treat each other fairly. We support our stakeholders in achieving their ambitions, safeguarding their property while simultaneously advancing the interests of the group.

We are passionate about serving the needs of our customers. We act as if we are owners of our business. We develop insights to identify innovations that improve our customers' lives and have the courage to pursue them.

We have broad freedoms, acting within the boundaries of our values, to fulfil our responsibilities. We are personally accountable for our actions.

**Respect for all our stakeholders and their property**

**Customer focused entrepreneurship**

**Freedom and accountability**

**Meritocracy**

**Investing in the excellence of our people**

**Open and honest communications**

We prioritise performance. Performance is rewarded by way of additional responsibility and compensation.

Our goals as a group can only become reality through our tireless efforts. We are our competitive advantage. We have the support, tools and opportunities to realise our full potential and produce excellence. We are continually learning and improving.

We understand that our actions are not taken in isolation, but that they impact a variety of stakeholders. We strive to communicate before, during and after we act, openly and honestly, so that our organisation becomes a cohesive unit. This includes integrity in all our dealings.

# About this report



## Global partners



Power



Fuel



Wood



Head office in Melrose Arch, Johannesburg

enX is an industrial energy group, listed on the JSE’s “Industrial Engineering” sector, which provides quality industrial energy equipment, consumables, related components and support services to a wide range of economic sectors in South Africa and sub-Saharan Africa.

enX’s head office is in Melrose Arch, Gauteng. It operates through the following business units:

- **Power** segment, which incorporates:
  - Private Power Sales – manufactures, supplies, installs and maintains diesel generators and related components
  - Power Product Distribution - distributes international branded industrial and marine diesel engines and components
  - Temporary Power – rents temporary power in the form of diesel generators
- **Fuel** (from 1 December 2014), which incorporates the production and marketing of oil lubricants in sub-Saharan Africa
- **Wood** segment, which engages in the distribution of professional woodworking equipment, tooling and edging and provision of associated services such as blade sharpening and equipment maintenance

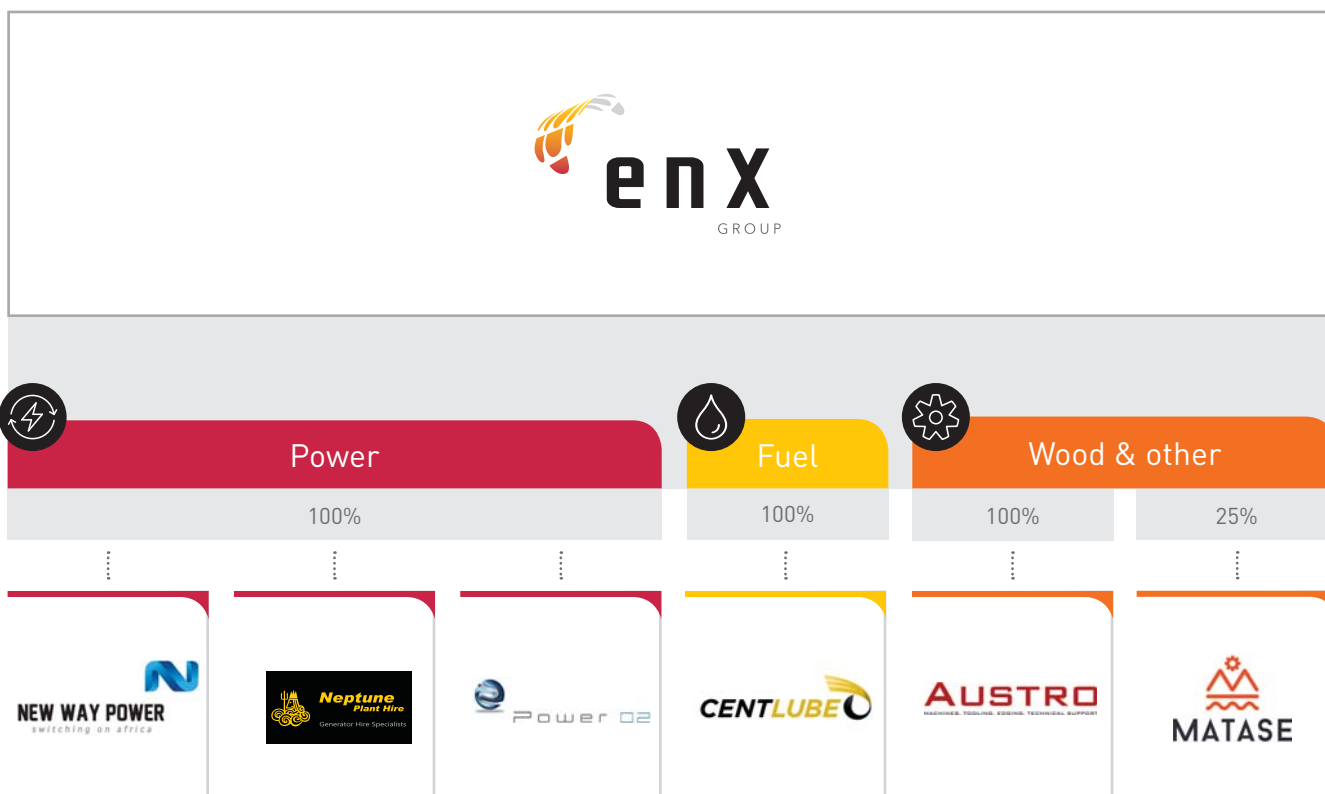
Group subsidiaries include:

- New Way Power (incorporating Neptune Plant Hire)
- Power02
- Austro
- Centlube

Subsequent to year-end, the board proposed changing the name of the company from Austro Group Limited to enX Group Limited. This change was approved by shareholders at a general meeting on 1 December 2014.

This integrated annual report presents the financial results and the environmental, social and governance performance of the group for the year 1 September 2013 to 31 August 2014 and follows the prior integrated annual report published in February 2014.

The content included in this integrated annual report identifies and explains the business, performance, financial position and the material risks faced by the group. This should enable the group’s stakeholders to accurately evaluate enX’s ability to create and sustain value over the short, medium and long term. Content covers all divisions and subsidiaries of the company, as illustrated in the group structure below, across all regions of operation in South Africa and sub-Saharan Africa.



### Significant events subsequent to year-end

Effective 1 December 2014, enX acquired 100% of Centlube which will form the foundation of the Fuel segment to be developed by the group.

### Corporate information

The group's executive directors are Paul Mansour (CEO) and Jarrod Friedman (Financial Director). They can be contacted at the registered office of the company (see the IBC). enX's integrated annual report 2014 is available in hard copy from the company secretary on request, and is also posted on the group's website: [www.enxgroup.co.za](http://www.enxgroup.co.za).

### Basis of preparation

The report is primarily targeted at current shareholders and potential investors in the group, but also covers areas of interest to other stakeholders such as suppliers, employees, customers, government and communities that may be impacted by the group's operations.

The annual financial statements have been prepared in accordance with IFRS, the requirements of the Companies Act, the Listings Requirements of the JSE and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

enX has further considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013.

### Assurance

The combined assurance model of the group is set out below:

Business process	Nature of assurance	Assurance provider	Integrated report disclosure
Annual financial statements	Unqualified audit	Grant Thornton	50
Internal audit	Ongoing assessment of risks and controls	BDO	35

### Key data

#### enX Group Limited

formerly Austro Group Limited

(Incorporated in the Republic of South Africa)

Registration number 2001/029771/06

JSE share code: ENX

ISIN: ZAE000195723

JSE Main Board sector: Industrial Engineering

Listing date: 2007

Shares in issue at 31 August 2014: 395 292 923

Shares in issue at date of this report: 421 689 018

### Forward-looking statements

This integrated annual report contains forwarding-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 August 2014. Actual results may differ materially from the company's expectations if known and unknown risk or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forwarding-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation.

### Responsibility statement and review

The Audit & Risk Committee and the board acknowledge their responsibility to ensure the integrity of this report. It has been reviewed by the Audit & Risk Committee, the board, company secretary and sponsor. The annual financial statements included in this integrated annual report have been audited by the external auditors.



**Paul Mansour**

CEO



**Jarrod Friedman**

Financial Director



**Nopasika Lila**

Chairperson Audit & Risk Committee

# enX at a glance

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**NEW WAY POWER**  
*switching on africa*

Est in 1983



New Way Power is a leading diesel genset manufacturer in South Africa. Its core business is the production, marketing, installation, service and maintenance of commercial and industrial diesel generators. The company primarily services the standby power needs of the information technology, retail, construction, marine and manufacturing industries. New Way Power utilises primarily John Deere, Mitsubishi, Doosan and FAW engines ranging from 20 kVA to 2,2 MW. Established in 1983 the company is based at an unrivalled 30 000 m<sup>2</sup> manufacturing facility in Alberton North. It currently employs 225 employees over three locations in Johannesburg, Cape Town and Durban.

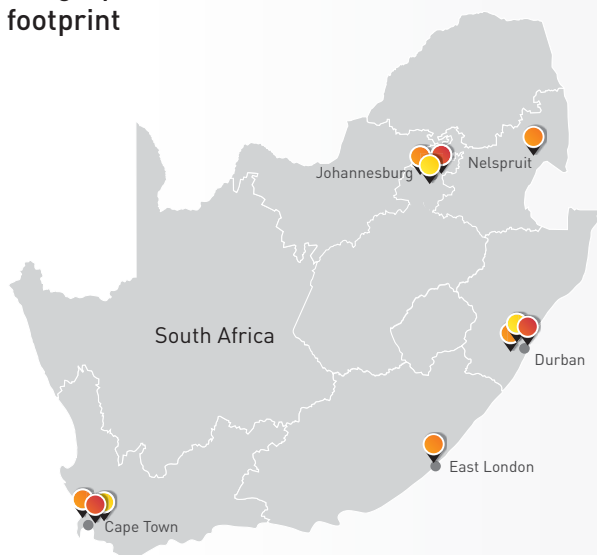


Head office in Johannesburg

### 2014 achievements

- Strengthening of the board
- Acquisition of Centlube and establishment of Fuel cluster
- Improved profitability and cash generated from operations

### Geographical footprint



Power

#### New Way Power

Branches in Johannesburg, Durban and Cape Town

#### Neptune

Branches in Johannesburg and Cape Town

#### Power0<sup>2</sup>

Johannesburg



Wood

#### Austro

Branches in Johannesburg, Durban, Cape Town, East London and Nelspruit



Fuel

#### Centlube

Branches in Johannesburg, Durban and Cape Town

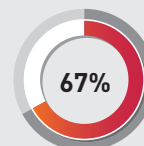
### Financial contribution



#### Power

- Revenue R389,9 million
- Adjusted EBITDA R42,1 million
- Net tangible operating assets R175,0 million
- Employees 259

#### Revenue contribution



#### Fuel

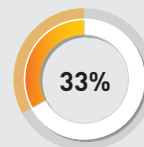
- Acquired 1 December 2014








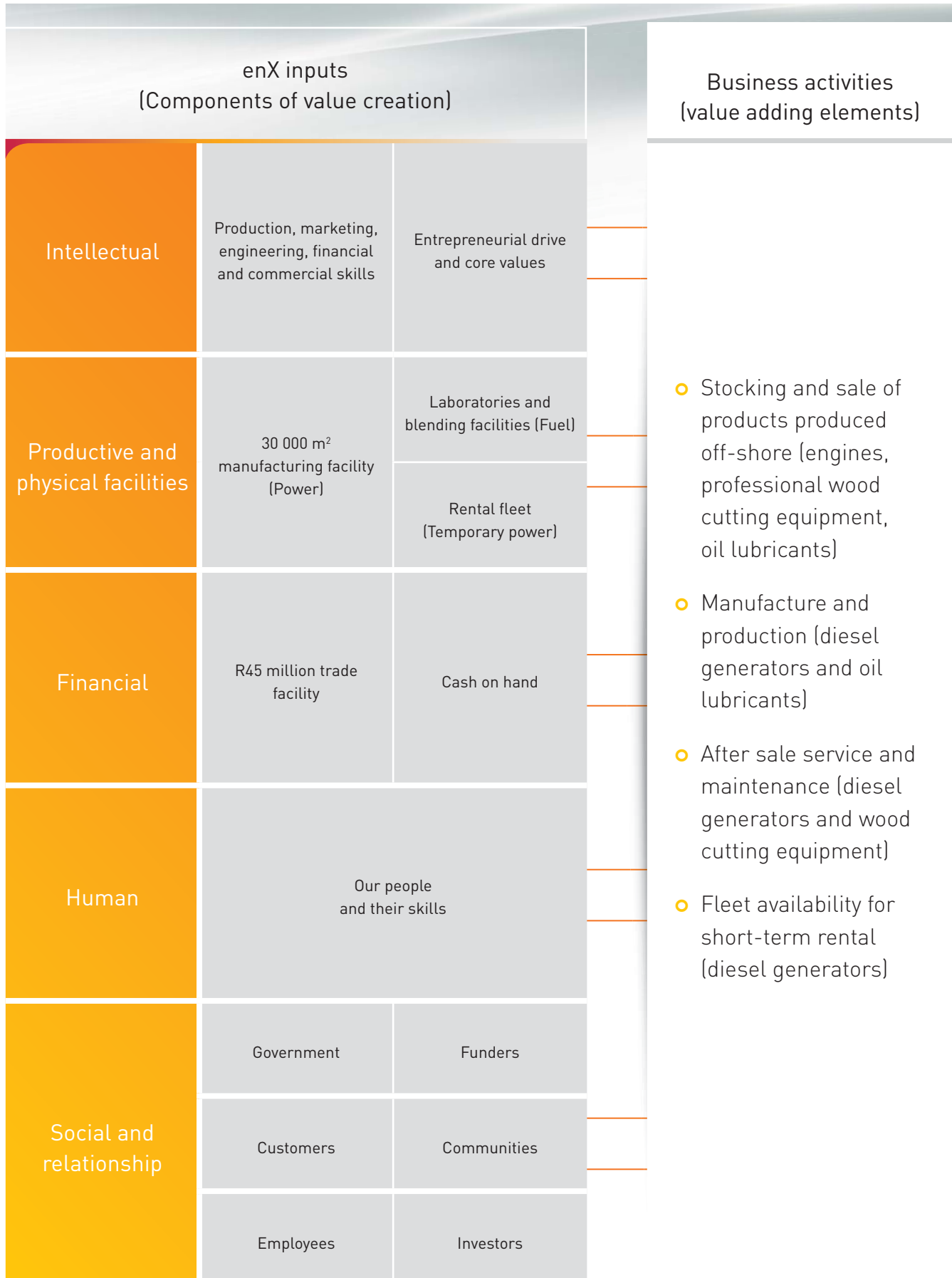
#### Wood

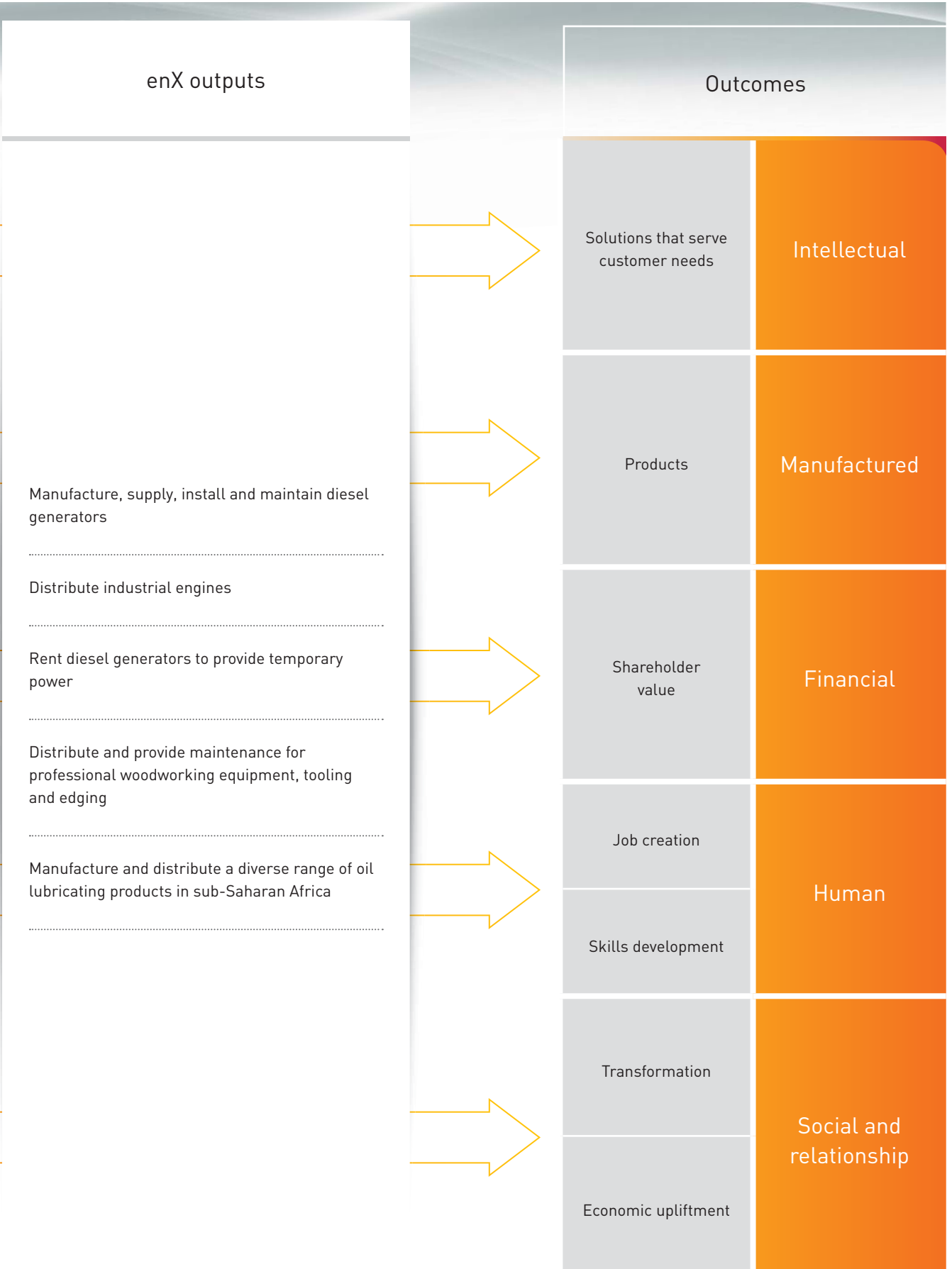
- Revenue R195,1 million
- Adjusted EBITDA R24,8 million
- Net tangible operating assets R68,7 million
- Employees 144

#### Revenue contribution








Subsidiaries and divisions	Markets	
<p><b>New Way Power</b> Established in 1983</p>  <p>Manufactures, markets, supplies, installs, services and maintains commercial and industrial diesel generators and related components.</p>	<ul style="list-style-type: none"> <li>• Retailers</li> <li>• Heavy industrial</li> <li>• Construction</li> <li>• Wholesalers</li> <li>• Banks</li> </ul>	<ul style="list-style-type: none"> <li>• Technology and telecommunications</li> <li>• Manufacturing</li> <li>• Agriculture</li> </ul>
<p><b>Neptune</b> (a division of New Way Power) Established in 1971</p>  <p>Specialises in temporary power solutions offering rental of diesel generators.</p>	<ul style="list-style-type: none"> <li>• Marine</li> <li>• Entertainment</li> <li>• Construction</li> <li>• Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Retail</li> <li>• Manufacturing</li> <li>• Medical</li> </ul>
<p><b>PowerO<sup>2</sup></b> Established in 2013</p>  <p>Distributes international branded industrial and marine diesel engines and components.</p>	<ul style="list-style-type: none"> <li>• Original equipment manufacturers</li> <li>• Marine</li> </ul>	<ul style="list-style-type: none"> <li>• Fire and water pump industries</li> </ul>
<p><b>Centlube</b> Acquired effective 1 December 2014</p>  <p>Produces and markets oil lubricants across sub-Saharan Africa.</p>	<ul style="list-style-type: none"> <li>• Automotive</li> <li>• Industrial</li> </ul>	
<p><b>Austro</b> Established in 1980</p>  <p>South Africa's largest distributor of professional woodworking equipment, tooling and edging and provision of associated services such as blade sharpening and equipment maintenance.</p>	<ul style="list-style-type: none"> <li>• Hardware merchants</li> <li>• Furniture manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Kitchen and built-in cupboard manufacturers</li> <li>• Shopfitting</li> </ul>





Strategy scorecard

Strategic objective	Rationale	Progress FY14	Focus FY15
<p>1 Originate and execute organic growth opportunities</p> 	<ul style="list-style-type: none"> <li>To grow revenue and profitability and ensure continued development of new revenue sources so that businesses remain competitive and relevant</li> </ul>	<ul style="list-style-type: none"> <li>New products and services have been brought to market</li> <li>New customers acquired and new revenue streams generated. Examples include full maintenance leases for generators and remote monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Continue identifying new business opportunities and bring existing pipeline of opportunities to market</li> </ul>
<p>2 Build new industrial energy platforms</p> 	<ul style="list-style-type: none"> <li>To grow our revenue, profit base and market value to allow the group to better capitalise on the benefits of being a listed company</li> <li>To focus on specific industries where we believe the addressable markets are sufficiently large, where we can compete effectively and earn targeted returns on capital</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of Centlube and establishment of Fuel cluster, effective 1 December 2014.</li> <li>New targets identified for acquisition pipeline</li> <li>Investment committee established and investment criteria formalised</li> </ul>	<ul style="list-style-type: none"> <li>Execute on acquisition pipeline</li> <li>Continue developing our acquisition pipeline</li> <li>Deepen our focus</li> </ul>
<p>3 Partner with leading global brands</p> 	<ul style="list-style-type: none"> <li>To leverage brand recognition, technical expertise, marketing support and research and development in order to remain a strong competitor</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened relationships with existing suppliers John Deere, Mitsubishi and Doosan</li> <li>Consolidated tooling product offering under Leitz agency</li> </ul>	<ul style="list-style-type: none"> <li>Deeper relationships with existing suppliers</li> <li>Obtain production and/or distribution rights for other leading global brands in line with group strategy</li> <li>Secure relationship with John Deere</li> <li>Develop relationship with ExxonMobil following appointment of Centlube as distributor of Mobil lubricants</li> </ul>
<p>4 Extend sub-Saharan African footprint</p> 	<ul style="list-style-type: none"> <li>Increase market size to which our products and services are exposed to</li> <li>Access higher growth markets</li> <li>Use geographical location and regional knowledge to compete effectively against non-Africa based multinationals operating in Africa</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of Centlube which is growing its sub-Saharan African footprint</li> <li>Explored cross border organic and acquisition opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Identify customers with effective Africa growth strategies and invest in-country to support them in order to establish a low risk expansion springboard</li> <li>Grow sub-Saharan African export business</li> </ul>

Strategic objective	Rationale	Progress FY14	Focus FY15
5 Build a globally competitive manufacturing capability 	<ul style="list-style-type: none"> <li>• Build barriers to entry</li> <li>• Be cost competitive</li> <li>• Enhance margins</li> <li>• Strengthen relationship with principals</li> <li>• Enhance our attractiveness and ability to partner with multinationals expanding into sub-Saharan Africa</li> <li>• Capitalise on proximity to high growth sub-Saharan African markets</li> <li>• Make an active contribution towards South Africa's economic and social objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened workforce through investment in skills development</li> <li>• Investments made in state of the art machinery to improve efficiencies and throughput</li> <li>• Improved supply chain and working capital management skills</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to strengthen workforce through skills development</li> <li>• Establish learnership and artisan programmes</li> <li>• Continue to develop supply chain and working capital management skills</li> <li>• Benchmark enX against global manufacturing standards</li> <li>• Further investment in advanced machinery to improve efficiencies and throughput</li> </ul>
6 Improve revenue mix 	<ul style="list-style-type: none"> <li>• Build a less volatile, more predictable and sustainable revenue stream by increasing our exposure to consumable type products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition of Centlube which produces and distributes consumable products (lubricants)</li> <li>• Growing contribution to total revenue of parts, services and consumables sales with increased sales focus on these items</li> </ul>	<ul style="list-style-type: none"> <li>• Acquire companies offering consumable type products and services</li> <li>• Organic growth of consumables business and other recurring revenue streams</li> <li>• Deeper focus on parts, maintenance and service revenues</li> </ul>
7 Service a broad range of industries 	<ul style="list-style-type: none"> <li>• Reduce revenue and earnings volatility</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained customer base that encompasses a broad range of industries</li> <li>• Developing group culture and value</li> </ul>	<ul style="list-style-type: none"> <li>• Continue marketing to new industries</li> <li>• Acquire companies whose products and services are used by a broad range of industries</li> </ul>
8 Build sustainability across all businesses 	<ul style="list-style-type: none"> <li>• Enhance the longevity of operations</li> <li>• Compete effectively</li> <li>• Ensure survival through economic downturns</li> <li>• Build long-term business value</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on group Health and Safety</li> <li>• Progress towards implementation of NOSA system</li> <li>• External business process specialist appointed to assess and develop policies and internal financial controls</li> <li>• Enhanced quality control initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance and improvement of:               <ul style="list-style-type: none"> <li>– Health, safety and environmental practices</li> <li>– Commercial policies, processes and procedure (without creating bureaucracy)</li> <li>– Internal financial controls</li> </ul> </li> <li>• Deepening culture and values</li> </ul>
9 Enhance our empowerment credentials 	<ul style="list-style-type: none"> <li>• Remain socially relevant</li> <li>• Improve our ability to access public sector business</li> <li>• Retain private sector business</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained group-wide Level 6 B-BBEE rating</li> <li>• Restructured empowerment entity, Matase, to improve our ability to access public sector business</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of material B-BBEE shareholding</li> <li>• Improvement of B-BBEE contribution and rating</li> <li>• Growing Matase</li> </ul>

## Material issues

At enX we define material issues as those risks and opportunities that have a direct impact on the ability of the group to create value in the short, medium and long term.

Material issues	Risk	Mitigation
Foreign exchange volatility	<ul style="list-style-type: none"> <li>Inability to pass on changes in input costs to customers to maintain gross margins</li> </ul>	<ul style="list-style-type: none"> <li>Forward exchange contracts which support prices charged to customers</li> <li>Inventory levels enable absorption of immediate exchange rate fluctuations for a certain amount of time</li> <li>Close monitoring of gross margins</li> <li>Competitors have no sustainable advantage in terms of managing this risk</li> </ul>
Loss of major brand supplier	<ul style="list-style-type: none"> <li>A major brand supplier discontinues supply of their product to enX</li> </ul>	<ul style="list-style-type: none"> <li>Contractual relationships where possible</li> <li>Established relationships with multiple brand suppliers of the same product</li> <li>Maintain customer relationships to encourage migration to a different product where necessary</li> <li>Extensive focus on building relationships with brand suppliers</li> <li>Strict adherence to terms of credit</li> <li>Building representative businesses that are difficult for competitors to replicate</li> </ul>
Loss of key executives	<ul style="list-style-type: none"> <li>Loss of key executives including their expertise, supplier relationships and customer contacts</li> </ul>	<ul style="list-style-type: none"> <li>Market based compensation</li> <li>Short term incentives are built into compensation package</li> <li>Long term incentives are in the process of being considered</li> <li>Extensive interaction with executives to identify any issues</li> <li>Promoting a work culture that empowers executives</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>Large debtors' default</li> </ul>	<ul style="list-style-type: none"> <li>Strict compliance requirement of credit extension criteria</li> <li>Regular and extensive review of overdue debtors to ensure that remedial action is taken on a timely basis</li> <li>Well resourced credit collection function</li> </ul>
Labour unrest	<ul style="list-style-type: none"> <li>Labour unrest disrupts manufacturing process and inhibits ability to service customers</li> </ul>	<ul style="list-style-type: none"> <li>Extensive focus on building relationships with union representatives and members</li> <li>Developing a safe workplace environment</li> <li>Advance planning to mitigate the negative impact of labour unrest</li> </ul>
Not meeting B-BBEE requirements	<ul style="list-style-type: none"> <li>B-BBEE level below minimum scorecard requirements to transact with the public sector</li> <li>B-BBEE level below that of competitors thereby inhibiting competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Strategic goal of the group and performance indicator of executives to improve our B-BBEE rating</li> </ul>
Slow economic growth	<ul style="list-style-type: none"> <li>Slow economic growth impacts construction sector</li> </ul>	<ul style="list-style-type: none"> <li>Product sold into a diverse range of economic sectors</li> <li>Geographic expansion</li> <li>Focus on growing consumable type revenues</li> </ul>
Regulatory compliance	<ul style="list-style-type: none"> <li>Incurring fines/penalties</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Board, Audit &amp; Risk Committee and management provide oversight</li> </ul>

## Condensed consolidated statements of comprehensive income

	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2012 R'000	Audited for the year ended 31 August 2011 R'000	Audited for the year ended 31 August 2010 R'000
<b>Revenue</b>	<b>585 006</b>	502 709	417 531	384 967	401 943
Cost of sales	<b>(410 416)</b>	(348 401)	(290 911)	(256 856)	(242 655)
<b>Gross profit</b>	<b>174 590</b>	154 308	126 620	128 111	159 288
Other operating income	<b>6 025</b>	1 759	4 525	1 877	6 430
Net operating expenses	<b>(156 772)</b>	(151 486)	(153 592)	(133 479)	(129 082)
<b>Profit/(loss) from operations</b>	<b>23 843</b>	4 581	(22 447)	(2 771)	36 636
Impairment of goodwill	<b>-</b>	-	(134 197)	-	-
<b>Profit/(loss) from operations before interest and taxation</b>	<b>23 843</b>	4 581	(156 644)	(2 771)	36 636
<b>Net interest received/(paid)</b>	<b>1 293</b>	142	1 950	2 862	(2 979)
Interest received	<b>1 719</b>	1 865	6 015	6 804	8 567
Interest paid	<b>(426)</b>	(1 723)	(4 065)	(3 942)	(11 546)
<b>Profit/(loss) before taxation</b>	<b>25 136</b>	4 723	(154 694)	91	33 657
Taxation (expense)/income	<b>(625)</b>	2 972	(4 702)	6 550	(10 527)
<b>Total comprehensive income/(loss) for the year</b>	<b>24 511</b>	7 695	(159 396)	5 921	23 130
<b>Attributable to:</b>					
Owners of enX	<b>24 718</b>	7 904	(159 395)	5 921	23 130
Non-controlling interest	<b>(207)</b>	(209)	(1)	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>24 511</b>	7 695	(159 396)	5 921	23 130
Number of shares in issue	<b>395 292 923</b>	395 292 923	395 292 923	395 292 923	395 292 923
Weighted average number of shares	<b>395 292 923</b>	395 292 923	395 292 923	395 292 923	395 292 923
Earnings/(loss) per share and diluted earnings/(loss) per share (cents)	<b>6,3</b>	2,0	(40,3)	1,4	5,4
Headline earnings/(loss) per share and diluted headline earnings/(loss) per share (cents)	<b>6,1</b>	1,8	(6,5)	1,6	5,2
Adjusted headline earnings per share (cents) <sup>1</sup>	<b>8,7</b>	5,2	1,5	3,3	5,6
Dividends per share (cents)	<b>-</b>	-	-	4,0	4,0
EBITDA (R'000)	<b>32 402</b>	13 389	(7 942)	5 650	46 110
Adjusted EBITDA (R'000) <sup>1</sup>	<b>49 379</b>	30 909	23 654	12 127	46 110

<sup>1</sup> Adjusted headline earnings per share and adjusted EBITDA are adjusted for once-off non-recurring items and are intended to reflect a more meaningful presentation of sustainable performance.

## Condensed consolidated statements of financial position

	Audited as at 31 August 2014 R'000	Audited as at 31 August 2013 R'000	Audited as at 31 August 2012 R'000	Audited as at 31 August 2011 R'000	Audited as at 31 August 2010 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>157 152</b>	158 173	149 404	277 161	273 403
Plant and equipment	42 853	40 987	93 165	38 018	43 597
Goodwill	95 544	95 544	95 544	229 742	229 742
Loans receivable	–	–	–	482	–
Deferred taxation	18 755	21 642	14 695	8 919	64
<b>Current assets</b>	<b>356 798</b>	304 489	339 195	303 626	372 160
Inventories	145 467	170 298	196 995	179 284	254 053
Trade and other receivables	128 943	88 662	103 249	76 025	75 160
Taxation receivable	8 744	5 191	4 536	1 466	557
Cash and cash equivalents	73 644	40 338	34 415	48 988	42 390
<b>Total assets</b>	<b>513 950</b>	462 662	488 599	580 787	645 563
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>	<b>389 614</b>	364 896	356 992	516 591	545 705
Stated capital	295 497	295 497	295 497	295 701	322 107
Accumulated profits	94 117	69 399	61 495	220 890	223 598
Non-controlling interest	(417)	(210)	(1)	–	–
<b>Total capital and reserves</b>	<b>389 197</b>	364 686	356 991	516 591	545 705
<b>Non-current liabilities</b>	<b>1 820</b>	8 022	17 554	–	3 805
Interest-bearing liabilities	1 820	3 984	5 263	–	3 426
Deferred tax liability	–	4 038	–	–	379
Provision for onerous lease	–	–	12 291	–	–
<b>Current liabilities</b>	<b>122 933</b>	89 954	114 054	64 196	96 053
Trade and other payables	119 368	87 440	110 557	60 662	62 730
Current portion of interest-bearing liabilities	1 785	2 512	2 523	3 426	3 426
Current portion of provision for onerous lease	–	–	967	–	–
Taxation payable	1 780	2	7	108	4 629
Bank overdraft	–	–	–	–	25 268
<b>Total equity and liabilities</b>	<b>513 950</b>	462 662	488 599	580 787	645 563
Net asset value per share (cents)	98,56	92,31	90,31	130,82	126,5
Net tangible asset value per share (cents)	74,39	68,14	66,14	72,70	73,2

## Condensed consolidated statements of cash flow

	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2012 R'000	Audited for the year ended 31 August 2011 R'000	Audited for the year ended 31 August 2010 R'000
Cash generated by operations	<b>48 204</b>	27 346	15 444	79 859	150 392
Interest received	<b>1 719</b>	1 865	6 015	6 804	8 559
Interest paid	<b>(426)</b>	(1 723)	(4 065)	(3 942)	(11 538)
Dividends paid	<b>-</b>	-	-	(8 628)	(17 257)
Taxation paid	<b>(3 551)</b>	(597)	(13 651)	(8 113)	(9 262)
Cash flow from operating activities	<b>45 946</b>	26 891	3 743	65 980	120 894
Cash flow from investing activities	<b>(9 749)</b>	(9 678)	(14 387)	(4 282)	(965)
Cash flow from financing activities	<b>(2 891)</b>	(11 290)	(3 929)	(29 832)	(5 395)
Net movement in cash and cash equivalents	<b>33 306</b>	5 923	(14 573)	31 866	114 534
Cash and cash equivalents at beginning of the year	<b>40 338</b>	34 415	48 988	17 122	(97 412)
<b>Cash and cash equivalents at end of the year</b>	<b>73 644</b>	40 338	34 415	48 988	17 122

## Management company

JFN provides strategic and business support services to enX to supplement the internal executive capacity of the group in relation to the development and implementation of business strategy as well as the ongoing operational and financial management of the group. The relationship between enX and JFN is governed by a Management Services Agreement ("Agreement") which commenced on 15 April 2013 and runs for a period of three years. The Agreement was negotiated between the board of enX at the time and representatives of JFN. This Agreement was concluded prior to Ricophase (in which the JFN shareholders also have an interest) acquiring its shares in enX. JFN is owned equally by Steven Joffe, Jarrod Friedman, Christian Neuberger and Paul Mansour.

JFN receives three forms of compensation from enX:

- 1) A monthly management fee for the services of Christian Neuberger;
- 2) An annual short-term incentive, the payment of which is dependent on the achievement of targets set by the Remuneration Committee at the commencement of each financial year, and which is limited to the aggregate of the annual salaries payable to Paul Mansour and Jarrod Friedman and the annual management fee payable for the services of Christian Neuberger. The allocation of this annual short-term incentive amongst the shareholders of JFN is determined by the JFN directors.
- 3) 19,5 million phantom shares, which were issued at the commencement of the Agreement. No further phantom shares will be issued for the duration of the contract.

To address the potential conflict of interest regarding new business opportunities, the Agreement specifically provides that any opportunities in South Africa that are offered to JFN and its executives which concern the business of enX are required to be offered first to enX.

## Executive



### 1. Paul Mansour (42)

#### CEO

CA(SA)

Appointed: 15 April 2013

Paul has more than 12 years' experience in investment banking in South Africa and the USA, having advised both South African and international companies. He formerly served as a Director of Corporate Finance at BoE, ABSA and as Vice President at Merrill Lynch & Co. He is a personal shareholder in Ricophase, which owns 29,1% of enX.

### 2. Jarrod Friedman (42)

#### Financial Director

CA(SA)

Appointed: 15 April 2013

Jarrod completed his articles at Grant Thornton Kessel Feinstein and joined Gold Reef Resorts Limited in 2000, where he was appointed Financial Director in 2001. He remained in that role until 2011. Jarrod also served as Company Secretary of Gold Reef Resorts Limited on a number of occasions throughout his tenure at the company. He is an indirect shareholder in Ricophase, which owns 29,1% of enX.

## Non-executive



### 3. Paul O'Flaherty (52)

#### CA(SA)

Appointed: 12 February 2014

Paul completed his articles at PricewaterhouseCoopers (previously Coopers and Lybrand) where he later became Partner. He previously served as Chief Financial Officer and Deputy CEO of Group Five Limited, Chief Financial Officer and acting CEO at Al Naboodah Construction Group LLC (UAE) and Finance Director and Group Executive: Group Capital at Eskom Holdings Limited, where he was responsible for the funding and oversight of the capacity expansion programme. Paul is currently the CEO of ArcelorMittal South Africa and is a member of the Issuer Regulation Advisory Committee of the JSE Limited.

### 4. Steven Joffe (43)

#### Chairman

BCom (Hons Taxation) HDip (Company Law)  
CA(SA)

Appointed to the board: 14 May 2014

Appointed as Chairman: 18 November 2014

Steven is a director and the CEO of JFN Management Proprietary Limited, as well as a director of various portfolio investments. He was formerly the CEO of Gold Reef Resorts Limited. Steven is an indirect shareholder in Ricophase, which owns 29,1% of enX.

## Independent non-executive



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### 5. Anthony (Tony) Phillips (68)

*BSc*

Appointed: 29 August 2008

Tony has extensive experience in the industrial sector, and was formerly CEO of Barloworld and Chairman of PPC. He is currently non-executive Chairman of Mpart Limited, Wasteman Holdings Proprietary Limited and Newman Lowether and Associates, Vice Chairman of Kansai Plascon Africa Limited and a non-executive director of Eqstra Holdings Limited.

### 6. Paul Baloyi (58)

*MBA, MDP, SEP (Harvard)*

Appointed: 12 February 2014

Paul is presently the Managing Director of Capleverage Proprietary Limited and the Chairman of the African Capacity Building Foundation (ACBF). Paul has over 30 years of experience in the financial services sector. Between 2006 and 2013 he was the CEO and Managing Director of the Development Bank of Southern Africa (DBSA). Prior to this he held leadership roles at Standard Bank and Nedbank, where he was the Managing Director of Nedbank Africa until 2006. Paul is on the boards of a number of listed companies within the finance and engineering sector including Old Mutual South Africa, Basil Read, Bidvest Group and Hudaco.



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### 7. Mpho Makwana (44)

**Lead Independent Director**

*BAdmin (Hons), EDP*

Appointed: 12 February 2014

Mpho is currently Chairman of ArcelorMittal South Africa Limited and a director of Adcock Ingram Holdings Limited, Sephaku Holdings Limited, Nedbank Group Limited and Nedbank Limited. He is founder and Chairman of Epitome Investments Proprietary Limited and serves as Chairman and trustee of various boards and organisations including The New Love Life Trust, The Brand Union Proprietary Limited, ITNA Proprietary Limited, Biotherm Energy Proprietary Limited, LR Management Proprietary Limited and the Vumelana Transaction Advisory Fund. Mpho was Chairman of Eskom during 2010 and 2011 and was a member of Eskom's board of directors for almost nine years.

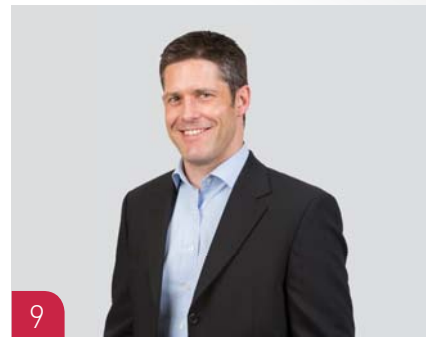
### 8. Nopasika Lila (45)

*CA(SA)*

Appointed: 12 February 2014

Nopasika is Chief Financial Officer of Eskom Pension and Provident Fund. She also serves as an independent non-executive director of Nampak Limited. Nopasika's vast experience covers finance, strategic issues and training and development.

## Executive management



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### 9. Hiram Serretta (41)

**CEO New Way Power**

*BSc, MSc, MBA*

Hiram was appointed as CEO of New Way Power in January 2014. He was previously operations and logistics manager at SABMiller, prior to which he spent 10 years in financial services at Absa/Barclays Bank and Accenture in South Africa, the United States and the UK.

### 10. Christian Neuberger (49)

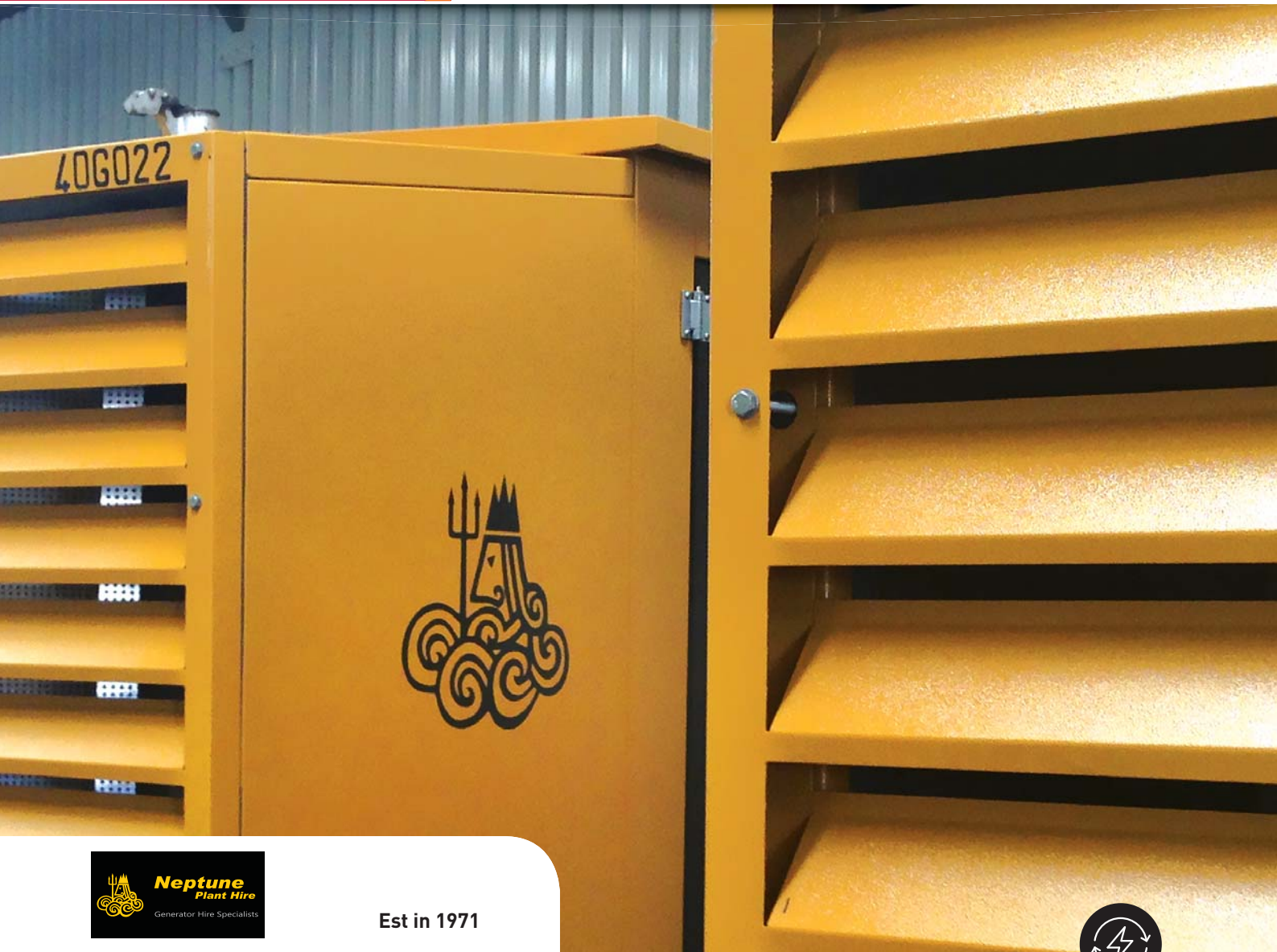
**CEO Wood**

*MSc (Vienna), MBA (Vienna)*

Christian was previously Chief Operations Officer of Gold Reef Resorts Limited and has 20 years' experience in the gaming industry with Gold Reef Resorts Limited and its former international partner, Casinos Austria. He is a personal shareholder in Ricophase, which owns 29,1% of enX.

# How we create value

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Est in 1971



Neptune Plant Hire is a provider of temporary power solutions in the form of diesel generator and transformer rentals. The company services the temporary power needs of the marine, commercial, engineering, mining, entertainment, project and construction industries. It has a fleet of 134 gensets ranging from 4,5 kVA to 1 MW, delivering a combined 25,8 MW of capacity, as well as shore power rental of transformers with a fleet of 33 units. The company has been in existence for over 40 years. Currently Neptune has 27 employees across two locations in Johannesburg and Cape Town.



Branches in Johannesburg and Cape Town

“In January 2015 Centlube became a distributor of Mobil lubricants for its automotive and industrial line of business in South Africa, Lesotho and Swaziland as well as in respect of certain Strategic Global Accounts including Volvo, Porsche, Toyota and UD in sub-Saharan African countries.”

### Delivering stakeholder value

enX achieved significant milestones during the year, reflecting the operational, financial and strategic progress of the group. Despite subdued trading conditions, each group company delivered a strong performance. We are beginning to unlock value in each division and the results are tangible and quantifiable.

Perhaps our most significant achievement came post year-end when we acquired Centlube, a leading manufacturer and distributor of oil and lubricating products in sub-Saharan Africa. This will form the foundation of our new Fuel cluster and is our first step in pursuit of our strategic objective of building a globally competitive, regional, industrial energy group.

Energy is a significant economic segment which has exciting growth prospects in sub-Saharan Africa. To better reflect our revised core focus, we proposed changing the group's name to enX Group Limited and received approval from shareholders at a general meeting on 1 December 2014.

### Re-energising the group

With the acquisition we are effectively repositioning enX to focus on the energy sector.

Centlube has a 20-year track record of manufacturing, marketing and distributing a diverse range of ENI (previously *Agip*) oil and lubricating products and produces steel rolling fluids on behalf of Houghton plc. In January 2015 Centlube became a distributor of Mobil lubricants for its automotive and industrial line of business in South Africa, Lesotho and Swaziland as well as in respect of certain Strategic Global Accounts including Volvo, Porsche, Toyota and UD in sub-Saharan African countries. Centlube is based in Wadeville, Gauteng and has a production capacity in excess of 12 million litres a year.

### Our operating environment

Worldwide recovery in advanced economies has been uneven and growth in the flourishing emerging economies has slowed. Oil prices have declined from a peak of \$115/barrel in June 2014 to less than \$50/barrel at the beginning of January 2015 and are expected to remain weak through much of the year.

Locally economic growth has slowed, creating a sluggish operating environment and an intensely competitive market. However, the still vulnerable electricity supply works to our advantage by securing demand in the Power cluster.

### Leadership and advisors

Extensive changes to the board took place in the year under review in order to align our leadership with enX's revised focus on the energy sector in southern Africa.

Our new board appointments have introduced extensive energy and public sector expertise.

The following independent non-executive directors were appointed in the year (see CVs on page 17):

- Mpho Makwana
- Paul Baloyi
- Nopasika Lila.

In addition Paul O'Flaherty was appointed as a non-executive director and Hiram Serretta as CEO of New Way Power.

After many years of long service, Tony Phillips resigned as Chairman of the board with effect from 18 November 2014. He will remain on the board as an independent non-executive director. On behalf of the board I would like to thank Tony for the outstanding leadership and guidance he has provided and I look forward to his continued contribution. In addition I thank Gordon Nzalo, David Brouze and Ulrich Schäckermann, who resigned during the year, for their years of service and contribution to the group.

Due to my involvement in Ricophase and me being CEO of JFN, the board has appointed Mpho Makwana as Lead Independent Director.

JFN continues to provide strategic and business support to enX. The company's executive: Paul Mansour, Jarrod Friedman, Christian Neuberger (CEO of Wood) and now myself remain significantly invested in the group through Ricophase, aligning management's personal interests with the interests of all shareholders.

### Sustainability

It is a given that good governance is essential for the long-term success of the group. The board is committed to continuously improving governance in line with the King III Report, the JSE Listings Requirements and the Companies Act. (More information on the company's corporate governance policies and procedures is set out on pages 27 to 34.)

### B-BBEE

At enX we regard compliance with B-BBEE and employment equity legislation as a business imperative. 2014 was the first year in which the group pursued group-wide certification and we attained a Level 6 contributor rating. We strive to improve our contribution on an ongoing basis.

### Outlook

We remain cautious regarding South Africa given that there are no real imminent catalysts for growth. Sub-Saharan Africa, however, offers exciting long-term prospects. We are confident that developing our businesses through a combination of organic and acquisitive growth will deliver strong returns on capital.

### Appreciation

I would like to thank my fellow board members for their input during the year. I commend the achievements of group CEO, Paul Mansour in his first full year at the helm. This also extends to CEO of Wood, Christian Neuberger and CEO of New Way Power, Hiram Serretta and their teams. Thank you to our shareholders, customers and all business partners for your ongoing support.



**Steven Joffe**

*Non-Executive Chairman*

23 February 2015

*Steven Joffe was appointed to the board as a non-executive director on 14 May 2014 and replaced Tony Phillips as Chairman effective 18 November 2014.*

“With effect from 9 January 2015 the group was renamed ‘enX Group Limited’. enX is an acronym for Energy Exchange. With Austro Wood no longer comprising the primary business of the group, the acquisition of the power and fuel-related businesses and our strategic direction, we believed it was appropriate to find a name that was more representative of what we stand for and where we are going.”

## The year at a glance

The group achieved pleasing real organic growth in a subdued macroeconomic environment and all divisions performed well. Revenue increased 16% to R585,0 million, with group-wide gross margins remaining stable. As in the previous year, we believe adjusted EBITDA is a more meaningful reflection of sustainable performance – adjusted EBITDA for the year increased 60% to R49,4 million, at an adjusted EBITDA margin on revenue of 8,4% compared to 6,1% in 2013. (The adjustments are more fully explained below.)

We also began to realise our goal to introduce new energy related platforms into enX with the post year-end acquisition of Centlube. Centlube will form the foundation of our Fuel cluster which will be expanded going forward.

With effect from 9 January 2015 the group was renamed “enX Group Limited”. enX is an acronym for Energy Exchange. With Austro Wood no longer comprising the primary business of the group, the acquisition of the power and fuel-related businesses and our strategic direction, we believed it was appropriate to find a name that was more representative of what we stand for and where we are going. We look forward to building the group under this new banner.

## Operational review

### Power

The **Private Power Sales** segment continued to perform well, buoyed by ongoing demand in the retail, construction and data infrastructure markets. Revenue increased 18% to R354,3 million from R300,6 million in the previous year and adjusted EBITDA grew 23% to R26,9 million from R21,8 million. The EBITDA margin on revenue was slightly higher at 7,3%. While the company increased headcount during the year by 58 people, this was largely as a result of the inclusion in the group of these previously outsourced manufacturing staff and resulted in a significant cost saving to the company.

The **Temporary Power** segment continued its growth. Revenue was up 16% to R35,5 million compared to R30,5 million for FY2013. Adjusted EBITDA increased 14% to R15,2 million (2013: R13,4 million),

representing a consistent margin on revenue of 43%. To meet market demand we expanded our fleet, leveraging our own in-house manufacturing capability as far as possible.

During the year we launched a new company under the Power segment called “**PowerO<sup>2</sup>**” comprising the distribution business formerly housed in New Way Power. It was established to create a clear separation from the OEM business and distinct focus on distribution. PowerO<sup>2</sup> distributes international branded industrial and marine diesel engines and components and represents John Deere, Mitsubishi and Doosan.

### Wood

The business unit delivered a marked increase in profitability, which reflects the success of the previous year's restructuring aimed at aligning the cost base with revenue. Revenue increased 15% to R195,1 million from R171,6 million to yield gross profit of R67,4 million, up 22% on the prior year. Adjusted EBITDA increased to R24,8 million from R3,2 million due mainly to higher turnover and considerably reduced operating expenses.

## EBITDA

EBITDA increased 142% to R32,4 million (2013: R13,4 million). We use adjusted EBITDA for a more meaningful reflection of sustainable earnings, which increased 60% to R49,4 million.

The adjustments to EBITDA arose from:

- Legal fees of R3,2 million incurred in respect of the litigation with former directors Jonathan Freed and Justin Freed. enX concluded a settlement agreement in July 2014, details of which are set out later in this report;
- IFRS2 charge of R13,8 million (2013: R1,3 million) relating to the provision for long-term share-related incentives awarded to JFN and group staff. Due to the magnitude of the charge in the current reporting period and the extent to which it distorts the trading performance of the group, we have separately identified and reported this charge in a voluntary adjusted headline earnings per share calculation and accordingly we have included an adjustment in the comparative for FY2013.

## Our strategy in action

For about four years, up to early 2013, enX was caught in a malaise in terms of its size, growth strategy and identity as a public company. The introduction of JFN in April 2013 kick-started a process of transformation and a drive to grow the company's revenue, profitability, assets under management and market capitalisation to take full advantage of the benefits of a JSE listing and offer a sound investment case to its existing and potential new shareholders. We have made substantial progress in 2014 in terms of delivering on this transformation.

As announced on 13 August 2014, enX acquired an effective 100% shareholding in Centlube Holdings with effect from 1 December 2014. The price was dependent on Centlube's appointment as a distributor for ExxonMobil Petroleum and Chemical BVBA, which has been confirmed with effect from 1 January 2015. The purchase consideration accordingly increased by R16 million to bring the total purchase price to R80 million. The purchase consideration was settled by way of a combination of cash and shares in enX, with R40,28 million paid in cash and 26 396 095 shares issued at a weighted average issue price of R1,50 per share. The acquisition was deemed a related-party transaction as Ricophase, a material shareholder of enX, was an indirect shareholder of Centlube. The requisite shareholder approvals from non-conflicted shareholders were obtained to implement the transaction. Centlube is the first contributor to our ideal of building a Fuel cluster within enX.

## Directorate

Steven Joffe was appointed as non-executive Chairman with effect from 18 November 2014. As Steven is not independent due to his shareholding in Ricophase, enX's largest shareholder, Mpho Makwana was appointed as Lead Independent Director in line with King III requirements. Tony Phillips remains on the board as an independent non-executive director. We wish to thank Tony for his substantial contribution to the group over many years and look forward to his continued guidance. We would like to wish Steven all the best as he takes on the challenge of guiding the group through the first phases of its growth strategy. Our reconstituted board has and continues to assist management in strategy development and improving corporate governance.

## Update on litigation and distributorship

As announced on 21 July 2014, enX and New Way Power concluded a settlement agreement with former directors Jonathan and Justin Freed. In terms of the agreement the restraint of trade provisions contained in each of the former directors' service and restraint agreements have been enforced and accordingly both are restrained from direct or indirect involvement in any business in competition with New Way Power for two years from 17 April 2014. enX continues to represent and trade with John Deere and remains in discussions with the company regarding a new distributorship agreement for John Deere industrial engines and OEM engine spare parts.

## The year ahead

With muted economic growth expected in South Africa, we intend to focus our operational efforts on achieving greater recurring sales (such as services and consumables) to sustain revenue growth and boost margins. In addition we will concentrate on improving products and services to maintain our market share and position.

The Power segment's performance is closely linked to growth in the real economy and the extent of Eskom's supply of reliable grid power. In this light we anticipate that the extended power outages should have a positive impact on revenue. Should government accelerate the roll out of its infrastructure plan this would further serve to drive revenue growth. The Wood business, which has now returned to profitability, is expected to continue to contribute meaningfully to group profits.

The incorporation in the group of Centlube is the beginning of an exciting new element to the group, particularly with the introduction of the Mobil distributorship. Volumes are expected to show good growth with the addition of this brand and the opportunities it will present the ENI brand.

We will continue pursuing acquisitions throughout sub-Saharan Africa which are consistent with our strategy, deliver appropriate returns and have good growth prospects. We also intend to grow sales of existing products and services in African markets other than South Africa.

## Appreciation

We thank the board, management team and all colleagues for their tireless efforts to transform enX. We also thank our customers and other stakeholders, especially our shareholders, for their continuing support.



**Paul Mansour**  
CEO



**Jarrod Friedman**  
Financial Director

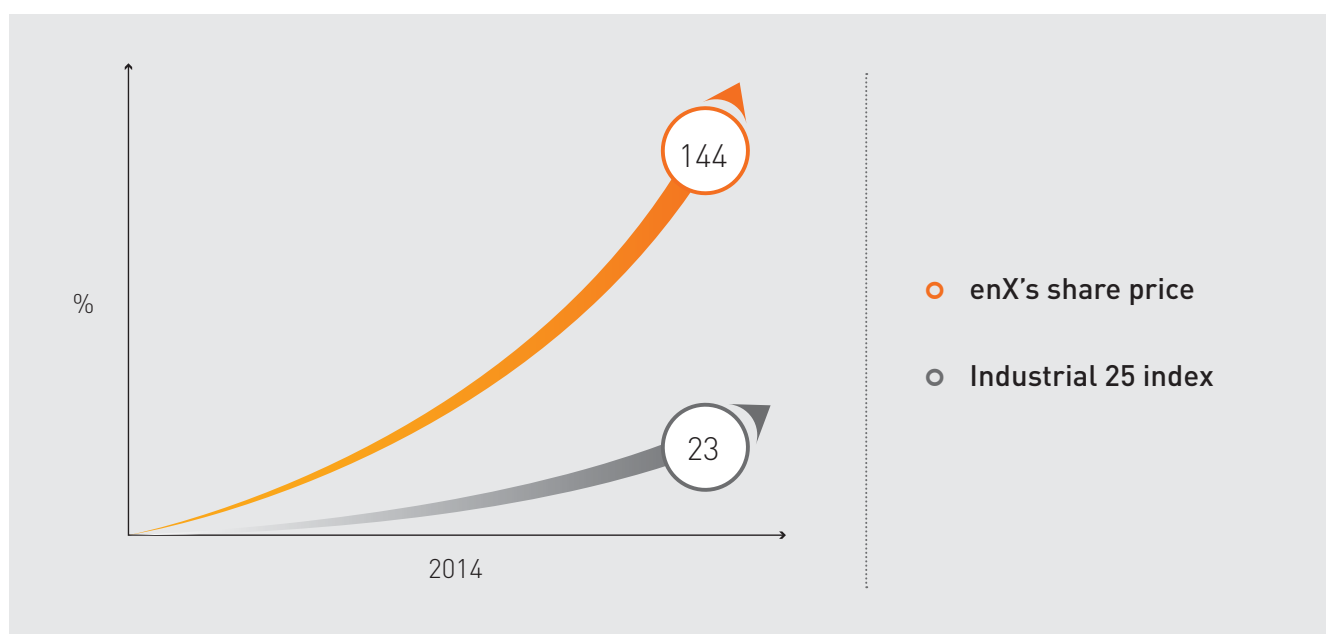
23 February 2015

The value added statement depicts the performance and efforts of management, employees and providers of capital. The statement further indicates the value added distribution to those contributing throughout the year.

	2014 R'000	2013 R'000
<b>Revenue</b>	<b>585 006</b>	502 709
<b>Less: Cost of goods sold, services and expenses</b>	<b>(469 206)</b>	(418 276)
Value added	<b>115 800</b>	84 433
Indirect income	<b>7 744</b>	3 623
<b>Total wealth created</b>	<b>123 544</b>	88 056
Distributed as follows:		
<b>Employees</b>		
Remuneration and benefits	<b>97 981</b>	81 610
<b>Government</b>		
Taxes	<b>625</b>	(2 972)
<b>Providers of capital</b>		
Finance costs	<b>426</b>	1 723
<b>Retained to develop future growth</b>	<b>24 512</b>	7 695
<b>Value added</b>	<b>123 544</b>	88 056

## Share performance

- enX's share price increased 144% to 190 cents during the financial year ended 31 August 2014. The Industrial 25 index returned 23% over the same period.



Communication with our stakeholders is integral to the way we do business. Our thorough understanding of the group's key financial, environmental and social impacts is critical for identifying our material issues and devising the strategic objectives to address these. The outcome of our stakeholder engagement informs our key strategic discussions at group level. We engage in open and timeous communication with our stakeholders and treat them all equitably.

## Key stakeholders

Stakeholder	What matters to them	How we engage	Responsibility for engagement
Shareholders	<ul style="list-style-type: none"> <li>• Governance and reputation</li> <li>• Investment performance (capital appreciation)</li> <li>• Sustainability</li> <li>• Risk management</li> <li>• Growth strategy</li> <li>• Management competence and remuneration</li> <li>• Timeous, useful and relevant information</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated report</li> <li>• SENS</li> <li>• Website</li> <li>• 1:1 meetings</li> <li>• Annual general meeting</li> <li>• Media releases and interviews</li> <li>• Annual and interim results announcements</li> <li>• Regulated media interaction</li> <li>• Going forward, interaction with investment analysts</li> </ul>	Chairman, CEO and Financial Director
Lenders/ providers of capital	<ul style="list-style-type: none"> <li>• Cash generation</li> <li>• Profitability</li> <li>• Leverage/gearing</li> <li>• Working capital management</li> <li>• Corporate governance and compliance</li> <li>• Compliance with credit agreements</li> <li>• Risk management</li> <li>• Timeous, useful and relevant information</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated report</li> <li>• Contractually required information flow</li> <li>• In-person meetings</li> <li>• Focus on relationship building</li> </ul>	CEO and Financial Director
Employees	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Compensation</li> <li>• Career development</li> <li>• Training</li> <li>• Quality of workplace environment</li> <li>• Quality of leadership</li> <li>• Occupational health and safety risks</li> <li>• Labour practices</li> <li>• Transformation</li> <li>• Appropriate tools to fulfil job responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Outcome-based job descriptions</li> <li>• Performance management systems</li> <li>• Comprehensive contracts of employment</li> <li>• Personalised training programmes</li> <li>• Company communications</li> <li>• Compliance with relevant legislation</li> <li>• Strengthened health and safety policies and procedures</li> <li>• Culture of developing an attractive workplace environment</li> </ul>	Subsidiary CEOs, direct managers, HR manager
Customers	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Responsive service and support</li> <li>• Pricing</li> <li>• Brand perception</li> <li>• Reputation</li> <li>• Security of supply</li> <li>• Empowerment credentials</li> </ul>	<ul style="list-style-type: none"> <li>• Customer contact</li> <li>• Customer relationship management</li> <li>• Focus on quality control</li> <li>• Representing reputable global brands</li> <li>• Competitive pricing/tendering</li> <li>• Websites</li> </ul>	Sales and support teams


Stakeholder	What matters to them	How we engage	Responsibility for engagement
Government	<ul style="list-style-type: none"> <li>• Legal and tax compliance</li> <li>• Job creation</li> <li>• Transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Extensive focus on tax and regulatory compliance, employing professional advisors to the extent necessary</li> <li>• Timeous submission of regulatory and legislative documentation</li> <li>• Creation of employment opportunities where it makes business sense</li> </ul>	Group and subsidiary CEOs and Financial Directors/Chief Financial Officers
Suppliers/ principals	<ul style="list-style-type: none"> <li>• Quantity of purchases</li> <li>• In-country brand development</li> <li>• Payment in accordance with credit terms</li> <li>• Honouring representative agreements</li> <li>• Being trustworthy brand ambassadors</li> <li>• Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Transactional documentation</li> <li>• Supplier agreements where applicable</li> <li>• Regular telephone and in-person engagements</li> <li>• Focus on building relationships</li> </ul>	Subsidiary Chief Financial Officers and operations officers
Unions	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Fair and equitable treatment of members</li> <li>• Health and safety</li> <li>• Fair remuneration</li> <li>• Appropriate working conditions (physical and emotional)</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on building relationships with union representatives</li> <li>• Regular meetings with shop stewards and when necessary, the National Union of Metalworkers of South Africa</li> <li>• Focus on regulatory compliance and employing professional advisors to the extent necessary</li> </ul>	Operations officers and HR manager

# Transparency and accountability

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Power0<sup>2</sup> is a distributor of premium power products. The core business is the distribution of diesel engines and related components. The company services the fire pump, water pump, industrial, generator and marine industries. Power0<sup>2</sup> is the sole Southern Africa distributor for John Deere, Mitsubishi and Doosan engines. The company was established as an independent entity in 2013, having previously operated within New Way Power since 1998. Power0<sup>2</sup> operates from the New Way Power premises in Johannesburg.

 Head office in Johannesburg



## Ethical leadership

We are committed to the highest standards of honesty, integrity and fairness and have zero tolerance for the commissioning or concealment of fraudulent acts by our people, from board level downwards and throughout the group. The Board Charter accordingly defines all aspects of ethical leadership and highlights the expectation in this regard from the directors, who must lead by example.

During the year the group adopted a Code of Ethics that provides guidance on staff's expected ethical conduct in all areas, appropriate policies in respect of the safeguarding of assets and information, and the corrective measures to enforce these policies. It also sets out the company's values and practices over and above requirements of formal governance codes and legal requirements.

## The board

enX's board is committed to acting in accordance with the RAFT principles in the King III Report, which form the basis of good governance – responsibility, accountability, fairness and transparency. We aim to integrate responsible corporate citizenship into the group's business strategy and to embed sound governance practices into daily operations to ensure sustainable long-term growth. We acknowledge that this is a dynamic responsibility that demands unrelenting attention and focus.

In line with the King III Report's 'apply or explain' approach, the directors will continue to state the extent to which the company applies good corporate governance principles to create and sustain value for stakeholders over the short, medium and long term and to explain any non-compliance. *(Please see "Application of King III" on page 31 and the complete King III checklist at [www.enxgroup.co.za](http://www.enxgroup.co.za)).*

JFN continues to provide strategic and business support to enX in supplement to the executive capacity. Efforts were made during the year to strengthen board expertise and enhance governance. The following new directors were appointed:

- Non-executive: Paul O'Flaherty, Steven Joffe (CEO of JFN)
- Independent non-executive: Paul Baloyi, Nopasika Lila, Mpho Makwana.

Their respective brief *curriculum vitae* are set out on pages 16 to 17.

Further, David Brouze, Uli Schäckermann and Gordon Nzalo retired at the previous annual general meeting on 14 May 2014 and did not offer themselves for re-election.

The board meets quarterly with additional meetings convened when necessary. Directors are briefed timeously and comprehensively in advance of these meetings and are supplied with information to enable them to discharge their responsibilities. Meetings are conducted in accordance with a formal agenda, which ensures that all substantive matters are properly addressed.

## The board

Details of directors' attendance at board and board committee meetings during the year are set out below.

### Responsibility

- The performance and affairs of the group, ensuring that the group's strategic direction is in line with the value drivers of its business and interests of its shareholders
- Custodian of governance and implementation of King III principles
- Sound judgement and leadership with integrity based on the King III RAFT principles (see ethical leadership on page 27.)
- Maintain full control over all the subsidiaries and divisions of the group
- Continually monitor the solvency and liquidity of the group as well as non-financial aspects
- Safeguard sustainability
- The formal nomination and appointment of new directors in accordance with the group's policy on appointments to the board

The role and responsibilities are documented in the board charter available at [www.enxgroup.co.za](http://www.enxgroup.co.za).

### Members and meetings attendance\*

	Attendance at meetings
<b>Executive</b>	
Paul Mansour (CEO)	4/4
Jarrold Friedman (FD)	4/4
<b>Non-executive directors</b>	
David Brouze ( <i>resigned 14 May 2014</i> )	3/3
Paul O'Flaherty ( <i>appointed 12 February 2014</i> )	2/2
Steven Joffe ( <i>Chairman appointed as board member 14 May 2014 appointed as Chairman 18 November 2014</i> )	1/1
<b>Independent non-executive</b>	
Tony Phillips	4/4
Paul Baloyi ( <i>appointed 12 February 2014</i> )	2/2
Nopasika Lila ( <i>appointed 12 February 2014</i> )	2/2
Gordon Nzalo ( <i>resigned 14 May 2014</i> )	3/3
Uli Schäckermann ( <i>resigned 14 May 2014</i> )	3/3
Mpho Makwana ( <i>appointed 12 February 2014</i> )	2/2
Number of independent non-executive directors	4/8

Independent non-executive directors are confirmed as independent in line with recommendations as set out in King III.

A brief *curriculum vitae* for each director is set out on pages 16 to 17 of the integrated report.

All committees are governed by formal terms of reference which are available at [www.enxgroup.co.za](http://www.enxgroup.co.za).

## Committees

### Members and meetings attendance\*

#### Audit & Risk Committee

(for the full report see page 48)

Nopasika Lila ( <i>appointed Chairperson 14 May 2014</i> )	–
Tony Phillips	2/2
Paul Baloyi ( <i>appointed 14 May 2014</i> )	–
Gordon Nzalo ( <i>resigned 14 May 2014</i> )	2/2
Uli Schäckermann ( <i>resigned 14 May 2014</i> )	2/2

#### By invitation

Paul Mansour (CEO)  
Jarrod Friedman (FD)

Auditors

Number of independent non-executive directors 3/3

#### Remuneration Committee

(for the full report see page 36)

Paul Baloyi (Chairman)	–
Tony Phillips	2/2
Gordon Nzalo ( <i>resigned 14 May 2014</i> )	2/2
Mpho Makwana ( <i>appointed 14 May 2014</i> )	–
Paul O'Flaherty ( <i>appointed 14 May 2014</i> )	–

#### By invitation

Paul Mansour (CEO)  
Jarrod Friedman (FD)

Number of independent non-executive directors 3/4

#### Social & Ethics Committee

(for the full report see page 40 and for further details see "The impacts of our business" on pages 39 to 44)

Tony Phillips (Chairman during the year)	1/1
Paul Mansour (CEO)	1/1
Uli Schäckermann ( <i>resigned 14 May 2014</i> )	1/1
Mpho Makwana ( <i>Chairman appointed 14 May 2014</i> )	–
Nopasika Lila ( <i>appointed 14 May 2014</i> )	–

#### By invitation

Hiram Serretta  
Christian Neuberger  
Leigh-Ann Gowland (HR manager)  
Hendrie Hepburn (Health and Safety manager)

Number of independent non-executive directors 3/4

\* Attendance indicated is at meetings held during the tenure as director.

## Delegation

The committee is a statutory committee under the Companies Act and as such is responsible for prescribed statutory duties as well as responsibilities assigned by the board

## Responsibilities

- Financial statements and accounting practices
- Risk management and internal controls
- Oversight of policies and procedures
- Internal audit
- Appointment and assessment of independence of the external auditor

The committee is appointed by the board

- Determining policy and framework for remuneration
- Determining short and long-term incentives for group executives
- Assessing executive and non-executive directors' remuneration
- Ensuring that adequate disclosure is made of directors' remuneration
- Reviewing appropriate market information

The committee is appointed by the board

- Monitoring and reporting on:
  - Labour and employment
  - Health and public safety
  - Social and economic development
  - Consumer relations
  - Good citizenship
  - Environmental issues
  - Well-being of employees
  - Corporate ethics
  - Empowerment
  - Compliance with the Companies Act

### Self-evaluation

Due to the substantial changes to the composition of the board a self-evaluation was not completed for any of the board committees in the year under review. However, this will be addressed in the current year and the outcome communicated to shareholders in the 2015 Integrated Annual Report.

### Effectiveness

There is transparency and full disclosure from board committees to the board in the form of verbal report backs by committee chairpersons at board meetings. Minutes of committee meetings are made available to board members on request. The board is satisfied that all committees have satisfied their responsibilities during the year.

## Board processes

### Share dealings and conflicts of interest

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest as well as any share dealings in the company's securities to the Chairman and sponsor prior to any dealing taking place. Directors, prescribed officers and other senior management are prohibited from trading in the company's shares during a 'closed period' as defined by the JSE. Emails advising of the start of this period are sent periodically to all affected persons.

### Rotation of directors

In terms of King III and the group's Memorandum of Incorporation, one-third of the board's non-executive directors must retire from office at each annual general meeting on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the Memorandum of Incorporation and in compliance with the JSE Listings Requirements. Accordingly, Tony Phillips and Paul O'Flaherty will retire by rotation at the upcoming annual general meeting, and being eligible, will offer themselves for re-election. The appointment of Steven Joffe as a non-executive director will be confirmed at the annual general meeting.

A brief *curriculum vitae* of each director standing for election at the annual general meeting is contained in this integrated report. In determining whether to recommend a director for re-election, the committee considers the director's past attendance at meetings, participation in and contributions to the activities of the board and compliance with regulatory requirements.

## Support functions

### Independent advice

All independent non-executive directors have unrestricted access to management at any time as well as to the group's external auditors. Further, all directors are entitled to seek independent professional advice on any matters pertaining to the group as they deem necessary and at the group's expense, provided an approved process has been followed.

### Company secretary

Access to the advice and services of the company secretary and to company records, information, documents and property is unrestricted. Following the acquisition of the business of Probitry Business Services Proprietary Limited by Computershare Investor Services Proprietary Limited, CIS Company Secretaries Proprietary Limited, a subsidiary of Computershare, has been appointed as the company secretary of enX with effect from 24 June 2014.

The board is comfortable that its representative, Neville Toerien, is sufficiently qualified and skilled to act in accordance with and update directors in terms of the King III Report and other relevant regulations and legislation. The company secretary advises the board on procedures regarding meetings and generally ensures that an adequate governance framework is maintained. The board is satisfied that an arm's length relationship is maintained between the company secretary and the board and its sub-committees. The company secretary's independence was confirmed via an independence declaration and their competence was assessed by the board.

## Legal compliance

The board is responsible for ensuring compliance with laws and regulations. New legislation that impacts the group is discussed at board meetings. The directors are assisted in this regard by the company secretary. enX currently adheres to applicable legislation, including *inter alia*:

- Companies Act No 71 of 2008
- Occupational Health and Safety Act
- Employment Equity Act
- The Basic Conditions of Employment Act
- B-BBEE Act
- Labour Relations Act
- Skills Development Act
- Skills Levies Act

The group also complies with the JSE Listings Requirements and the recommendations of King III.

## Application of King III

Chapter 2 of the company's King III compliance checklist is set out below. The full King III compliance checklist is available on the company website.

Chapter 2: boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	The board assumes ultimate responsibility for compliance with the corporate governance principles as stipulated in the King Report. The charter of the board is based on these principles. The board meets at least once a quarter. The board provides a comprehensive corporate governance report to stakeholders in the integrated report.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	Our understanding of sustainability has not previously been articulated or thought through in the context of a framework. We acknowledge that strategies to respond to this understanding are still being developed and will become more comprehensive.
2.3	The board should provide effective leadership based on an ethical foundation.	The board provides effective leadership and is committed to the highest levels of corporate governance as a key driver of sustainability. The board requires that all employees of the group act ethically at all times.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	enX's Social & Ethics Committee reflects and effects the company's commitment to responsible corporate citizenship.
2.5	The board should ensure that the company's ethics are managed effectively.	The Social & Ethics Committee monitors the group's activities and the impact thereof on the society and the environment. It strives to protect and invest in the well-being of the society and the environment and has adopted specific policies to ensure adherence of its principles. The group and its employees are required to operate in accordance with these policies.
2.6	The board should ensure that the company has an effective and independent Audit Committee.	An effective and independent Audit & Risk Committee is in place. The committee's terms of reference outlines the roles, power, responsibilities and membership. See Audit & Risk Committee report on page 48. The board is satisfied that the Audit & Risk Committee is effective. The committee is chaired by independent non-executive director Nopasika Lila and further comprises independent non-executive directors Tony Phillips and Paul Baloyi.

Chapter 2: boards and directors		
2.7	The board should be responsible for the governance of risk.	The board retains ultimate responsibility for the control and management of risk. The Audit & Risk Committee assists the board in ensuring that enX has in place a risk management framework that will enhance its ability to achieve its strategic objectives and the disclosure regarding risk is comprehensive, timely and relevant. The committee further assists the board in monitoring risk management.
2.8	The board should be responsible for information technology (IT) governance.	The board acknowledges that IT governance is an integral part of corporate governance and has established an IT Steering Committee to assist it with implementing an IT governance framework.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.
2.10	The board should ensure that there is an effective risk-based internal audit.	The board has appointed BDO South Africa to implement an effective risk-based internal audit function.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board of enX recognises and believes in the importance of developing and nurturing positive and stable relationships with key stakeholders as a key driver of business success. See stakeholder engagement on page 24 for further details.
2.12	The board should ensure the integrity of the company's integrated report.	The board continues to ensure that the integrated report provides, as far as possible, an accurate view of the group's accountability for financial, social and environmental sustainability and that this thinking permeates the entire business.
2.13	The board should report on the effectiveness of the company's system of internal controls.	The Audit & Risk Committee is responsible for overseeing the independent internal audit, which assists management in assessing and reporting on the soundness of the company's system of internal controls. The board reviews the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee and steward of the interests and resources of the company. The board acts in accordance with the Board Charter. Stewardship of shareholders' investment, employees' livelihood and well-being, and the environment in which the group operates, are central to board decision-making at enX. The board acts in the best interest of the group by ensuring that each director: <ul style="list-style-type: none"> <li>• Adheres to legal standards of conduct as set out in the Companies Act;</li> <li>• Exercises their fiduciary duties with the best interest of the group at heart;</li> <li>• Is permitted to take independent advice in connection with his or her duties;</li> <li>• Discloses real or perceived conflicts to the board and deals with them accordingly;</li> <li>• Deals in securities only in accordance with the policy adopted by the board; and</li> <li>• Is encouraged to attend all board and board committee meetings in an effort to better understand the business and to add benefit to the group.</li> </ul>
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	The board monitors the company's solvency and liquidity. Business rescue has not been required.

Chapter 2: boards and directors		
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	The chairman of enX, Steven Joffe, is a non-executive Chairman. Mpho Makwana serves as the Lead Independent Director. The roles of CEO and Chairman are separate and clearly defined.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	The board has appointed Paul Mansour as CEO and a delegation of authority framework is in place. The CEO is responsible for day-to-day operations and the controlled implementation of strategic and operational decisions. In this regard he is assisted by the Financial Director, Jarrod Friedman.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	<p>The board comprises a majority of non-executive directors, with six non-executive directors, four of whom are independent, and two executive directors.</p> <p>The responsibilities of the Chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making. The Chairman provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The CEO is responsible for proposing, updating, implementing and maintaining the strategic direction of enX as well as ensuring appropriately supervised and controlled daily operations. In this regard, the CEO is assisted by the Financial Director, Jarrod Friedman.</p> <p>The non-executive directors are high calibre individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. The independent non-executive directors are not involved in the daily operations of the company.</p>
2.19	Directors should be appointed through a formal process.	A formal and transparent appointment process is in place. The entire board is responsible for the appointment of new board members, including the CEO.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	A formal induction programme is in place and directors receive ongoing training.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	The functions of the company secretary are outsourced to an independent third party. The board of enX is satisfied with the skills and qualifications of CIS Company Secretaries Proprietary Limited, an independent company secretarial practice providing company secretarial services to a number of JSE listed companies. CIS Company Secretaries Proprietary Limited does not serve as a director of the board and has an arm's length relationship with the board.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	Due to the substantial changes to the composition of the board, evaluations were not completed for the board, its committees or individual directors in the year under review. This will be addressed in the current year and the outcome thereof will be communicated to shareholders in the 2015 Integrated Annual Report.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	<p>The board of enX delegates certain functions, without abdicating its own responsibilities, to the following committees:</p> <ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee</li> <li>• Remuneration Committee</li> <li>• Social &amp; Ethics Committee</li> </ul> <p>Specific responsibilities have been delegated to the board committees and they operate under written terms of reference approved by the board. The board committees report back to the board at every board meeting.</p>

**Chapter 2: boards and directors**

2.24	A governance framework should be agreed between the group and its subsidiary boards.	There is no formal governance framework regulating the relationship between the group board and the subsidiary boards. However, the subsidiary boards comprise only executives, who are governed by a formal group delegation of authority.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The Remuneration Committee oversees the group's remuneration policy for executive and senior management remuneration.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	The remuneration of directors is disclosed in the integrated report annually.
2.27	Shareholders should approve the company's remuneration policy.	Shareholders consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy at the annual general meeting.

Risk management is integral to the day-to-day operation of our business. In the ordinary course of business the group is exposed to a wide range of risks that may have serious consequences for our operations and performance and therefore our sustainability. Effective management of these risks supports the delivery of our objectives for sustainable growth.

## Risk management framework

### Board

The board retains ultimate responsibility for the control and mitigation of risk. The directors are responsible for the group's systems of internal control as they determine them necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and to maintain adequate accounting records and an effective system of risk management. The board annually evaluates the adequacy and effectiveness of internal control systems and processes, and monitors whether internal control recommendations have been implemented.

The systems are designed to safeguard and maintain accountability of the group's assets and should identify and curtail significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations. They are designed to manage rather than eliminate risk. Absolute assurance cannot be provided as inherent limitations in the system's effectiveness exist due to human involvement.

No material matter came to the attention of the board during the year to indicate a breakdown in the internal systems of control.

### Audit & Risk Committee

The Audit & Risk Committee is responsible for overseeing the group's risk management programme and reporting thereon to the board, which retains ultimate accountability in this regard. The Audit & Risk Committee approves the group's risk appetite and ensures it is aligned with strategy. Formal risk assessments are conducted periodically.

### Internal audit

In the prior year BDO South Africa was appointed to perform the group's internal audit function and guide enX in implementing an effective risk management framework. During the year risk assessment workshops were conducted and the internal audit plan formalised. Identified risks were ranked and graded and controls implemented. BDO South Africa continues to provide an ongoing internal audit function to assess the effectiveness of

these controls and provide the Audit & Risk Committee with a further pillar of assurance.

### External audit and other professional providers

The independent external auditors, Grant Thornton, as recommended by the Audit & Risk Committee and appointed by the group's shareholders, are responsible for reporting on whether the annual financial statements are fairly presented in compliance with IFRS and the Companies Act. The preparation of the annual financial statements remains the responsibility of the directors. The board, assisted by the Audit & Risk Committee, regularly meets with the external auditors and formally evaluates their independence annually.

### Risk identification process

During the year, risk management workshops were conducted for both New Way Power and Wood and the various risks facing the group were identified and documented. These risks form the basis of the internal audit plan.

### IT governance

The board acknowledges its responsibility for IT governance and business continuity as part of its assumption of responsibility for risk management of the group and recognises the importance of aligning the company's IT strategy with its revised business strategy. The board requires assurance that enX's IT investment delivers optimally in terms of expenditure and initiatives.

During the year a new IT Steering Committee was established. The new committee met for the first time in November 2014 and the terms of reference was approved. The IT Steering Committee, comprising the external IT service provider, two board members and a representative from each subsidiary, assists with IT governance at enX and its subsidiaries. Its responsibilities include:

- Establishing, implementing, and monitoring the IT terms of reference and policies
- Establishing, implementing, and monitoring an IT internal control framework
- Ensuring that independent assurance of the IT internal controls is obtained
- Advising on an IT strategy that is integrated with the overall strategy of the group
- Monitoring and evaluating significant IT investments and expenditure
- Monitoring compliance with IT laws and related rules, codes and standards
- Monitoring the management of information assets
- Advising the Audit & Risk Committee on IT-related risks.

## Remuneration Committee

The Remuneration Committee assists the board in ensuring that group remuneration and recruitment is aligned with enX's overall business strategy, with the aim of enabling the group to attract and retain quality personnel who are culturally a good fit for the group and contribute towards creating long-term value for all stakeholders.

The committee is an independent and objective body which monitors and strengthens the credibility of the group's executive remuneration function. It is charged with determining the framework and policy for remuneration of the CEO, directors and other group executive management. The policy sets appropriate remuneration levels to attract, retain and motivate the calibre of directors and executives required for the group to operate successfully, while balancing the interests of the shareholders.

The committee determines the total remuneration package of the CEO, each executive group director and JFN, including bonuses, incentive payments and long-term equity-related compensation. It is responsible for setting targets for performance-related pay schemes operated by the group and motivates the board to seek shareholder approval for any long-term incentive programmes where necessary. It also approves service agreements.

Any nominations-related discussions of the committee will be chaired by the Lead Independent Director.

The proceedings of the Remuneration Committee are governed by its terms of reference which are approved by the board.

## Reward philosophy and strategy

The objective of enX's reward strategy is to enable the business to:

- recruit high performing skills from a limited pool of talent;
- retain competent employees that enhance business performance;
- reward, recognise and give appreciation for superior performance;
- direct employees' energies and activities towards key business goals; and
- achieve the most effective returns (employee productivity) for total employee spend.

To achieve this, enX rewards its employees in a way that reflects the dynamics of the market and the requirements of the company. All components of the reward strategy, including the fixed pay and performance variable pay are aligned to the strategic direction and business specific value drivers of enX.

Remuneration policy specifically for executive directors and other senior managers is framed around the following key principles:

- remuneration packages are set at levels that are competitive in the relevant market;
- the structure of remuneration packages and, in particular, the design of performance-based remuneration schemes, are aligned with enX's value drivers and support the achievement of the group's business strategy and the management of risk; and
- a significant proportion of the remuneration of executives, particularly senior executives, is performance-based and is appropriately balanced between the achievement of short-term objectives and longer-term objectives.

## Guaranteed pay

Guaranteed pay levels reflect the contribution of senior executives and executive directors and are commensurate with general market remuneration levels and represent a sufficient proportion of total remuneration to allow for a fully flexible bonus scheme.

In general terms enX is seeking to establish and maintain an integrated pay line throughout the group with pay levels that ensure that it is able to remain competitive, whilst managing costs. The total employment cost in enX forms a significant portion of total operating costs, and it is therefore imperative that pay is managed efficiently and wisely to ensure that:

- employees are motivated to function at the optimum productivity levels;
- the cost of the total remuneration package paid to employees is controlled by the company and does not include open-ended liabilities; and
- the remuneration package levels of employees are commensurate with their worth and contribution to the business.

## Performance based pay mix

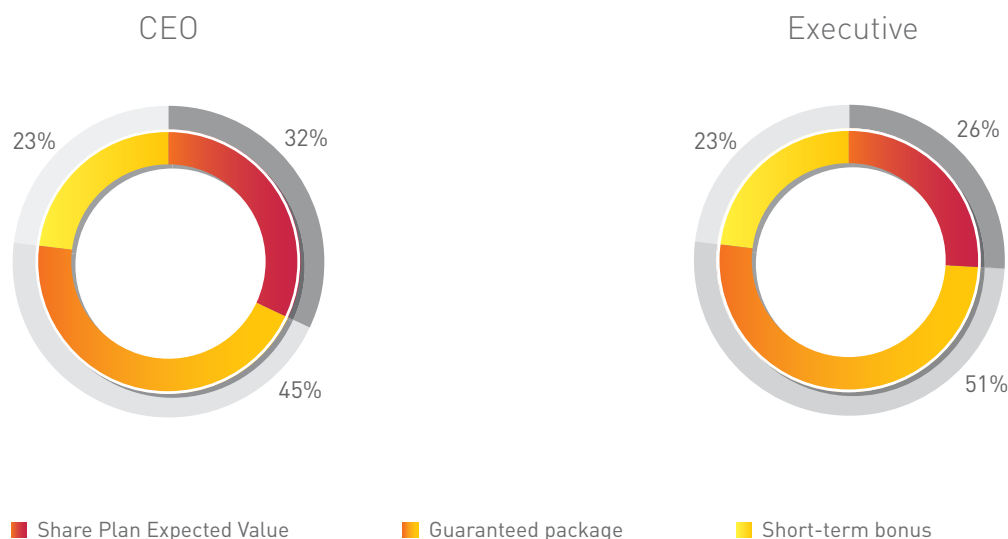
The company wishes to promote a culture that supports enterprise and innovation, with appropriate short-term and long-term performance-related rewards that are fair and achievable. As such, the pay mix of fixed and variable pay in cash, phantom shares and other elements is designed to meet the company's operational and strategic objectives.

Pay mix is defined as the balance targeted between the major components of remuneration, namely:

- Total cost to company guaranteed pay (TGP)
- Variable pay for performance including:
  - Short term incentives in the form of bonuses and / or annual cash incentives (ACI); and
  - Long-term (not necessarily share-based) incentive plan (LTIP) expected reward.

The reward strategy – pay mix relationship for executives has been established in the context of enX's specific circumstances and impacts on both the design and implementation of performance variable pay throughout the group.

The targeted pay mix for the CEO and senior executives is set out below:



*For the year ended 31 August 2014 the actual pay mix for the CEO and senior executives was more heavily weighted towards Share Plan Expected Value due to the significant increase in the enX share price in the period under review and the relevant increased IFRS2 charge.*

### Short-term incentive pay

The Remuneration Committee ensures that executive remuneration is linked to individual performance criteria and the group's performance. In FY2015, enX will be implementing an incentive scheme that covers all portfolio companies and encompasses all staff. A comprehensive performance management system has been developed which is expected to be rolled out at New Way Power from the beginning of the FY2015. If successful, this system will be implemented across the group. The performance management system will set out performance outputs and targets on an individual and/or team basis, whichever is most appropriate and practical. Meeting or exceeding these targets will result in the payment of cash incentives annually or bi-annually.

Annual bonuses relate to performance against annual objectives consistent with long-term value for shareholders. Individual and corporate performance targets, both financial and non-financial, are tailored to the needs of the business and reviewed regularly to ensure they remain appropriate. Incentives are based on targets that are stretching, verifiable and relevant and geared to ensure that remuneration policies do not encourage behaviour contrary to the company's risk management strategy.

Overriding conditions for the award of bonuses include minimum levels of financial performance. Targets for threshold, expected and stretch levels of performance are robustly set and monitored and the Remuneration Committee guards against unjustified windfalls and inappropriate gains.

The major challenges faced in enX's incentive design are in identifying the performance indicators that essentially fund the incentives and the scorecards that essentially distribute them. In this, the four major determinants for success are deemed to be:

1. Congruence: the rewards accruing to participants are aligned with growth in shareholder value;
2. Self-funding: incremental participant reward results from an incremental business performance that warrants it;
3. Line of Sight: individual participants relate to the targets set them and the rewards that result from performance and believe that they can influence them;
4. Marriage of interdependence: where individuals and/or teams are required to work towards a common goal, the measures are supportive of collaboration rather than divisive action.

The overall design of the annual cash incentive is based on a distributed scorecard model in which the group scorecard is cascaded to business units and to individuals/teams, with weightings and metrics tailored to role/circumstances. Its advantages are that it is easily understood by participants and shareholders and is based on a weighted combination of financial and non-financial value drivers.

At the executive level for the year ahead the scorecard comprises six elements with realistic and stretch targets set for each. These elements include a specified amount of earnings growth through acquisitions, a specified rate of return on invested capital, the achievement of liquidity strengthening

initiatives, the improvement of the group B-BBEE level, an increase in revenue generated from ex-South Africa countries and certain governance initiatives.

For the year ended 31 August 2014, the scorecard comprised five elements with varying weightings. These elements included a specified amount of earnings growth through acquisitions, the achievement of liquidity strengthening initiatives, the attainment of a predetermined B-BBEE level, the extent to which the group meets its operating budget and a discretionary component. Based on the actual performance for the year, the committee deemed 80% of the performance targets to have been met and awarded incentives in line with this performance.

The detail of annual cash incentive bonuses paid as a result of the above performance is recorded in Note 25 of the annual financial statements.

### Long-term (share-based) incentive pay

Top executives and senior management have been provided with an initial allocation of cash-settled appreciation rights and although it was recognized at the time that "best practice" would indicate additional (annual) allocations, the "start-up" nature of the group warrants that no further offers are necessary during the three year period of the JFN contract. Furthermore, enX is relatively small and even the relatively low participation (number of eligible participants) could be dilutive if further allocations were to be made.

The scheme is cash-settled, although equity-based, and so creates earnings volatility (in terms of IFRS2 – treatment of share based payments), particularly if the share price is influenced by volatile equity markets. Thus settlement will require cash-flow dilution, the timing of which may be problematic. The scheme is essentially a vanilla one with no performance criteria governing vesting.

The detail of current awards made under the cash-settled appreciation rights scheme are recorded in note 28 of the annual financial statements.

### Contracts, severance and termination

The following provisions pertain to executives and senior management in summary:

- No balloon payments;
- Restraint of trades for at least six months. This is prevalent in all new hires and the majority of the existing executives. In certain instances it can be delayed by six months to give the employee an opportunity to settle in;

- There is no automatic entitlement to bonuses or share-based payments in the event of early termination, with the exception of the JFN share-related incentive;
- Summary notice is applicable in the case of dismissal for disciplinary reasons; and
- Contracts do not compensate executives for severance as a result of a change of control, although vesting rights in the phantom share scheme may be accelerated.

The fees for non-executive directors are set out in the table below:

Type of fee	Fee 2013/14 R	Proposed fee 2014/15 R	Proposed fee 2015/16 R
<b>Board</b>			
Chairman	354 040	375 282	397 799
Member	143 100	151 686	160 789
<b>Audit &amp; Risk Committee</b>			
Chairperson	72 080	76 405	80 989
Member	35 510	37 641	39 899
<b>Remuneration Committee</b>			
Chairman	59 360	62 922	66 697
Member	35 510	37 641	39 899
<b>Social &amp; Ethics Committee</b>			
Chairman	59 360	62 922	66 697
Member	35 510	37 641	39 899



**Paul Baloyi**

*Remuneration Committee Chairman*

23 February 2015

# The impacts of our business

Social & Ethics Committee report	40	Our people	43
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**AUSTRO** Est in 1980  
MACHINES. TOOLING. EDGING. TECHNICAL SUPPORT



Austro is South Africa's leading distributor of machines, machine tools, edging and glue for the woodworking industry and is the sole distributor of Biesse, Felder and Leitz equipment. Its services include the distribution of professional woodcutting equipment, supply of machine tooling, sharpening and cutting services, parts, service and maintenance. Austro was established in 1980 and currently has branches in Johannesburg, Cape Town, Durban, East London and Nelspruit. It currently employs 144 people.



Head office in Johannesburg

The Social & Ethics Committee's responsibility is to ensure that the company acts as a responsible corporate citizen, establishes ethical guidelines within which staff should engage with its stakeholders and interact with the environment and build the long term sustainability of the business. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business and reporting thereon to the Social & Ethics Committee, the board remains ultimately responsible for the objectives which it has delegated to the Social & Ethics Committee.

The committee is chaired by independent non-executive Mpho Makwana and further comprises independent non-executive directors Tony Phillips and Nopasika Lila and CEO Paul Mansour. Key executives from the operations are also invited to each meeting and make meaningful contributions. Details of attendance are set out on page 28.

The purpose of the committee is to set the tone in respect of the board's approach to the ethical conduct of business, values that guide the actions of employees and to regularly monitor the group's activities with regard to any relevant legislation or prevailing codes of best practice in respect of the following:

- Social and economic development, including the group's standing in terms of the:
  - 10 principles set out in the United Nations Global Compact Principles
  - OECD recommendations regarding corruption
- Employment Equity Act
- Broad-Based Black Economic Empowerment Act
- Good corporate citizenship, including the group's:
  - promotion of equality, prevention of unfair discrimination and reduction of corruption
  - contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed
  - record of sponsorship, donations and charitable giving

- Environment, health and public safety, including the impact of the group's activities and its services
- The continual quality improvement of existing products and services and the development of new ones
- Customer relationships, including the group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the group's:
  - standing in terms of the International Labour Organisation Protocol on decent work and working conditions
  - improving overall relationships with employees
  - development of our employees' well-being
  - employment relationships and our contribution towards the skills and educational development of our employees
- Corporate values and ethical standards and ensuring that the company takes measures to encourage adherence to these in all aspects of the business.

The committee draws these matters to the attention of the board and reports on them to shareholders at the annual general meeting.

Our progress on B-BBEE and Employment Equity, our corporate values and ethics, performance on health and safety are reported on elsewhere in the integrated report. No human rights violations or incidents of bribery or corruption were reported. enX does not employ child labour within its own operations.



**Mpho Makwana**  
*Social & Ethics Committee Chairman*

23 February 2015

FY2014 was the first year in which enX pursued a group certificate as opposed to individual certificates at subsidiary level. The directors continue to monitor progress with regard to transformation, supported by the Social & Ethics Committee. enX's B-BBEE scorecard was externally verified and the group is rated as a Level 6 contributor.

## B-BBEE scorecard

B-BBEE Code	Weighting points	Points achieved	% of possible points achieved
Ownership	23,0	0,1	0,4%
Management control	11,0	4,8	43,6%
Employment equity	18,0	2,3	12,5%
Skills development	15,0	0,0	0,0%
Preferential procurement	20,0	18,0	90,0%
Enterprise development	15,0	15,0	100,0%
Socio-economic development	5,0	4,9	97,0%
Possible points	107,0		
Points achieved		45,0	
Level achieved		Level 6	

## Ownership

Improving the ownership in the group by previously disadvantaged individuals is a business imperative for enX. To this end we are working to conclude a transaction that would introduce a significant B-BBEE shareholder into the group and materially alter the current ownership profile.

## Management control

During the year the board underwent considerable changes. Black director, Gordon Nzalo, resigned and three new black independent non-executive directors were appointed – Mpho Makwana, Paul Baloyi and Nopasika Lila. At year-end three out of the eight directors were black.

## Employment equity

The group is compliant with the Employment Equity Act and the required reports are submitted timeously to the Department of Labour. The employment equity status is tabled below:

Category/Level	African	Coloured	Indian	White	Total
Top management	2	–	–	15	17
Senior management	1	3	2	26	32
Professionally qualified	1	–	–	3	4
Skilled	79	28	8	91	206
Semi-skilled	92	11	1	11	115
Unskilled	31	–	–	5	36
Disabled	–	–	–	–	–
Total employees	206	42	11	151	410

## Skills development

During FY2014 a skills development learnership programme was initiated for 18 employees across New Way Power and Wood to provide a package of competencies required to perform in an area of work within the industry. Three programmes were established to address the requirements at different levels, including business administration and generic management skills. Each programme consists of classroom-based learning and on-the-job training in the workplace.

## Preferential procurement

It is the policy of enX to promote B-BBEE by encouraging the increased participation of black business people in procurement activities. In pursuit of this objective, enX strives for fair and equitable treatment of suppliers and is proud to have scored highly in the category of preferential procurement.

### Enterprise development

Our successful enterprise development initiative with Matase is gaining traction. In September 2014 Matase was restructured to become an associate of enX, with the group holding 25% of the restructured Matase. Droids Engineering Proprietary Limited, Tapson Sadiki and Tshikona Investment Holdings Proprietary Limited acquired 35%, 30% and 10%, respectively. Paul Mansour, Tapson Sadiki and Paul Kibuuka (of Droids) were appointed as directors. Founding member Thivhusiswi Simon Netshisaulu resigned in November of 2014. The objective of Matase is to develop and grow itself as an empowered industrial solutions company. The group supports Matase by granting it distributorship of its products and services. Outside of that, Matase has the freedom to grow as it sees fit. At the end of FY2014 enX provided interest-free loans of just under R0,5 million to Matase with no fixed repayment terms. The enX group companies also offer technical, administrative and managerial support to Matase on an ongoing basis.

### CSI

As a responsible corporate citizen enX is mindful of the impacts the group has on the communities in which it operates. During the year, Neptune Plant Hire donated the free use of a generator to Ikhwezi Lokusa Rehabilitation and Development Centre in Johannesburg. The centre is a training facility for young adults with physical and mental disabilities which aims to prepare the individuals to cope with the daily challenges of living with a disability. An alternate power source was a critical need for this facility as power outages had a serious effect on lost care hours.

Wood provides unused wooden pallets and crates to Roodepark School Projects, a Johannesburg-based technical school which offers woodwork training classes to community members. The pallets and crates provide the raw materials used in their training projects. Wood also continues to support the Witwatersrand Woodworkers Association with an annual donation.

## Key indicators

	2014	2013
Permanent employee headcount	<b>410</b>	366
Number of employees at New Way Power	<b>225</b>	199
Number of employees at Neptune	<b>27</b>	25
Number of employees at PowerO <sup>2</sup>	<b>7</b>	0
Number of employees at Wood	<b>144</b>	137
Number of employees head office	<b>5</b>	4
Number of employees in Matase	<b>2</b>	1
Female employees	<b>61</b>	55
New jobs created	<b>44</b>	64
% of employees represented by unions (MEIBC)	<b>32%</b>	32%
% of employees receiving performance appraisals	<b>16%</b>	0%
% of workforce belonging to a union (NUMSA)	<b>25%</b>	19%

New Way Power employs the majority of the workforce. The manufacturing process at the company's facility is labour intensive, requiring semi-skilled employees with mechanical and electrical knowledge.

Group-wide employee relations are the responsibility of line managers, supported by chief leadership and talent officer, Leigh-Ann Gowland.

enX is an equal opportunities employer and is committed to a working environment that is free from discrimination. No incidents of discrimination were reported during the year. Should such incidents be reported an investigation will be carried out and, if substantiated, a disciplinary enquiry convened, the outcome of which may lead to termination. There is a disciplinary and grievance policy in place which is communicated to all employees and outlined in their contracts of employment. Our policy of correction before dismissal is in line with the Labour Relations Act.

During the year a performance appraisal system was developed within New Way Power to better motivate and incentivise good performance, enhance productivity and highlight areas for training and development. Performance management training

and goal setting has been completed for management and direct reports. Final reviews will be completed in August 2015 to determine increases and performance bonus allocation. Key Performance Indicators will be developed in 2015 to be implemented across the organisation in the new financial year.

## Labour relations

Every employee has the right to belong to a union and 32% of the workforce is covered by a collective agreement with the National Union of Metalworkers of South Africa. The group maintains open lines of communication with the union and is proactive in addressing concerns.

The impact of the metal industry strike from 1 July to 28 July 2014 was minimal and mitigated by agreements reached between management and staff. Staff received an increase of between 7% and 8% depending on their grade. Operations continued with an average staff complement of around 60% in the factory and pre-planned build-up of safety stock resulted in no business lost during the strike period.

## Health and safety

We subscribe to a zero-harm policy and are committed to preventing accidents and events that may adversely affect our employees, equipment or facilities. We fully comply with the South African Occupational Health and Safety Act 85 of 1993 and other relevant regulations and internationally recognised standards and guidelines.

New Way Power's manufacturing facility is the primary focus of our health and safety initiatives. Current health and safety practices at the facility have been assessed as part of the ongoing review of operational practices and manufacturing processes at the company. A comprehensive Health and Safety policy has been implemented at New Way Power and is communicated during the induction process. enX has appointed a Health and Safety officer who provides ongoing training and guidance to employees. Toolbox talks are held regularly. During the year the Department of Labour conducted an inspection of all the businesses in New Way Power's vicinity. No areas of concern were identified.

We moved towards full implementation of the NOSA system during the 2014 financial year and all group facilities are operating in accordance with the required standards.

enX recognises the need to limit our environmental impact for sustainable growth. We continue to pursue our medium-term goal of modifying operations to effect a reduction of waste and scrap generated and to conserve scarce resources. We have implemented a group-wide system aimed at enhancing planning and tracking of environmental impacts against set targets.

In line with this system, safety, health and protection of the environment will form an integral part of our planning and decision-making and we will manage the company in an ethical way that strikes an appropriate balance between economic, social and environmental needs.

enX is committed to:

- Conducting our business with respect and care for people and the environment;
- Responsible utilisation of natural resources;
- Continually improving our safety, health and environmental performance;
- Complying, as a minimum, with all applicable legal and other agreed requirements; and
- Promoting dialogue with stakeholders about safety, health and environmental performance.

We aim to achieve our commitments by:

- Implementing a safety, health and environmental management system;
- Informing and appropriately training all employees and contractors on safety, health and environmental matters; and
- Responding effectively to safety, health and environmental emergencies involving our activities and products.

During the year an external consultant, Energy Management, started analysis of the group's consumption of electricity and water to facilitate this. A waste disposal contractor was appointed to remove hazardous waste such as fluids used in the manufacturing process, diesel and scrap metal.

New Way Power's manufacturing facility is the primary source of our environmental impact. Analysis of the manufacturing processes at New Way Power is ongoing and includes reviewing the environmental management in this high impact operation.

During the year a fire risk assessment was conducted at New Way Power with regard to storage of hazardous waste and the company passed the assessment.

enX did not receive any significant fines for non-compliance with environmental laws and regulations.

# Annual Financial Statements

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

Directors' responsibility statement	46	Statements of comprehensive income	55
Certificate of the company secretary	47	Statements of changes in equity	56
Audit & Risk Committee report	48	Statements of cash flow	57
Independent auditor's report	50	Condensed segmental analysis	58
Directors' report	51	Accounting policies	59
Statements of financial position	54	Notes to the annual financial statements	67



Acquired effective  
1 December 2014



The Centlube group is involved in the production and marketing of oil lubricants in sub-Saharan Africa. Based in Wadeville, Johannesburg, it has a production capacity in excess of 12 million litres per annum. It is a licensee and distributor of ENI oil lubricants and also produces steel rolling fluids on behalf of Houghton plc. From 1 January 2015, Centlube was appointed as distributor of Mobil automotive and industrial lubricants in South Africa, Lesotho and Swaziland as well as to strategic global accounts such including Volvo, Porsche, Toyota and UD in Sub-Saharan African countries.



Head office in Johannesburg

The directors are required in terms of the Companies Act, No 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the company's annual financial statements and group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements and group annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements and group annual financial statements.

The annual financial statements and group annual financial statements are prepared in accordance with IFRS 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have identified, based on the information and explanations given by management, that weaknesses exist in the current system of internal control. By setting revised standards for internal control and by partnering with experienced external consultant, BDO, the directors will ensure that these weaknesses are addressed and risk is reduced to an acceptable level. 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 group's cash flow forecast for the year to 31 August 2015 and, in light of this review and the current financial position, are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements and group annual financial statements have been examined by the group's external auditors and their report is presented on page 50.

The annual financial statements and group annual financial statements set out on pages 54 to 90, which have been prepared on the going concern basis, were approved by the board of directors on 23 February 2015 and were signed on its behalf by:



**Paul Mansour**  
CEO



**Jarrod Friedman**  
Financial Director

For the year ended 31 August 2014, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008 (as amended) and all such returns are true, correct and up to date in respect of the financial year reported on.

A handwritten signature in black ink, appearing to read 'M. Coen', is written over a light grey rectangular background.

**CIS Company Secretaries Proprietary Limited**

*Company secretary*

23 February 2015

We are pleased to present our report for the financial year ended 31 August 2014.

### Terms of reference

The committee has adopted formal terms of reference approved by the board. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

### Composition and meeting attendance

At the annual general meeting held on 14 May 2014, the committee's chairman, Uli Schäckermann, and Gordon Nzalo resigned from the enX board and all its committees. Nopasika Lila was appointed as chairperson of the committee on 14 May 2014. She is a registered Chartered Accountant with extensive experience in finance and corporate governance. Nopasika is the CFO of Eskom Pension and Provident Fund and currently serves as an independent non-executive director of Nampak Limited.

In addition, independent non-executive director Paul Baloyi was appointed to join Nopasika Lila and Tony Phillips on the committee. A short *curriculum vitae* for each of these directors has been set out on pages 16 to 17 demonstrating their suitable skills and experience. The Financial Director, External Auditor, CEO and management attend meetings by invitation.

During the year three meetings were held. Details of attendance are set out on page 28.

### Statutory roles and responsibilities

#### External audit

The Audit & Risk Committee has satisfied itself that Grant Thornton and Ms Sone Kock, the designated auditor, are independent of the company, which review included consideration of the extent of other work undertaken by the auditor for the company, and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The committee ensured that the appointment of the auditor complied with all legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the financial year 2014.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services: the committee approves the terms of a master service agreement for the provision of non-audit services by the external auditor and the nature and extent of non-audit services that the external auditor may provide in terms of the agreed pre-approval policy.

#### Financial statements

The committee has reviewed the accounting policies and the financial statements of the company and the group and is satisfied that they are, in all material respects, appropriate and comply with IFRS.

The Audit & Risk Committee recommended the annual financial statements for the year ended 31 August 2014, for approval to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming annual general meeting.

### Delegated roles and responsibilities

#### Integrated reporting and combined assurance

The committee fulfils an oversight role regarding the company's integrated report and the reporting process. The committee considered the company's sustainability information as disclosed in the integrated report and assessed its consistency with operational and other information known to committee members and with the annual financial statements. The committee also discussed the sustainability information with management and the chairman of the Social & Ethics Committee. It is satisfied that the sustainability information is reliable and consistent with the financial results.

#### Going concern

The committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the company and has accordingly made recommendation to the board. The board's statement on the going concern status of the group and company, as supported by the committee, is set out on page 46 of the Integrated Annual Report.

**Risk and internal audit**

BDO South Africa, an external risk specialist and Registered member of the Internal Institute of Auditors South Africa, was appointed to conduct the group's internal audit function and assist with risk management-related activities, including a review of existing initiatives. Risk workshops were conducted at all subsidiaries during the current year to identify risks and establish an internal audit plan.

**Evaluation: committee members**

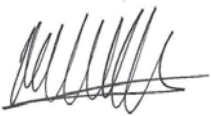
The committee members were satisfied with the functioning of the committee. The board was satisfied that the committee members collectively have sufficient academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs and human resource management as required by section 94(5) of the Companies Act of South Africa, 2008 (as amended), read with Regulation 42.

**Evaluation: Financial Director**

In terms of the Companies Act of South Africa, 2008 (as amended), the Audit & Risk Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Jarrod Friedman.

Based on the processes and assurances obtained, the committee believes that the accounting practices are effective.

On behalf of the Audit & Risk Committee



**Nopasika Lita**

*Audit and Risk Committee Chairperson*

23 February 2015

### To the shareholders of enX Group Limited

We have audited the consolidated and separate financial statements of enX Group Limited set out on pages 54 to 90, which comprise the statements of financial position as at 31 August 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

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

### Auditor's responsibility

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

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

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

### Opinion

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

### Other reports required by the Companies Act

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

Grant Thornton (Jhb) Inc.

#### GRANT THORNTON

Registration No.: 1994/001166/21

Chartered Accountants (SA)

Registered Auditors

#### S Kock

Director

Chartered Accountant (SA)

Registered Auditor

23 February 2015

42 Wierda Road West

Wierda Valley

2196

The directors submit their annual report, which forms part of the annual financial statements of the company and the group for the year ended 31 August 2014.

## Review of activities

### Main business and operations

enX is an industrial supplies group with an increasing focus on the energy sector, providing industrial equipment, related components and support services to a wide range of economic sectors in South Africa and sub-Saharan Africa. Clients range from heavy industrial, mining and construction groups to wholesalers, retailers, technology and telecommunications companies, banks and manufacturers.

### Group results

- Revenue increased 16% from R502,7 million to R585,0 million.
- Operating profit of R23,8 million compared to R4,6 million in 2013.
- Headline earnings increased to 6,1 cents per share from 1,8 cents per share in 2013.

The group's financial results are highlighted in summary in the Joint CEO and Financial Director's report. Details of the group's results are set out in the annual financial statements and accompanying notes.

## Subsidiaries and associate

Refer to note 5 for details of the company's interests in subsidiaries.

## Authorised and issued share capital

The number of ordinary shares in issue at 31 August 2014 was 395 292 923 (2013: 395 292 923). The number of shares authorised but not issued at 31 August 2014 was 604 707 077. The unissued ordinary shares are under the control of the directors until the next annual general meeting.

## Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money as they consider appropriate. Subject to the solvency and liquidity test, the borrowing powers of the directors are not limited.

## Dividends

No dividends were declared or paid to shareholders during the year.

## Directors

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

Name	Changes
SB Joffe (Chairman)	Appointed 14 May 2014*
PC Baloyi	Appointed 12 February 2014
DS Brouze	Resigned 14 May 2014
JS Friedman	
NV Lila	Appointed 12 February 2014
PM Makwana	Appointed 12 February 2014
PD Mansour	
GS Nzalo	Resigned 14 May 2014
PS O'Flaherty	Appointed 12 February 2014
AJ Phillips	
U Schäckermann	Resigned 14 May 2014

\* SB Joffe was appointed to the board on 14 May 2014. He was appointed as Chairman of the board on 18 November 2014.

## Directors' shareholding

At the date of this report, the directors of enX hold beneficially an aggregate of 55 305 573 shares constituting 13,12% of the total issued share capital of enX.

The direct and indirect beneficial interests of the directors of enX in the issued shares are as follows:

	Beneficial direct interests	Beneficial indirect interests	Non-beneficial interest	Total	Percentage
<b>2014</b>					
PD Mansour	-	6 145 064*	-	6 145 064	1,46
JS Friedman	-	6 145 064*	-	6 145 064	1,46
SB Joffe	-	43 015 445 <sup>◊</sup>	-	43 015 445	10,20
<b>Total</b>	-	<b>55 305 573</b>	-	<b>55 305 573</b>	<b>13,12</b>
<b>2013</b>					
DS Brouze <sup>#</sup>	36 089 945	54 502 613 <sup>Δ</sup>	500 000 <sup>†</sup>	91 092 558	23,04
PD Mansour	-	5 450 261*	-	5 450 261	1,38
JS Friedman	-	5 450 261*	-	5 450 261	1,38
<b>Total</b>	<b>36 089 945</b>	<b>65 403 135</b>	<b>500 000</b>	<b>101 993 080</b>	<b>25,80</b>

<sup>#</sup> DS Brouze resigned as a non-executive director with effect from 14 May 2014.

\* Held indirectly through Ricophase by virtue of a 5% shareholding in Ricophase.

<sup>◊</sup> Held indirectly through Ricophase by virtue of a 35% shareholding in Ricophase.

<sup>Δ</sup> Held indirectly through Ricophase by virtue of a 50% shareholding in Ricophase.

<sup>†</sup> 250 000 shares in enX are held by each of N Brouze and JJ Brouze, the children of DS Brouze.

Note: Ricophase received a further 13 896 045 enX shares on 18 December 2014 as part of the purchase consideration for Centlube (of which Ricophase was a shareholder). These shares are included in the numbers reflected above.

## Directors' emoluments

	Total 2014 R	Total 2013 R
SB Joffe (Chairman)	44 653	-
PC Baloyi*	121 043	-
DS Brouze	107 325	125 000
JO Freed	-	3 151 842
JR Freed	-	4 476 985
JS Friedman	6 810 246 <sup>†</sup>	1 202 750
C Jacobs	-	819 000
NV Lila*	124 223	-
PM Makwana*	115 080	-
PD Mansour	8 400 523 <sup>†</sup>	1 324 750
GS Nzalo*	178 478	214 500
PS O'Flaherty	106 203	-
AJ Phillips*	484 420	447 000
U Schäckermann*	188 018	226 500
	<b>16 680 212</b>	<b>11 988 327</b>

\* Independent

<sup>†</sup> These emoluments include unrealised gains from share-related incentives and each director's share of the cash bonus paid to JFN. Please refer to note 25 for more information.

## Company secretary

The secretary of the company is CIS Company Secretaries Proprietary Limited, the contact details for which are set out on the IBC.

## Auditors

Grant Thornton will continue in office in accordance with section 90 of the Companies Act.

## Audit & Risk Committee

In accordance with the Companies Act, 2008, as amended, the Audit & Risk Committee reports in summary as follows:

- The scope, independence and objectivity of the external auditors was reviewed.
- The audit firm Grant Thornton and audit partner S Kock, are, in the committee's opinion, independent of the company. Grant Thornton and audit partner B Frey who replaces S Kock (due to rotation), have been proposed to the shareholders for approval to continue as the company's auditor for the 2015 financial year.
- On an ongoing basis, the committee reviews and approves the fees proposed by the external auditors.
- The appointment of the external auditor complies with the Companies Act, 2008, as amended, and with all other legislation relating to the appointment of the external auditors.
- The nature and extent of non-audit services provided by the external auditors has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.
- The nature and extent of future non-audit services have been defined and pre-approved.
- As at the date of this report, no complaints have been received relating to accounting practices and internal audit of the company or to the content or auditing of the company's financial statements, or to any related matter.
- The committee has in place formal terms of reference approved by enX's board of directors. It has conducted its affairs in compliance with its terms of reference during the year and discharged its responsibilities as contained therein.

## Subsequent events

Refer to note 29 for a detailed description of subsequent events.

23 February 2015

Johannesburg

# 54 Statements of financial position

for the year ended 31 August 2014

	Notes	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Assets</b>					
<b>Non-current assets</b>					
Plant and equipment	2	42 853	40 987	16	51
Goodwill	3	95 544	95 544	-	-
Loans to group companies	8	-	-	503	486
Deferred taxation	4	18 755	21 642	6 830	5 366
Investment in subsidiaries	5	-	-	253 956	253 956
		<b>157 152</b>	158 173	<b>261 305</b>	259 859
<b>Current assets</b>					
Inventories	6	145 467	170 298	-	-
Trade and other receivables	7	128 943	88 662	93	2 395
Taxation receivable		8 744	5 191	-	-
Loans to group companies	8	-	-	96 015	92 324
Cash and cash equivalents	9	73 644	40 338	1 804	13
		<b>356 798</b>	304 489	<b>97 912</b>	94 732
<b>Total assets</b>		<b>513 950</b>	462 662	<b>359 217</b>	354 591
<b>Equity and liabilities</b>					
<b>Equity</b>					
Stated capital	10	295 497	295 497	295 497	295 497
Retained income		94 117	69 399	29 793	33 730
		<b>389 614</b>	364 896	<b>325 290</b>	329 227
Non-controlling interest		(417)	(210)	-	-
		<b>389 197</b>	364 686	<b>325 290</b>	329 227
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Finance lease obligation	11	1 820	3 984	-	-
Deferred taxation	4	-	4 038	-	-
		<b>1 820</b>	8 022	<b>-</b>	-
<b>Current liabilities</b>					
Loans from group companies	8	-	-	11 510	21 253
Trade and other payables	12	119 368	87 440	22 417	4 111
Taxation payable		1 780	2	-	-
Finance lease obligation	11	1 785	2 512	-	-
		<b>122 933</b>	89 954	<b>33 927</b>	25 364
<b>Total liabilities</b>		<b>124 753</b>	97 976	<b>33 927</b>	25 364
<b>Total equity and liabilities</b>		<b>513 950</b>	462 662	<b>359 217</b>	354 591

# Statements of comprehensive income

for the year ended 31 August 2014

	Notes	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
Revenue	14	<b>585 006</b>	502 709	<b>26 345</b>	9 698
Cost of sales and services		<b>(410 416)</b>	(348 401)	-	-
<b>Gross profit</b>		<b>174 590</b>	154 308	<b>26 345</b>	9 698
Other income		<b>6 025</b>	1 759	-	-
Operating expenses		<b>(156 772)</b>	(135 291)	<b>(29 936)</b>	(20 885)
Inventory write-off		-	(13 231)	-	-
Obsolete inventory allowance		-	(5 421)	-	-
Onerous lease effect		-	2 457	-	-
<b>Operating profit/(loss)</b>	15	<b>23 843</b>	4 581	<b>(3 591)</b>	(11 187)
Interest received	16	<b>1 719</b>	1 865	<b>9</b>	2
Interest paid	17	<b>(426)</b>	(1 723)	<b>(1 819)</b>	(664)
<b>Profit/(loss) before taxation</b>		<b>25 136</b>	4 723	<b>(5 401)</b>	(11 849)
Taxation (expense)/income	18	<b>(625)</b>	2 972	<b>1 464</b>	3 304
<b>Profit/(loss) for the year</b>		<b>24 511</b>	7 695	<b>(3 937)</b>	(8 545)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss)</b>		<b>24 511</b>	7 695	<b>(3 937)</b>	(8 545)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		<b>24 718</b>	7 904	<b>(3 937)</b>	(8 545)
Non-controlling interest		<b>(207)</b>	(209)	-	-
		<b>24 511</b>	7 695	<b>(3 937)</b>	(8 545)
Earnings per share and diluted earnings per share (cents)	27	<b>6,3</b>	2,0		
Headline earnings per share and diluted headline earnings per share (cents)	27	<b>6,1</b>	1,8		

## 56 Statements of changes in equity

for the year ended 31 August 2014

	Stated capital R'000	Retained income R'000	Total attributable to owners of the parent R'000	Non- controlling interest R'000	Total equity R'000
<b>Group</b>					
<b>Balance at 1 September 2012</b>	295 497	61 495	<b>356 992</b>	(1)	<b>356 991</b>
Total comprehensive income for the year	–	7 904	<b>7 904</b>	(209)	<b>7 695</b>
<b>Balance at 1 September 2013</b>	295 497	69 399	<b>364 896</b>	(210)	<b>364 686</b>
Total comprehensive income for the year	–	24 718	<b>24 718</b>	(207)	<b>24 511</b>
<b>Balance at 31 August 2014</b>	295 497	94 117	<b>389 614</b>	(417)	<b>389 197</b>
<b>Company</b>					
<b>Balance at 1 September 2012</b>	295 497	42 275	<b>337 772</b>	–	<b>337 772</b>
Total comprehensive loss for the year	–	(8 545)	<b>(8 545)</b>	–	<b>(8 545)</b>
<b>Balance at 1 September 2013</b>	295 497	33 730	<b>329 227</b>	–	<b>329 227</b>
Total comprehensive loss for the year	–	(3 937)	<b>(3 937)</b>	–	<b>(3 937)</b>
<b>Balance at 31 August 2014</b>	295 497	29 793	<b>325 290</b>	–	<b>325 290</b>

Note

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# Statements of cash flow

for the year ended 31 August 2014

	Notes	Group		Company	
		2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Cash flow from operating activities</b>					
Cash generated from/(utilised in) operations	19	48 204	27 346	17 062	(10 319)
Interest received		1 719	1 865	9	2
Interest paid		(426)	(1 723)	(1 819)	(664)
Taxation paid	20	(3 551)	(597)	-	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>45 946</b>	26 891	<b>15 252</b>	(10 981)
<b>Cash flow from investing activities</b>					
Additions to plant and equipment	2	(11 920)	(13 130)	(10)	(8)
Proceeds on disposal of plant and equipment	21	2 171	3 452	-	-
Movement in loans with group companies		-	-	(13 451)	20 953
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(9 749)</b>	(9 678)	<b>(13 461)</b>	20 945
<b>Cash flow from financing activities</b>					
Finance lease payments		(2 891)	(1 290)	-	-
Settlement of onerous lease		-	(10 000)	-	(10 000)
<b>Net cash outflow from financing activities</b>		<b>(2 891)</b>	(11 290)	-	(10 000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>33 306</b>	5 923	<b>1 791</b>	(36)
Cash and cash equivalents at beginning of the year		40 338	34 415	13	49
<b>Cash and cash equivalents at end of the year</b>	9	<b>73 644</b>	40 338	<b>1 804</b>	13

# Condensed segmental analysis

for the year ended 31 August 2014

	Power		Wood		Head Office		Consolidation		Total	
	Reviewed for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000	Audited for the year ended 31 August 2014 R'000	Audited for the year ended 31 August 2013 R'000
<b>Revenue</b>	<b>389 859</b>	331 123	<b>195 147</b>	171 586	<b>26 345</b>	9 698	<b>(26 345)</b>	(9 698)	<b>585 006</b>	502 709
External	<b>389 859</b>	331 123	<b>195 147</b>	171 586	-	-	-	-	<b>585 006</b>	502 709
Inter-company	-	-	-	-	<b>26 345</b>	9 698	<b>(26 345)</b>	(9 698)	-	-
<b>Gross profit</b>	<b>107 775</b>	98 894	<b>67 361</b>	55 414	<b>26 345</b>	9 698	<b>(26 891)</b>	(9 698)	<b>174 590</b>	154 308
<b>Gross profit %</b>	<b>28%</b>	30%	<b>35%</b>	32%	<b>100%</b>	100%	-	-	<b>30%</b>	31%
<b>Profit/(loss) from operations before interest and taxation</b>	<b>13 679</b>	6 228	<b>14 302</b>	9 541	<b>(3 592)</b>	(11 188)	<b>(546)</b>	-	<b>23 843</b>	4 581
EBITDA <sup>3</sup>	<b>38 095</b>	16 554	<b>24 772</b>	15 695	<b>(3 548)</b>	(11 124)	<b>(26 917)</b>	(7 736)	<b>32 402</b>	13 389
Adjusted EBITDA <sup>3</sup>	<b>42 091</b>	35 206	<b>24 831</b>	3 238	<b>9 374</b>	201	<b>(26 917)</b>	(7 736)	<b>49 379</b>	30 909
Capital expenditure	<b>7 539</b>	11 136	<b>4 372</b>	1 986	<b>9</b>	8	-	-	<b>11 920</b>	13 130
Depreciation	<b>3 323</b>	4 088	<b>5 191</b>	4 655	<b>45</b>	65	-	-	<b>8 559</b>	8 808
Taxation expense/(income)	<b>4 329</b>	2 432	<b>(2 240)</b>	(2 100)	<b>(1 464)</b>	(3 304)	-	-	<b>625</b>	(2 972)
<b>Total assets</b>	<b>287 891</b>	256 834	<b>123 372</b>	106 760	<b>262 693</b>	261 777	<b>(160 006)</b>	(162 709)	<b>513 951</b>	462 662
<b>Total liabilities</b>	<b>61 613</b>	52 747	<b>41 817</b>	45 428	<b>22 417</b>	4 110	<b>(1 094)</b>	(4 309)	<b>124 753</b>	97 976
<b>Net tangible operating assets<sup>4</sup></b>	<b>175 006</b>	181 073	<b>68 663</b>	57 462	<b>6 429</b>	7 474	-	-	<b>250 098</b>	246 009
<b>Number of employees</b>	<b>258</b>	200	<b>147</b>	150	<b>5</b>	5	-	-	<b>410</b>	355

<sup>3</sup> All EBITDA figures exclude intercompany management fees

<sup>4</sup> Excludes goodwill which is all attributable to the Power segment

for the year ended 31 August 2014

## 1. Presentation of annual financial statements

The financial statements of the company and the group have been prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act of 2008 and the JSE Limited Listings Requirements.

### 1.1 Basis of preparation

The company and group financial statements are prepared on the historical cost basis except for the financial instruments accounted for at amortised cost.

### 1.2 Standards and interpretations affecting amounts reported in the current period

A number of new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board. However, they have not yet become effective and have thus not been applied to the group annual financial statements for 2014. The group and directors have not yet assessed the impact that these standards have on future financial statements.

#### Standards in issue not yet effective

Standard	Details of amendment	Annual periods beginning on or after
IFRS 2: Share-based payments	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions.</li> </ul>	1 July 2014
IFRS 3: Business Combinations	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.</li> </ul>	1 July 2014
	<ul style="list-style-type: none"> <li>Annual Improvements 2011 – 2013 Cycle: Amendments to the scope paragraph for the formation of a joint arrangement.</li> </ul>	1 July 2014
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	<ul style="list-style-type: none"> <li>Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice versa), the accounting guidance in paragraphs 27 to 29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held for distribution accounting and apply the guidance in paragraphs 27 to 29.</li> </ul>	1 July 2016
IFRS 7: Financial Instruments: Disclosures	<ul style="list-style-type: none"> <li>Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be “continuing involvement” for the purposes of applying the disclosure requirements in paragraphs 42E to 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.</li> </ul>	1 July 2016
	<ul style="list-style-type: none"> <li>Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.</li> </ul>	1 July 2016
IFRS 8: Operating Segments	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.</li> </ul>	1 July 2014

## 60 Accounting policies (continued)

for the year ended 31 August 2014

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9: Financial Instruments	<ul style="list-style-type: none"> <li>IFRS 9 "Financial Instruments (2014)" replaces IAS 39 "Financial Instruments: Recognition and Measurement".</li> </ul>	1 January 2018
IFRS 10: Consolidated Financial Statements	<ul style="list-style-type: none"> <li>IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.</li> </ul>	1 January 2014
	<ul style="list-style-type: none"> <li>Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and those in IAS 28 (2011) "Investments in Associates" in dealing with the sale or contribution of a subsidiary.</li> </ul>	1 January 2016
IFRS 11: Joint Arrangements	<ul style="list-style-type: none"> <li>Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.</li> </ul>	1 January 2016
IFRS 12: Disclosure of Interests in Other Entities	<ul style="list-style-type: none"> <li>New disclosures required for Investment entities (as defined in IFRS 10).</li> </ul>	1 January 2014
IFRS 13: Fair Value Measurement	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables.</li> </ul>	1 July 2014
	<ul style="list-style-type: none"> <li>Annual Improvements 2011 – 2013 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.</li> </ul>	1 July 2014
IFRS 15: Revenue from Contracts with Customers	<ul style="list-style-type: none"> <li>New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.</li> </ul>	1 January 2017
IAS 16: Property, Plant and Equipment	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method – proportionate restatement of accumulated depreciation.</li> </ul>	1 July 2014
	<ul style="list-style-type: none"> <li>Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment.</li> </ul>	1 January 2016
	<ul style="list-style-type: none"> <li>Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.</li> </ul>	1 January 2016
IAS 19: Employee Benefits	<ul style="list-style-type: none"> <li>Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.</li> </ul>	1 July 2014
	<ul style="list-style-type: none"> <li>Annual Improvements 2012 – 2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency level rather than the country level.</li> </ul>	1 July 2016
IAS 24: Related Party Disclosures	<ul style="list-style-type: none"> <li>Clarification of the definition of a related party.</li> </ul>	1 July 2014
IAS 27: Consolidated and Separate Financial Statements	<ul style="list-style-type: none"> <li>Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.</li> </ul>	1 January 2016

Standard	Details of amendment	Annual periods beginning on or after
IAS 28: Investments in Associates	<ul style="list-style-type: none"> <li>Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" and those in IAS 28 (2011) "Investments in Associates" in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.</li> </ul>	1 January 2016
IAS 34: Interim Financial Reporting	<ul style="list-style-type: none"> <li>Annual Improvements 2012 – 2014 Cycle: The amendments clarify the meaning of disclosure of information elsewhere in the interim financial report and require the inclusion of a cross reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete.</li> </ul>	1 July 2016
IAS 36: Impairment of Assets	<ul style="list-style-type: none"> <li>The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.</li> </ul>	1 January 2014
IAS 38: Intangible Assets	<ul style="list-style-type: none"> <li>Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method – proportionate restatement of accumulated depreciation.</li> <li>Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.</li> </ul>	1 July 2014 1 January 2016

### 1.3 Basis of consolidation

#### Subsidiary companies and other controlled entities

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable or convertible are taken into account.

#### Business combinations

Business combinations are accounted for in accordance with the acquisition method of accounting. Subsidiaries are consolidated from the dates on which the group acquires effective control of the entity. They are deconsolidated from the date control ceases.

This acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange.

On acquisition, the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Cost is the aggregate of:

- (i) the consideration transferred, measured in accordance with IFRS3, which generally requires acquisition date fair value;
- (ii) the amount of any non-controlling interest in the acquiree measured in accordance with IFRS3; and
- (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree.

Transaction costs are capitalised where permissible in terms of IFRS3.

Investments in subsidiaries are measured at cost less accumulated impairment losses in the company's annual financial statements. The carrying amount of these investments are reviewed annually and written down for impairment where considered necessary. An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

for the year ended 31 August 2014

The group applies a policy of treating transactions with non-controlling interest holders as transactions with equity holders of the group. Disposals to non-controlling interest holders that do not result in the loss of control result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from non-controlling interest is recorded directly in the statement of changes in equity.

Intra-group transactions, balances and unrealised gains or losses on transactions are eliminated on consolidation.

#### 1.4 Plant and equipment

Plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses.

Plant and equipment is initially recognised at cost. Transaction costs are included in the initial measurement. Subsequent costs are recognised to the extent that it is probable that the future economic benefits which are associated with them will flow to the entity and the cost can be measured reliably.

Where an item is replaced the cost of the replacement is capitalised and the cost of the replaced item is written off.

Items of plant and equipment are depreciated to their residual values, on a component basis, on a straight-line basis over the estimated useful lives commencing from the date they are available for use over the following periods:

Item	Average useful life
Plant and equipment	5 – 10 years
Office equipment	5 years
Computer equipment	3 years
Motor vehicles	3 – 5 years
Leasehold improvements	Lesser of used life or period of lease

The residual value, which is defined as the estimated amount that an entity will currently obtain from the disposal if the asset was already of the age and in the condition expected at the end of its useful life, is reassessed at each year-end together with the useful life of the asset. Changes to the residual value are accounted for as changes in estimate in terms of IAS8.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the relevant leases.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised as income or an expense.

Carrying amounts of plant and equipment are reduced to their recoverable amounts where these are lower than the carrying amounts. The expected future cash flows attributable to such assets are considered in determining the recoverable amounts. If the recoverable amount is lower than the carrying amount, it is impaired in the statement of comprehensive income.

#### 1.5 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets, fairly valued, on the acquisition date of the subsidiary. Subsequently goodwill is carried at cost less any accumulated impairment.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (bargain purchase) is credited to profit or loss in the period of acquisition. Internally generated goodwill is not recognised as an asset.

The carrying amount of goodwill is tested at least annually for impairment.

#### 1.6 Inventories

Inventory comprises raw materials, finished goods, consumables and work-in-progress.

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Work-in-progress includes personnel costs and overheads directly attributable to the provision of goods.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss is incurred. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

## 1.7 Financial instruments

### Classification

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

Financial instruments are recognised on the statement of financial position at fair value when the group becomes a party to the contractual provisions of the instrument. Transaction costs are included in the initial carrying value of the financial instrument, except in the case of financial instruments classified at fair value through profit or loss, in which case the transaction costs are expensed as they are incurred.

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the group's obligation specified in the contract expires or are discharged or cancelled. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group had a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Trade loans and other receivables

Trade receivables, loans and other receivables are subsequently measured at amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts.

The group makes an assessment at each reporting date whether there is any objective evidence that trade, loans and other receivables are impaired. Where objective evidence exists as a result of the occurrence of one or more events that occurred subsequent to the initial recognition of the receivable, the amount of the impairment is determined by estimating the impact of these loss events on the future cash flows expected to be generated from the receivable.

Financial instruments are carried at amortised cost and where the effect of the time value of money is not considered to be material, discounting is not applied as the carrying value approximates the fair value.

If loans are impaired, the impairment is written off against the carrying amount of the loan. For trade receivables a provision is raised against the receivable and movements in the provision are written off in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

### Trade and loans payable

Trade payables are subsequently measured at their amortised cost using the effective interest rate method.

### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost which approximates fair value. Cash and cash equivalents comprise cash balances and call deposits.

### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

## 1.8 Revenue recognition

Revenue is recognised at fair value of the consideration received or receivable.

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

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- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue comprises the net invoiced amount of goods supplied and services rendered to customers excluding value-added tax. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to customers.

Interest income is accrued on a time proportion basis by reference to the principal balance outstanding and the interest rate applicable.

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

Revenue from services is recognised on the stage of completion basis in accordance with the substance of the relevant agreements.

### 1.9 Cost of sales and services

Cost of sales and services comprise the cost of inventories expensed during the year, inventory impairments, personnel costs, overheads and depreciation of plant and equipment on assets directly attributable to the provision of goods and services in revenue generation.

### 1.10 Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent in which interest paid meets the criteria for capitalisation against a qualifying asset, in which case it is capitalised as part of the cost of the asset.

### 1.11 Taxation

#### Current

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted at the statement of financial position date. To the extent that the current tax is unpaid, a liability is recognised and if a refund is due at the year-end, an asset is raised.

#### Deferred tax

Deferred tax is calculated at the tax rates enacted or substantially enacted at statement of financial position date and are expected to apply when the related deferred tax asset is realised or deferred liability is settled and is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is raised on all temporary differences, other than the initial recognition of goodwill, and of assets or liabilities in transactions other than business combinations which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is provided for on temporary differences arising on investments in subsidiaries 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.

### 1.12 Lease obligations

Leases of assets, where the group confers substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired in terms of finance lease agreements are capitalised at fair value or, if lower, at the present value of the minimum lease payments. Finance lease payments are allocated using the effective interest rate method between finance costs and capital repayments.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the terms of the leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases are those leases which do not meet the above definition. Operating lease rentals are charged against profit on a straight-line basis over the terms of the leases, and the difference between the actual lease payments and the straight-lined amount is accounted for as an asset or liability that is net present valued.

### 1.13 Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. They are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the present value of the estimated costs required to settle the obligation.

Contingent liabilities or contingent assets are not recognised in the financial statements.

### 1.14 Impairment of assets

The carrying amount of the group's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is estimated annually for all goodwill and intangible assets with an indefinite useful life. The recoverable amount of an asset is calculated as the higher of its value in use or its fair value less cost to sell.

In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment calculation purposes, goodwill is allocated to the cash-generating units expected to benefit from the business combination.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Where the recoverable amount of an individual asset cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment loss on a cash-generating unit will be allocated first to goodwill and then to the other assets in the cash-generating unit on a proportionate basis.

A previously recognised impairment loss is reversed if the recoverable amount of the asset increases as a result of a change in the estimate used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss in respect of goodwill is not reversed.

### 1.15 Employee benefits

#### Medical aid obligation

Medical aid costs are recognised as an expense in the period in which the employees render services to the company. Differences between contributions payable and contributions actually paid are shown as either pre-payments or accruals in the statement of financial position. There are no post-retirement benefit obligations for former employees.

#### Post-retirement benefits

Certain group companies provide for retirement benefits for employees by payments to independently administered defined contribution pension and provident funds. Current contributions are charged against income as incurred. The group's obligation ceases once the amounts due for the period have been settled.

#### Employees' leave entitlement

Employees' entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the annual leave liability at the statement of financial position date.

#### Bonus obligations

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

### 1.16 Operating segments

Operating segments have been identified using the management approach as required by IFRS 8 in terms of which segment classification is determined according to the basis on which management and the board review the operating results.

for the year ended 31 August 2014

### 1.17 Foreign currencies

#### Foreign currency transactions

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction dates. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translations are credited to, or charged against income.

### 1.18 Management estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income or expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

#### Judgements made by management

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

##### *Asset lives and residual values*

Plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Deferred tax assets*

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

##### *Impairment of assets*

Goodwill is considered for impairment at least annually. Plant and equipment is considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit.

Future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

##### *Allowances for doubtful debts*

Based on past experience, allowances are raised for doubtful debtors. Accounts are written off when they are delinquent.

##### *Provisions*

Provisions are determined on estimates based on available information.

### 1.19 Share-based payments

The group operates a share-related incentive scheme that is accounted for as a cash-settled share-based payment scheme. The scheme is recognised at the fair value of the group's obligation in the statement of financial position over the vesting period up to and including settlement date with a corresponding charge to profit or loss. The liability is remeasured at each reporting date using the Black-Scholes model to reflect the revised value of the phantom shares at reporting date, adjusted for changes in assumptions including management's estimate of the number of phantom shares that will ultimately vest. Changes in the fair value are recognised in profit or loss.

### 1.20 Related party disclosure

We define key management personnel and prescribed officers as the directors of enX Group Limited.

# Notes to the annual financial statements

for the year ended 31 August 2014

	Cost 2014 R'000	Accumulated depreciation 2014 R'000	Carrying value 2014 R'000	Cost 2013 R'000	Accumulated depreciation 2013 R'000	Carrying value 2013 R'000
<b>2. Plant and equipment</b>						
<b>Group</b>						
Plant and equipment	60 637	(36 277)	24 360	60 206	(35 464)	24 742
Motor vehicles	24 181	(12 119)	12 062	22 362	(10 658)	11 704
Computer and office equipment	13 403	(10 011)	3 392	12 425	(9 167)	3 258
Leasehold improvements	5 053	(2 014)	3 039	2 548	(1 265)	1 283
<b>Total</b>	<b>103 274</b>	<b>(60 421)</b>	<b>42 853</b>	<b>97 541</b>	<b>(56 554)</b>	<b>40 987</b>
<b>Company</b>						
Computer and office equipment	212	(196)	16	203	(152)	51

For details of assets acquired under finance leases, please refer to Note 11.

	Carrying value opening balance R'000	Additions R'000	Disposals R'000	Depreciation allocated to cost of sales R'000	Depreciation included in operating expenses R'000	Closing net carrying value R'000
<b>Reconciliation of plant and equipment</b>						
<b>Group</b>						
<b>2014</b>						
Plant and equipment	24 742	4 263	(554)	(4 019)	(72)	24 360
Motor vehicles	11 704	3 457	(824)	-	(2 275)	12 062
Computer and office equipment	3 258	1 615	(61)	-	(1 420)	3 392
Leasehold improvements	1 283	2 585	(56)	-	(773)	3 039
	<b>40 987</b>	<b>11 920</b>	<b>(1 495)</b>	<b>(4 019)</b>	<b>(4 540)</b>	<b>42 853</b>
<b>Group</b>						
<b>2013</b>						
Plant and equipment	22 029	8 751	(1 640)	(1 619)	(2 779)	24 742
Motor vehicles	12 032	3 096	(837)	-	(2 587)	11 704
Computer and office equipment	3 435	1 220	(23)	-	(1 374)	3 258
Leasehold improvements	1 669	63	-	-	(449)	1 283
	<b>39 165</b>	<b>13 130</b>	<b>(2 500)</b>	<b>(1 619)</b>	<b>(7 189)</b>	<b>40 987</b>

	Carrying value opening balance R'000	Additions R'000	Depreciation included in operating expenses R'000	Closing net carrying value R'000
<b>Reconciliation of plant and equipment</b>				
<b>Company</b>				
<b>2014</b>				
Computer and office equipment	51	10	(45)	16
<b>Company</b>				
<b>2013</b>				
Computer and office equipment	108	8	(65)	51

for the year ended 31 August 2014

	Cost R'000	Accumulated impairments R'000	Carrying value R'000	Cost R'000	Accumulated impairments R'000	Carrying value R'000
<b>3. Goodwill</b>						
<b>Group</b>						
Goodwill	229 742	(134 198)	95 544	229 742	(134 198)	95 544

	Carrying value opening balance R'000	Closing net carrying value R'000
<b>2014</b>		
<b>Reconciliation of goodwill</b>		
<b>Group</b>		
Goodwill	95 544	95 544
<b>Goodwill is made up as follows:</b>		
Power	95 544	95 544
<b>2013</b>		
<b>Reconciliation of goodwill</b>		
<b>Group</b>		
Goodwill	95 544	95 544
<b>Goodwill is made up as follows:</b>		
Power	95 544	95 544

**Impairment review**

In accordance with IAS 36 the group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of goodwill relating to all cash-generating units (CGU's), which are the segments, has been determined on the basis of value-in-use calculations.

The group prepares cash flow forecasts for the following five years, based on the CGU's results and on management's budgets and business plans.

A terminal value is calculated based on a growth rate of 5%. The after-tax rate used to discount the forecast cash flows is 17,5%.

Based on the above calculations it was determined that no impairment was necessary for the year.

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>4. Deferred taxation</b>				
<b>The balance consists of:</b>				
Provision for leave pay and bonuses	4 178	3 043	1 536	554
Capital allowances	(4 801)	(6 232)	-	-
Allowance for bad debts	663	1 695	-	-
Provision for share-related incentives	3 989	371	3 989	371
Lease obligations	3 898	3 590	-	-
Provision for credit notes	-	50	-	-
Income received in advance	2 303	2 703	-	-
Prepayments	(796)	(92)	(19)	(18)
Tax losses	8 214	12 041	1 324	4 459
Finance lease liability	1 107	476	-	-
Other	-	(41)	-	-
	<b>18 755</b>	<b>17 604</b>	<b>6 830</b>	<b>5 366</b>
<b>Reconciliation of deferred taxation</b>				
Balance at beginning of the year	17 604	14 695	5 366	2 062
Provision for leave pay and bonuses	1 135	1 239	982	554
Allowance for bad debts	(1 032)	288	-	-
Capital allowances	1 431	260	-	-
Provision for share-related incentives	3 618	371	3 618	371
Prepayments	(704)	(92)	(1)	(18)
Provision for onerous lease	-	(3 712)	-	-
Lease obligations	308	779	-	-
Provision for credit notes	(50)	(18)	-	-
Income received in advance	(400)	(4 892)	-	-
Tax losses	(3 827)	9 979	(3 135)	2 397
Finance lease liability	631	(620)	-	-
Prior year error	-	(632)	-	-
Other	41	(41)	-	-
<b>Balance at end of the year</b>	<b>18 755</b>	<b>17 604</b>	<b>6 830</b>	<b>5 366</b>
<b>Disclosed on the statements of financial position as follows:</b>				
Deferred taxation asset	18 755	21 642	6 830	5 366
Deferred taxation liability	-	(4 038)	-	-
	<b>18 755</b>	<b>17 604</b>	<b>6 830</b>	<b>5 366</b>
<b>Tax losses</b>				
Tax losses at end of the year	(29 332)	(59 959)	(4 728)	(15 925)
Utilised to raise a deferred tax asset	29 332	43 004	4 728	15 925
Available to reduce future taxable income	-	(16 955)	-	-
Deferred taxation asset not raised on tax losses	-	2 038	-	-

**Recognition of deferred tax assets**

Deferred tax assets are raised only to the extent that future taxable income will be available against which the deferred tax asset can be set off. A deferred tax asset of R8,2 million (2013: R12,0 million) was raised based on tax losses available for set-off against future taxable income. Management has projected that future taxable income will be in excess of the tax losses.

for the year ended 31 August 2014

	Issued share capital R	Percentage held in subsidiary 2014	Percentage held in subsidiary 2013	Shares at cost 2014 R'000	Shares at cost 2013 R'000
<b>5. Investment in subsidiaries</b>					
<b>Name of company</b>					
New Way Power	100	100%	100%	219 120	219 120
Wood	10	100%	100%	34 836	34 836
PowerO <sup>2</sup>	300	100%	100%	*	*
Matase	1 000	49,9%	49,9%	*	*
				<b>253 956</b>	253 956

The carrying amounts of subsidiaries are shown net of impairment losses.

Subsequent to year-end, enX reduced its shareholding in Matase to 25%. Matase will be accounted for as an associate from 1 September 2014.

\* Amount less than R1 000

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>6. Inventories</b>				
Raw materials	28 426	39 682	-	-
Finished goods	97 980	105 013	-	-
Work-in-progress	10 258	17 221	-	-
Consumables	8 803	8 382	-	-
	<b>145 467</b>	170 298	-	-
Inventories are valued at the lower of cost and net realisable value.				
<b>7. Trade and other receivables</b>				
Gross trade receivables	129 429	84 339	-	-
Impairment allowance raised against trade receivables	(3 003)	(8 501)	-	-
Net trade receivables	126 426	75 838	-	-
Prepayments	1 914	1 553	68	64
Deposits	275	372	-	-
VAT	69	2 327	-	2 331
Other receivables	259	8 572	25	-
	<b>128 943</b>	88 662	<b>93</b>	2 395

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>7. Trade and other receivables (continued)</b>				
There is a cession of the gross trade receivables of R129,4 million (2013: R92,3 million) to Standard Bank Limited. This is a pledge of collateral against the banking facilities.				
Trade receivables are stated at cost less impairment provisions which normally approximate their fair value due to their short-term nature.				
<b>Movement in impairment provision raised against trade receivables:</b>				
Balance at beginning of year	8 501	6 667	-	-
Impairment provisions raised	684	1 834	-	-
Impairment provisions utilised	(6 041)	-	-	-
Impairment provisions reversed	(141)	-	-	-
	<b>3 003</b>	8 501	-	-

**Basis of raising provisions against receivables**

All trade and other receivables are continuously reviewed on an individual basis.

When all reasonable measures have been taken in recovering a receivable amount and when reasonable doubt exists as to the recoverability of any such individual receivable amount, a corresponding provision for impairment is raised.

Provisions for impairments raised against receivables are reversed when the receivable amount is either written off as a bad debt or when the amount for which a provision was previously raised is received.

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>8. Loans to/(from) group companies</b>				
<b>Subsidiaries</b>				
<b>New Way Power</b>	-	-	(11 510)	(21 253)
The loan bears interest at prime plus one percentage point and has no fixed maturity date, but may be repaid from time to time as mutually agreed by both parties.				
<b>Wood</b>	-	-	96 015	92 324
The loan bears interest at prime plus one percentage point and has no fixed maturity date, but may be repaid from time to time as mutually agreed by both parties.				
<b>Matase</b>	-	-	503	486
The loan bears no interest and has no fixed repayment terms.				
	-	-	<b>85 008</b>	71 557
Non-current assets	-	-	503	486
Current assets	-	-	96 015	92 324
Current liabilities	-	-	(11 510)	(21 253)
	-	-	<b>85 008</b>	71 557

for the year ended 31 August 2014

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>9. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Bank	73 520	40 184	1 804	13
Petty cash	124	154	-	-
	<b>73 644</b>	40 338	<b>1 804</b>	13
<b>Available banking facilities</b>				
Other interest-bearing group short-term banking facilities, incorporating vehicle and asset finance, letters of credit, fleet management services and credit cards, performance guarantees and a derivative product trading facility	129 600	44 270		
	<b>129 600</b>	44 270		
<b>Utilised facilities</b>				
Other interest-bearing group short-term banking facilities, incorporating vehicle and asset finance, letters of credit, fleet management services and credit cards, performance guarantees and a derivative product trading facility	42 550	28 634		
<b>Cession provided: pledge of collateral against the banking facility</b>				
Trade and other receivables	129 429	92 303		
<b>10. Stated capital</b>				
<b>Authorised</b>				
1 000 000 000 ordinary shares of no par value	-	-	-	-
<b>Issued</b>				
395 292 923 no par value shares	295 497	295 497	295 497	295 497
The unissued shares are under the control of the directors until the next annual general meeting, subject to the provisions of the Companies Act, 71 of 2008, as amended.				
<b>11. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	2 170	2 827	-	-
- in second to fifth year inclusive	1 819	4 252	-	-
	<b>3 989</b>	7 079	-	-
<i>Less: future finance charges</i>	<b>(384)</b>	(583)	-	-
<b>Present value of minimum lease payments</b>	<b>3 605</b>	6 496	-	-
<b>Present value of minimum lease payments due</b>				
- within one year	1 785	2 512	-	-
- in second to fifth year inclusive	1 820	3 984	-	-
	<b>3 605</b>	6 496	-	-
Non-current liabilities	1 820	3 984	-	-
Current liabilities	1 785	2 512	-	-
	<b>3 605</b>	6 496	-	-

## 11. Finance lease obligation (continued)

The group leases certain motor vehicles and equipment under finance leases. At the end of the financial year the monthly instalments amount to R324 635.

The average lease term is three years for motor vehicles and five years for equipment and the average effective borrowing rate was 9,6%.

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>12. Trade and other payables</b>				
Trade payables	62 430	40 597	-	-
Accruals	50 511	40 802	20 659	3 777
Income received in advance	1 583	2 978	-	-
Other payables	928	456	516	334
VAT	3 916	2 243	1 242	-
Other accrued expenses	-	364	-	-
	<b>119 368</b>	<b>87 440</b>	<b>22 417</b>	<b>4 111</b>
The directors consider the carrying amount of trade payables to approximate their fair value.				
The average credit period is between 30 and 60 days. No interest is charged on trade payables for the first 60 days from the date of invoice.				
The company has financial risk policies in place to ensure that all payables are paid within the credit time frame.				
<b>13. Provision for onerous lease</b>				
<b>Onerous lease contract</b>				
Opening balance	-	13 258	-	-
Reversed during the year	-	(13 258)	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wood provided for an onerous lease at one of its premises. Wood moved out of the building which was subsequently sub-let but for an amount less than the head lease rental. The onerous lease was settled during the course of the 2013 financial year.				
<b>14. Revenue</b>				
Services rendered	64 509	61 971	26 345	9 698
Sale of goods	520 497	440 738	-	-
	<b>585 006</b>	<b>502 709</b>	<b>26 345</b>	<b>9 698</b>

for the year ended 31 August 2014

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>15. Operating profit/(loss)</b>				
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises	(19 514)	(33 417)	-	(10 131)
Computer and office equipment	(206)	(140)	-	-
	<b>(19 720)</b>	<b>(33 557)</b>	<b>-</b>	<b>(10 131)</b>
Rental income received on the building which was sub-let	-	2 625	-	-
Profit on sale of plant and equipment	676	952	-	-
Profit/(loss) on foreign exchange	994	(1 581)	-	-
Depreciation on plant and equipment	(8 559)	(8 808)	(45)	(65)
Employee cost and directors' emoluments	(120 856)	(103 027)	(26 668)	(6 973)
Share-related incentive expense	(13 766)	(1 325)	(12 933)	(1 325)
Audit fees – audit services	(1 517)	(1 324)	(600)	(425)
– non-audit services provided by auditors	(70)	(66)	(17)	(66)
<b>16. Interest received</b>				
Funds on deposit with banks	1 662	1 619	9	2
Interest received from taxation authorities	52	-	-	-
Other	5	246	-	-
	<b>1 719</b>	<b>1 865</b>	<b>9</b>	<b>2</b>
<b>17. Interest paid</b>				
Bank overdraft	368	600	11	-
Interest paid to related parties	-	-	1 756	664
Interest paid to taxation authorities	58	1	52	-
Other	-	1 122	-	-
	<b>426</b>	<b>1 723</b>	<b>1 819</b>	<b>664</b>

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>18. Taxation</b>				
<b>Major components of the taxation expense/(income)</b>				
<b>South African normal taxation</b>				
Current year	1 776	-	-	-
Prior year overprovision	-	(63)	-	-
	<b>1 776</b>	<b>(63)</b>	<b>-</b>	<b>-</b>
<b>Deferred</b>				
Current year	(4 097)	(2 909)	(1 464)	(3 304)
Prior period correction adjustment	2 946	-	-	-
	<b>(1 151)</b>	<b>(2 909)</b>	<b>(1 464)</b>	<b>(3 304)</b>
	<b>625</b>	<b>(2 972)</b>	<b>(1 464)</b>	<b>(3 304)</b>
<b>Reconciliation of taxation</b>				
Accounting profit/(loss)	25 136	4 723	(5 401)	(11 849)
Taxation at South African normal taxation rate	7 038	1 322	(1 512)	(3 318)
<b>Tax effect of adjustments on taxable income/(loss):</b>				
Permanent differences	1 289	(171)	48	14
Deferred tax raised on assessed losses	(11)	-	-	-
Tax losses carried forward	(4 745)	(4 123)	-	-
Prior period correction adjustment	(2 946)	-	-	-
<b>Taxation expense/(income) per statement of comprehensive income</b>	<b>625</b>	<b>(2 972)</b>	<b>(1 464)</b>	<b>(3 304)</b>
<b>19. Cash generated from/(utilised in) operations</b>				
Profit/(loss) before taxation	25 136	4 723	(5 401)	(11 849)
<b>Adjustments for:</b>				
Depreciation	8 559	8 808	45	65
Profit on sale of assets	(676)	(952)	-	-
Interest received	(1 719)	(1 865)	(9)	(2)
Interest paid	426	1 723	1 819	664
Movement in provisions	-	(3 258)	-	-
Net impairment allowance against inventories utilised (refer to note 6)	(2 355)	(11 012)	-	-
Net impairment provision against trade and other receivables (utilised)/raised (refer to note 7)	(5 498)	1 834	-	-
<b>Changes in working capital:</b>				
Decrease in inventories	27 186	37 709	-	-
(Increase)/decrease in trade and other receivables	(34 783)	12 754	2 302	(2 289)
Increase/(decrease) in trade and other payables	31 928	(23 118)	18 306	3 092
	<b>48 204</b>	<b>27 346</b>	<b>17 062</b>	<b>(10 319)</b>
<b>20. Taxation paid</b>				
Balance at beginning of the year	5 189	4 529	-	-
Current tax for the year recognised in profit or loss	(1 776)	63	-	-
Balance at end of the year	(6 964)	(5 189)	-	-
	<b>(3 551)</b>	<b>(597)</b>	<b>-</b>	<b>-</b>

for the year ended 31 August 2014

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>21. Proceeds on disposal of plant and equipment</b>				
Book value of assets disposed	1 495	2 500	-	-
Profit on disposal of plant and equipment	676	952	-	-
<b>Proceeds on disposal of plant and equipment</b>	<b>2 171</b>	<b>3 452</b>	<b>-</b>	<b>-</b>
<b>22. Commitments</b>				
<b>Operating lease commitments</b>				
Computer and office equipment	994	307	-	-
Premises	99 587	118 619	-	-
	<b>100 581</b>	<b>118 926</b>	<b>-</b>	<b>-</b>
<b>These commitments accrue in the following periods:</b>				
Due by August 2014	-	19 187	-	-
Due by August 2015	20 918	20 686	-	-
Due by August 2016	21 828	21 619	-	-
Due by August 2017	20 105	19 921	-	-
Due by August 2018	26 533	22 184	-	-
Thereafter	11 197	15 329	-	-
	<b>100 581</b>	<b>118 926</b>	<b>-</b>	<b>-</b>

**Summary of group leases**

Lessee	Province	Escalation clause and renewal option	Lessor	Expiry date of lease
New Way Power	Western Cape	Monthly rental increases by 8% each year with renewal option	Neptune Investments Proprietary Limited	31 August 2017
New Way Power	KwaZulu-Natal	Monthly rental increases by 7% each year, renewal escalation to be agreed upon	MBD Family Trust	31 March 2017
New Way Power	Western Cape	Monthly rental increases by 8% each year with renewal option	Septay Investments Proprietary Limited	30 November 2016
New Way Power	Gauteng	Monthly rental increases by 8% each year with renewal option	30-38 Jacoba, Alberton North Proprietary Limited	30 April 2019
enX on behalf of Wood	Gauteng	Monthly rental increases by 9% each year with renewal option	Austrian Woodworking Machinery Proprietary Limited	31 August 2019
Wood	KwaZulu-Natal	Monthly rental increases by 9% each year with renewal option	The Grid Group – Wingay Development Company Proprietary Limited	30 June 2016
Wood	Gauteng	Monthly rental increases by 8% each year with renewal option	Richard Road Properties Investments CC	31 March 2016
Wood	Western Cape	Monthly rental increases by 8% each year with renewal option	Edgepro Proprietary Limited	31 August 2016
Wood	Eastern Cape	Monthly rental increases by 8% each year with renewal option	Flanegan's Property Trust	31 May 2017

No contingent rent is payable.

No restrictions are imposed by lease arrangements concerning dividends, additional debt and further leasing.

## 23. Retirement benefits

### Defined contribution plan

All contributions on behalf of employees are charged to the statement of comprehensive income as they are made.

The group has no liability toward any pension or provident fund apart from normal recurring monthly contributions deducted from the employees and paid to the relevant funds.

	Financial liabilities at fair value R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
<b>24. Financial instruments</b>						
<b>Categories of financial instruments</b>						
<b>Group</b>						
<b>2014</b>						
<b>Assets</b>						
<b>Non-current assets</b>						
Plant and equipment	-	-	-	42 853	-	42 853
Goodwill	-	-	-	95 544	-	95 544
Deferred taxation	-	-	-	18 755	-	18 755
<b>Current assets</b>						
Inventories	-	-	-	145 467	-	145 467
Trade and other receivables	-	126 960	-	1 983	-	128 943
Taxation receivable	-	-	-	8 744	-	8 744
Cash and cash equivalents	-	73 644	-	-	-	73 644
	-	200 604	-	313 346	-	513 950
<b>Equity and liabilities</b>						
<b>Equity</b>						
Stated capital	-	-	-	-	295 497	295 497
Retained income	-	-	-	-	94 117	94 117
Non-controlling interest	-	-	-	-	(417)	(417)
<b>Non-current liabilities</b>						
Finance lease obligation	-	-	1 820	-	-	1 820
<b>Current liabilities</b>						
Trade and other payables	-	-	63 358	56 010	-	119 368
Taxation payable	-	-	-	1 780	-	1 780
Finance lease obligation	-	-	1 785	-	-	1 785
	-	-	66 963	57 790	389 197	513 950

for the year ended 31 August 2014

	Financial liabilities at fair value R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
<b>24. Financial instruments (continued)</b>						
<b>Group</b>						
<b>2013</b>						
<b>Assets</b>						
<b>Non-current assets</b>						
Plant and equipment	-	-	-	40 987	-	40 987
Goodwill	-	-	-	95 544	-	95 544
Deferred taxation	-	-	-	21 642	-	21 642
<b>Current assets</b>						
Inventories	-	-	-	170 298	-	170 298
Trade and other receivables	-	84 782	-	3 880	-	88 662
Taxation receivable	-	-	-	5 191	-	5 191
Cash and cash equivalents	-	40 338	-	-	-	40 338
	-	125 120	-	337 542	-	462 662
<b>Equity and liabilities</b>						
<b>Equity</b>						
Stated capital	-	-	-	-	295 497	295 497
Retained income	-	-	-	-	69 399	69 399
Non-controlling interest	-	-	-	-	(210)	(210)
<b>Non-current liabilities</b>						
Finance lease obligation	-	-	3 984	-	-	3 984
Deferred taxation	-	-	-	4 038	-	4 038
<b>Current liabilities</b>						
Trade and other payables	-	-	41 417	46 023	-	87 440
Taxation payable	-	-	-	2	-	2
Finance lease obligation	-	-	2 512	-	-	2 512
	-	-	47 913	50 063	364 686	462 662

## 24. Financial instruments (continued)

### Company

2014

#### Assets

##### Non-current assets

Plant and equipment

Financial liabilities at fair value R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
-	-	-	16	-	16
-	503	-	-	-	503
-	-	-	6 830	-	6 830
-	-	-	253 956	-	253 956
<b>Current assets</b>					
-	25	-	68	-	93
-	96 015	-	-	-	96 015
-	1 804	-	-	-	1 804
-	98 347	-	260 870	260 870	359 217
<b>Equity and liabilities</b>					
Equity					
-	-	-	-	295 497	295 497
-	-	-	-	29 793	29 793
Current liabilities					
-	-	11 510	-	-	11 510
-	-	516	21 901	-	22 417
-	-	12 026	21 901	325 290	359 217

Loans receivable

Deferred taxation

Investments in subsidiaries

#### Current assets

Trade and other receivables

Loans to group companies

Cash and cash equivalents

#### Equity and liabilities

##### Equity

Stated capital

Retained income

##### Current liabilities

Loan from group company

Trade and other payables

for the year ended 31 August 2014

	Financial liabilities at fair value R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial assets and liabilities R'000	Equity R'000	Total R'000
<b>24. Financial instruments (continued)</b>						
<b>Company</b>						
<b>2013</b>						
<b>Assets</b>						
Non-current assets						
Plant and equipment	-	-	-	51	-	51
Loans receivable	-	486	-	-	-	486
Deferred taxation	-	-	-	5 366	-	5 366
Investments in subsidiaries	-	-	-	253 956	-	253 956
Current assets						
Trade and other receivables	-	-	-	2 395	-	2 395
Loans to group companies	-	92 324	-	-	-	92 324
Cash and cash equivalents	-	13	-	-	-	13
	-	92 823	-	261 768	-	354 591
<b>Equity and liabilities</b>						
Equity						
Stated capital	-	-	-	-	295 497	295 497
Retained income	-	-	-	-	33 730	33 730
Current liabilities						
Loan from group company	-	-	21 253	-	-	21 253
Trade and other payables	-	-	334	3 777	-	4 111
	-	-	21 587	333 004	333 004	354 591

**Interest rate risk management**

The group has had surplus cash throughout the year. The significance of this surplus cash to the statement of financial position exposes the group to interest rate risk.

This interest rate risk is managed through commercial banking facilities by the group's executive.

At year-end cash was invested with one large commercial bank. The investment of surplus funds is reviewed from time to time.

The group was exposed to a floating interest rate on the finance leases. The rate is linked to prime. The risk of movement in the rate is not material to the group.

The group's interest rate profile consists of floating rate loans and bank balances which expose the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>24. Financial instruments (continued)</b>				
<b>Financial assets</b>				
Loans granted and bank deposits at no interest	126 960	84 782	528	486
Loans granted and bank deposits linked to South African money market rates	73 644	40 338	97 819	92 337
	<b>200 604</b>	125 120	<b>98 347</b>	92 823
<b>Financial liabilities</b>				
Financing received and banking facilities at no interest	63 358	41 417	516	334
Financing received and banking facilities linked to South African prime rates	3 605	6 496	11 510	21 253
	<b>66 963</b>	47 913	<b>12 026</b>	21 587

## Interest rate sensitivity analysis

	Carrying value at statement of financial position date R'000	Reasonable possible change %	Pre-tax statement of comprehensive income impact R'000
<b>Group</b>			
<b>2014</b>			
<b>Financial assets</b>			
Loans granted and bank deposits linked to South African money market rates	73 644	1	736
	<b>73 644</b>		<b>736</b>
<b>Group</b>			
<b>2013</b>			
<b>Financial assets</b>			
Loans granted and bank deposits linked to South African money market rates	40 338	1	403
	40 338		403
<b>Company</b>			
<b>2014</b>			
<b>Financial assets</b>			
Loans granted and bank deposits linked to South African money market rates	97 819	1	978
	<b>97 819</b>		<b>978</b>
<b>Company</b>			
<b>2013</b>			
<b>Financial assets</b>			
Loans granted and bank deposits linked to South African money market rates	92 337	1	923
	92 337		923

for the year ended 31 August 2014

	Carrying value at statement of financial position date R'000	Reasonable possible change %	Pre-tax statement of comprehensive income impact R'000
<b>24. Financial instruments (continued)</b>			
<b>Group</b>			
<b>2014</b>			
<b>Financial liabilities</b>			
Financing received on banking facilities linked to South African prime rates	3 605	1	36
	<b>3 605</b>		<b>36</b>
<b>Group</b>			
<b>2013</b>			
<b>Financial liabilities</b>			
Financing received on banking facilities linked to South African prime rates	6 496	1	65
	6 496		65
<b>Company</b>			
<b>2014</b>			
<b>Financial liabilities</b>			
Financing received on banking facilities linked to South African prime rates	11 510	1	115
	<b>11 510</b>		<b>115</b>
<b>Company</b>			
<b>2013</b>			
<b>Financial liabilities</b>			
Financing received on banking facilities linked to South African prime rates	21 253	1	213
	21 253		213

**Credit risk management**

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the group.

Trade accounts receivable consist of a large, widespread customer base. Group companies regularly monitor the financial position of their customers. The granting of credit is controlled by credit applications and account limits.

The group's cash and cash equivalents and short-term deposits are placed with a major bank with a strong credit rating.

The carrying amounts of financial assets included in the consolidated statement of financial position represent the group's maximum exposure to credit risk in relation to these assets.

	Government/ parastatals R'000	Major listed corporates R'000	Other corporates R'000	Small and medium enterprises R'000	Other R'000	Total R'000
<b>24. Financial instruments (continued)</b>						
<b>Group 2014</b>						
<b>Financial assets that are neither past due nor impaired</b>	<b>991</b>	<b>61 485</b>	<b>3 142</b>	<b>3 777</b>	<b>18 849</b>	<b>88 244</b>
<b>Financial assets that are past due but not impaired</b>						
Overdue less than 30 days	457	13 722	16 152	15 771	1 870	47 972
Between 30 and 60 days	168	5 939	17 589	4 221	648	28 565
Between 60 and 90 days	(26)	5 654	1 970	1 927	203	9 728
90 days and more	3	9 570	9 259	8 341	(511)	26 662
	<b>602</b>	<b>34 885</b>	<b>44 970</b>	<b>30 260</b>	<b>2 210</b>	<b>112 927</b>
<b>Financial assets that are impaired</b>						
Carrying value	-	-	-	2 436	-	2 436
	<b>1 593</b>	<b>96 370</b>	<b>48 112</b>	<b>36 473</b>	<b>21 059</b>	<b>203 607</b>
Provision for impairment	-	-	-	(3 003)	-	(3 003)
<b>Total credit exposure</b>	<b>1 593</b>	<b>96 370</b>	<b>48 112</b>	<b>33 470</b>	<b>21 059</b>	<b>200 604</b>

There is a cession of the gross trade receivables to Standard Bank Limited, refer to note 7.

	Government/ parastatals R'000	Major listed corporates R'000	Other corporates R'000	Small and medium enterprises R'000	Other R'000	Total R'000
<b>Group 2013</b>						
<b>Financial assets that are neither past due nor impaired</b>	-	18 064	-	-	23 232	41 296
<b>Financial assets that are past due but not impaired</b>						
Overdue less than 30 days	7	9 240	7 238	17 546	1 933	35 964
Between 30 and 60 days	-	3 670	8 415	7 419	2 140	21 644
Between 60 and 90 days	-	4 172	3 273	2 925	90	10 460
90 days and more	(6)	5 971	6 554	9 150	2 588	24 257
	<b>1</b>	<b>23 053</b>	<b>25 480</b>	<b>37 040</b>	<b>6 751</b>	<b>92 325</b>
<b>Financial assets that are impaired</b>						
Carrying value	-	-	-	8 501	-	8 501
	<b>1</b>	<b>41 117</b>	<b>25 480</b>	<b>45 541</b>	<b>29 983</b>	<b>142 122</b>
Provision for impairment	-	-	-	(8 501)	-	(8 501)
<b>Total credit exposure</b>	<b>1</b>	<b>41 117</b>	<b>25 480</b>	<b>37 040</b>	<b>29 983</b>	<b>133 621</b>

There is a cession of the gross trade receivables to Standard Bank Limited, refer to note 7.

for the year ended 31 August 2014

	Government/ parastatals R'000	Major listed corporates R'000	Other corporates R'000	Small and medium enterprises R'000	Other R'000	Total R'000
<b>24. Financial instruments (continued)</b>						
<b>Company 2014</b>						
Financial assets that are neither past due nor impaired	-	1 804	96 518	-	25	98 347
<b>Company 2013</b>						
Financial assets that are neither past due nor impaired	-	13	92 810	-	-	92 823

**Liquidity risk management**

Liquidity risk is the risk that the group will be unable to meet a financial commitment when it falls due. This risk is minimised through the holding of cash balances and banking facilities.

In addition, cash flow forecasts are monitored so that the cash needs of the group are managed according to its requirements.

The following tables detail the group's remaining contractual maturity for its financial liabilities based on the expected repayment profile.

The tables have been prepared based on the undiscounted cash flows of financial liabilities and are based on the earliest date on which the group can be expected to pay.

The tables include both interest and principal cash flows.

	No terms R'000	Within 1 year R'000	Within 2 years R'000	Within 3 – 5 years R'000	Longer than 5 years R'000	Total R'000
<b>Group 2014</b>						
Trade and other payables	-	63 358	-	-	-	63 358
Finance lease obligation	-	2 170	1 819	-	-	3 989
	-	65 528	1 819	-	-	67 347
<b>Group 2013</b>						
Trade and other payables	-	41 417	-	-	-	41 417
Finance lease obligation	-	2 827	2 128	2 124	-	7 079
	-	44 244	2 128	2 124	-	48 496
<b>Company 2014</b>						
Loan from group company	12 690	-	-	-	-	12 690
Trade and other payables	-	516	-	-	-	516
	12 690	516	-	-	-	13 206
<b>Company 2013</b>						
Loan from group company	23 272	-	-	-	-	23 272
Trade and other payables	-	334	-	-	-	334
	23 272	334	-	-	-	23 606

## 24. Financial instruments (continued)

### Foreign exchange risk

The group is exposed to foreign exchange risk. This risk is managed by covering material inventory orders with foreign exchange contracts.

### Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern.

The capital structure of the company consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued capital, reserves and retained earnings.

	Director fees R'000	Salary R'000	Com- mission R'000	Incentives R'000	Unrealised long-term incentive scheme R'000	Contri- bution to medical aid R'000	Other benefits R'000	Total R'000
<b>25. Directors' emoluments</b>								
<b>2014</b>								
<b>Directors' emoluments including direct and indirect benefits for the year ended 31 August 2014 are as follows:</b>								
<b>Paid by enX</b>								
PC Baloyi (a)*	121	-	-	-	-	-	-	121
DS Brouze (b)*	107	-	-	-	-	-	-	107
JS Friedman	-	1 722	-	1 378 <sup>#</sup>	3 711 <sup>+</sup>	-	-	6 810
SB Joffe (c)*	45	-	-	-	-	-	-	45
NV Lila (d)*	124	-	-	-	-	-	-	124
PM Makwana (e)*	115	-	-	-	-	-	-	115
PD Mansour	-	1 722	-	1 378 <sup>#</sup>	5 301 <sup>+</sup>	-	-	8 401
GS Nzalo (f)*	179	-	-	-	-	-	-	179
PS O'Flaherty (g)*	106	-	-	-	-	-	-	106
AJ Phillips*	484	-	-	-	-	-	-	484
U Schäckermann (h)*	188	-	-	-	-	-	-	188
	<b>1 469</b>	<b>3 444</b>	<b>-</b>	<b>2 755</b>	<b>9 012</b>	<b>-</b>	<b>-</b>	<b>16 680</b>

\* Non-executive director

a) PC Baloyi was appointed on 12 February 2014

b) DS Brouze resigned on 14 May 2014

c) SB Joffe was appointed on 14 May 2014

d) NV Lila was appointed on 12 February 2014

e) PM Makwana was appointed on 12 February 2014

f) GS Nzalo resigned on 14 May 2014

g) PS O'Flaherty was appointed on 12 February 2014

h) U Schäckermann resigned on 14 May 2014

<sup>#</sup> JFN was awarded a cash incentive of R4 132 800 for the year ended 31 August 2014, calculated as 80% of the annual remuneration earned by PD Mansour, JS Friedman and C Neuberger. Save for this incentive paid to JFN, PD Mansour and JS Friedman are not entitled to receive any other annual incentive from enX.

<sup>+</sup> The unrealised gains earned by PD Mansour and JS Friedman relate to their share of the IFRS2 charge raised on the additional fee that will become payable to JFN in the future as detailed in note 28.

For details of directors' participation in the group's phantom share scheme, refer to note 28.

for the year ended 31 August 2014

	Director fees R'000	Salary R'000	Com- mission R'000	Incentives R'000	Unrealised long-term incentive scheme R'000	Contri- bution to medical aid R'000	Other benefits <sup>Δ</sup> R'000	Total R'000
<b>25. Directors' emoluments (continued)</b>								
<b>2013</b>								
<b>Directors' emoluments including direct and indirect benefits for the year ended 31 August 2013 are as follows:</b>								
<b>Paid by enX</b>								
DS Brouze*	125	-	-	-	-	-	-	125
JS Friedman (a)	-	630	-	187 <sup>#</sup>	386 <sup>+</sup>	-	-	1 203
PD Mansour (b)	-	630	-	143 <sup>#</sup>	552 <sup>+</sup>	-	-	1 325
GS Nzalo*	214	-	-	-	-	-	-	214
AJ Phillips*	447	-	-	-	-	-	-	447
U Schäckermann*	227	-	-	-	-	-	-	227
<b>Paid by subsidiaries</b>								
JO Freed (c)	-	3 132	-	-	-	-	20	3 152
JR Freed (d)	-	1 532	2 822	-	-	95	27	4 476
C Jacobs (e)	-	792	-	-	-	27	-	819
	1 013	6 716	2 822	330	938	122	47	11 988

\* Non-executive director

a) JS Friedman was appointed on 15 April 2013

b) PD Mansour was appointed on 15 April 2013

c) JO Freed resigned on 27 August 2013

d) JR Freed resigned on 30 September 2013

e) C Jacobs was dismissed on 11 December 2012

Δ Other benefits include leave pay and medical aid contributions.

# The incentives earned by PD Mansour and JS Friedman were received in their capacity as beneficiaries of JFN from the incentive paid by enX to JFN. JFN was awarded a cash incentive of R1 890 000 for the year ended 31 August 2013.

+ The unrealised gains earned by PD Mansour and JS Friedman relate to their share of the IFRS2 charge raised on the additional fee that will become payable to JFN in the future as detailed in note 30.

For details of director's participation in the group phantom share scheme, refer to note 28.

## 26. Related parties

DS Brouze, who was a director of enX until 14 May 2014, is an indirect shareholder of Austrian Woodworking Machinery Proprietary Limited.

DS Brouze, who was a director of enX until 14 May 2014, is an indirect shareholder of Salamax 1987 Proprietary Limited.

DS Brouze, who was a director of enX until 14 May 2014, is an indirect shareholder of 30 – 38 Jacoba Alberton North Proprietary Limited.

JO Freed, who was a director of enX and New Way Power until 27 August 2013 is a member of Vonnie CC.

JO Freed, who was a director of enX and New Way Power until 27 August 2013, is a director and shareholder of Septyay Investments Proprietary Limited.

HT Heye, who was a director of New Way Power until 12 February 2014, is connected to Neptune Investments Proprietary Limited via his parents who are beneficiaries of a trust that owns 100% of Neptune Investments Proprietary Limited.

PS O'Flaherty, who is a director of enX, is a director and shareholder of O'Flaherty Projects Proprietary Limited.

JFN has been contracted to provide strategic and business support services to enX. SB Joffe, PD Mansour and JS Friedman, who are directors of enX, are also directors and shareholders of JFN. Management fees and cash incentives were paid and share-related incentives are outstanding to JFN during the year.

Ricophase is a 29,1% shareholder in enX and is owned by the David Brouze Trust (DS Brouze, who was a director of enX until 14 May 2014, is a beneficiary of this trust), the SADES Family Trust (SB Joffe, who is a director of enX, is a trustee and beneficiary of this trust), PD Mansour, who is a director of enX, The JSF Family Trust (JS Friedman, who is a director of enX, is a trustee and beneficiary of this trust) and C Neuberger, who is a director of Wood.

All transactions between group companies are concluded at arm's length. On consolidation, inter-company transactions are eliminated.

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>Related-party balances</b>				
<b>Loans receivable/(payable) inter-group</b>				
New Way Power	-	-	(11 510)	(21 253)
Wood	-	-	96 015	92 324
Matase	-	-	503	486
	-	-	85 008	71 557
<b>Related-party transactions</b>				
<b>Interest paid</b>				
New Way Power	-	-	(1 756)	(1 343)
	-	-	(1 756)	(1 343)
<b>Management/administration fees received</b>				
New Way Power	-	-	21 076	6 238
Wood	-	-	5 269	3 460
	-	-	26 345	9 698
<b>Management and incentive fees paid</b>				
JFN				
- Management fees	1 722	1 673	1 722	1 673
- Incentives	4 133	1 890	4 133	1 890
- IFRS 2 charge (refer to note 28)	12 921	1 325	12 921	1 325
	18 776	4 888	18 776	4 888

for the year ended 31 August 2014

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
<b>26. Related parties (continued)</b>				
<b>Other fees paid</b>				
Salamax 1987 (Pty) Ltd: rent paid and settlement of lease	-	15 364	-	10 000
Septy Investments (Pty) Ltd: rent paid	871	806	-	-
Vonnie CC: rent paid	-	60	-	-
Austrian Woodworking Machinery (Pty) Ltd: rent paid	3 611	3 750	-	-
30 – 38 Jacoba Alberton North (Pty) Ltd: rent paid	11 750	10 649	-	-
Neptune Investments (Pty) Ltd: rent paid	300	340	-	-
O'Flaherty Projects (Pty) Ltd: consulting fees paid	385	-	385	-
	<b>16 917</b>	<b>30 969</b>	<b>385</b>	<b>10 000</b>
<b>27. Earnings per share</b>				
<b>Basic earnings per share</b>				
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year				
<b>Basic earnings per share and diluted earnings per share</b>				
From continuing operations (cents)	<b>6,3</b>	2,0		
Basic earnings per share and diluted earnings per share were based on earnings of R24,7 million (2013: R7,9 million) and a weighted average number of ordinary shares of 395 292 923 (2013: 395 292 923).				
<b>Headline earnings per share and diluted headline earnings per share</b>				
Headline earnings per share and diluted headline earnings per share (cents)	<b>6,1</b>	1,8		
<b>Reconciliation between earnings and headline earnings</b>				
Basic earnings attributable to owners of the parent	<b>24 718</b>	7 904		
<b>Adjusted for:</b>				
Net profit on disposal of plant and equipment	<b>(676)</b>	(952)		
Tax effect thereon	<b>189</b>	267		
<b>Headline earnings</b>	<b>24 231</b>	7 219		
<b>Reconciliation between headline earnings and adjusted headline earnings</b>				
Headline earnings	<b>24 231</b>	7 219		
<b>Adjusted for:</b>				
Onerous lease effect	-	(2 457)		
Inventory write-off	-	13 231		
Obsolete inventory allowance	-	5 421		
Share-based payment expense	<b>13 766</b>	1 325		
Legal costs relating to Freed litigation	<b>3 211</b>	-		
Deferred taxation adjustment	<b>(2 946)</b>	-		
Tax effect thereon	<b>(3 854)</b>	(4 076)		
<b>Adjusted headline earnings</b>	<b>34 408</b>	20 663		
Adjusted headline earnings per share (cents)	<b>8,7</b>	5,2		

## 28. Employee benefits

### Directors' participation in share-related incentive schemes

As part of the management agreement entered into with JFN on 15 April 2013, and in order to align the interests of JFN with those of the company's shareholders, subject to this agreement not being terminated or cancelled at any time prior to the first anniversary of the commencement date, on the earlier of (i) the termination of the management agreement (in the absence of an event of default on the part of JFN) or (ii) 31 December 2015 (the earlier of (i) and (ii) being referred to herein as the "determination date"), JFN will become entitled to an additional fee, the quantum of which is to be referenced off any appreciation in the company's share price in excess of 47 cents over the period between the commencement date and the determination date in respect of a notional holding of 19 500 000 enX shares (herein referred to as "units").

This additional fee has been valued at 31 August 2014 in accordance with IFRS 2 with the expense relating thereto being recognised evenly over the vesting period. The FY2014 expense recognised amounted to R12 921 456.

Directors SB Joffe, PD Mansour and JS Friedman, through JFN, are beneficiaries of this additional fee as detailed below:

	2014 Number of units '000	2013 Number of units '000
<b>PD Mansour</b>		
At beginning of the year	<b>8 000</b>	–
Allocations of units	–	8 000
<b>Balance at end of the year</b>	<b>8 000</b>	8 000
<b>JS Friedman</b>		
At beginning of the year	<b>5 600</b>	–
Allocation of units	–	5 600
<b>Balance at end of the year</b>	<b>5 600</b>	5 600
<b>Remaining JFN beneficiaries</b>		
At beginning of the year	<b>5 900</b>	–
Allocation of units	–	5 900
<b>Balance at end of the year</b>	<b>5 900</b>	5 900
<b>Total JFN Incentive</b>	<b>19 500</b>	19 500

### Management participation in share-related incentive schemes

In order to align the interests of management with those of shareholders, share-related incentives were awarded to certain key members of the management team during the year. These incentives entitle the recipients to a cash settlement upon vesting, the quantum of which is to be referenced off any appreciation in the company's share price in excess of the strike price over the period between the commencement date and the determination date in respect of a notional holding of 7 300 000 enX shares. These share-related incentives were granted at various strike prices and vesting dates.

for the year ended 31 August 2014

**28. Employee benefits (continued)****Valuation of share-related incentive schemes**

	2014 Valuation R'000	2013 Valuation R'000
Balance at beginning of the year	<b>1 325</b>	–
Fair value of cash-settled share-based payment transactions	<b>12 921</b>	–
Allocation of units	<b>845</b>	1 325
<b>Liability at end of the year</b>	<b>15 091</b>	1 325

Share-related incentives are valued using the Black-Scholes model.

**29. Events after reporting date**

As stated in the SENS announcement on 13 August 2014, which detailed enX's proposed acquisition of Centlube, a component of the purchase consideration for Centlube was dependent on the conclusion of the distribution arrangement with a certain global oil major and significant player in the lubricants industry. Centlube has since concluded a Lubricants Distributor Agreement with ExxonMobil Petroleum and Chemical BVBA which, with effect from 1 January 2015, has appointed Centlube as a distributor of Mobil lubricants for its automotive and industrial line of business in South Africa, Lesotho and Swaziland as well as in respect of certain Strategic Global Accounts in selected sub-Saharan African countries. Accordingly, the purchase consideration for Centlube increased by an additional R16 million upon implementation of the transaction. Centlube will also continue as a licensee and distributor of ENI lubricants and produce steel rolling fluids on behalf of Houghton plc.

The Centlube acquisition is also an acquisition from a related party as Ricophase is an indirect shareholder of Centlube and Ricophase is also a material shareholder of enX.

As per the SENS announcement on 30 October 2014, the board proposed changing the name of the company from Austro Group Limited to enX Group Limited to better reflect the strategic intent of the group.

A circular detailing the proposed acquisition of Centlube and the proposed name change was posted to shareholders on 30 October 2014. Shareholders voted in favour of both the acquisition of Centlube and the proposed name change at a general meeting which took place on 1 December 2014. At this date, Centlube had total assets of R69 068 474 and total liabilities of R31 764 800.

Subsequent to year-end, enX decreased its shareholding in Matase to 25%. Matase will henceforth be accounted for as an associate.

Apart from the above there have been no material events subsequent to year-end that have not been taken into account in the financial statements.

# Shareholder information

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Est in 2011

enX has embarked on an Enterprise Development initiative with associate Matase. The objective of Matase is to develop and grow itself as an empowered industrial solutions company. The group supports Matase by granting it distributorship of its products and services. Outside of that, Matase has the freedom to grow as it sees fit.



Head office in Johannesburg

## Shareholder analysis\*

for the year ended 31 August 2014

<b>Shareholder spread</b>	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	82	13,18	41 624	0,01
1 001 – 10 000 shares	242	38,91	1 136 597	0,29
10 001 – 100 000 shares	200	32,15	7 982 832	2,02
100 001 – 1 000 000 shares	63	10,13	26 371 549	6,67
1 000 001 shares and over	35	5,63	359 760 321	91,01
<b>Totals</b>	<b>622</b>	<b>100,00</b>	<b>395 292 923</b>	<b>100,00</b>
<b>Distribution of shareholders</b>				
Banks/brokers	6	0,96	5 322 112	1,35
Close corporations	9	1,45	2 025 401	0,51
Individuals	525	84,41	107 640 791	27,23
Insurance companies	1	0,16	10 559	0,00
Medical schemes	1	0,16	1 500	0,00
Mutual funds	3	0,48	6 149 200	1,56
Nominees and trusts	28	4,50	13 651 203	3,45
Other corporations	14	2,25	5 139 626	1,30
Private companies	33	5,31	208 351 756	52,71
Public company	1	0,16	775	0,00
Retirement funds	1	0,16	47 000 000	11,89
<b>Totals</b>	<b>622</b>	<b>100,00</b>	<b>395 292 923</b>	<b>100,00</b>
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>	<b>2</b>	<b>0,32</b>	<b>199 505 225</b>	<b>50,47</b>
Directors of the company <sup>†</sup>	–	–	–	–
Strategic shareholders (more than 10%)	3	0,32	199 505 225	50,47
<b>Public shareholders</b>	<b>620</b>	<b>99,68</b>	<b>195 787 698</b>	<b>49,53</b>
<b>Totals</b>	<b>622</b>	<b>100,00</b>	<b>395 292 923</b>	<b>100,00</b>
<b>Beneficial shareholders holding 5% or more</b>				
Ricophase			109 005 225	27,58
Autoworkers Provident Fund			47 000 000	11,89
Quixley Global Inc			43 500 000	11,00
David Brouze (beneficial and non-beneficial)			36 589 945	9,26
Peregrine Equities Proprietary Limited			29 070 372	7,35
Brian Downs			20 000 000	5,06
<b>Totals</b>			<b>285 165 542</b>	<b>72,14</b>

\* An additional 26 396 095 shares were issued on 18 December 2014 as part of the purchase consideration for Centlube

† While no directors hold shares directly in enX, Paul Mansour, Jarrod Friedman and Steven Joffe hold shares indirectly via Ricophase. See Directors' shareholdings on page 52.

Financial year-end	31 August
Preliminary annual results announcement	19 November 2014
Annual report posted	February 2015
Annual general meeting	13 May 2015
Interim results announcement	May 2015

for the year ended 31 August 2014

### enX Group Limited

(formerly Austro Group Limited)

(Incorporated in the Republic of South Africa)

(Registration number: 2001/029771/06)

JSE share code: ENX

ISIN: ZAE000195723

("enX" or "the company")

Notice is hereby given that the annual general meeting of shareholders of enX will be held at 10:30 on Wednesday, 13 May 2015 at 202 D, 11 Crescent Drive, Melrose Arch, Johannesburg, Gauteng for the following purposes:

1. To consider and adopt the annual financial statements (including the reports of the directors, the Audit & Risk Committee and of the independent auditors) for the financial year ended 31 August 2014;
2. To transact such other business as may be transacted at an annual general meeting of a company including the reappointment of the auditors and re-election of retiring directors; and
3. To consider and, if deemed fit, to pass, with or without modification, the special and ordinary resolutions set out below, in the manner required by the Companies Act (Act 71 of 2008), as amended (the "Companies Act").

### Important dates to note

Record date for receipt of notice purposes	20 February 2015
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	22 April 2015
Record date for voting purposes ("voting record date")	30 April 2015
Last day to lodge forms of proxy by 10:30 on	11 May 2015
Annual general meeting to be held at 202 D, 11 Crescent Drive, Melrose Arch	13 May 2015
Results of annual general meeting released on SENS	13 May 2015

In terms of section 62(3)(e) of the Companies Act:

- A shareholder who is entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the annual general meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein; and
- A proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all shareholders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

### Special resolution number 1: share repurchases

"Resolved that the company or any of its subsidiaries be authorised by way of a general authority pursuant, *inter alia*, to sections 46 and 48 of the Companies Act, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company and provided that this authority shall not extend beyond 15 months from date of passing this special resolution, for the company or any subsidiary of the company to acquire shares of the company, subject to the Listings Requirements of the JSE Limited (JSE) on the following basis:

1. Repurchases of shares must be effected through the order book operated by the JSE trading system, and done without any prior understanding or arrangement between the company and the counterparty;
2. At any point in time, the company may only appoint one agent to effect repurchases on its behalf;
3. The company (or any subsidiary) must be authorised thereto by its memorandum of incorporation;
4. The number of shares which may be acquired pursuant to this authority in any financial year (which commenced on 1 September 2014) may not in the aggregate exceed 20% (twenty percent) (or 10% where such acquisitions are effected by a subsidiary) of the company's share capital as at the date of this notice of annual general meeting;
5. Repurchases of shares may not be made at a price more than 10% (ten percent) above the weighted average of the market value on the JSE of the shares in question for the 5 (five) business days immediately preceding the repurchase;

6. Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) is in place and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
7. After the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the number of shares in issue (at the time that authority from shareholders for the repurchase is granted), the company shall publish an announcement to such effect, or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time;
8. The board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the company."

The passing of special resolution number 1 requires the approval of at least a 75% majority of voting rights exercised on the resolution.

*In accordance with the Listings Requirements of the JSE, the directors record that:*

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors undertake that, after considering the maximum number of securities which may be repurchased and the price at which the repurchases may take place pursuant to the buy-back general authority, for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the company and of the group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and of the group after the repurchase; and
- the working capital, share capital and reserves of the company and of the group will be adequate for the purposes of the business of the company and its subsidiaries.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Share capital of the company – page 51
- Major beneficial shareholders – page 92

## Directors' responsibility statement

The directors, whose names appear on pages 16 and 17 of the annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the special resolution 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 the special resolution contains all information required in terms of the Companies Act and the JSE Listings Requirements.

## Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the year ended 31 August 2014 and up to the date of this notice.

## Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to afford directors of the company or a subsidiary of the company general authority to effect a buy-back of the company's shares on the JSE. The effect of the resolution will be that the directors will have the authority, subject to the Rules and Requirements of the JSE, to effect acquisitions of the company's shares on the JSE.

## Special resolution number 2: approval of directors' remuneration for their services as directors

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

- 2.1 Resolved that the fees per financial year payable by the company to the non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest, as follows:

for the year ended 31 August 2014

#### Non-executive directors

The attendance fee structure for non-executive directors is set out in detail below:

Type of fee	Existing fee in 2013/14	Proposed annual fee 2014/15	Proposed annual fee 2015/16
<b>Board</b>			
Chairman	R354 040	R375 282	R397 799
Member	R143 100	R151 686	R160 787
<b>Audit &amp; Risk Committee</b>			
Chairman	R72 080	R76 405	R80 989
Member	R35 510	R37 641	R39 899
<b>Remuneration Committee</b>			
Chairman	R59 360	R62 922	R66 697
Member	R35 510	R37 641	R39 899
<b>Social &amp; Ethics Committee</b>			
Chairman	R59 360	R62 922	R66 697
Member	R35 510	R37 641	R39 899

2.2 Resolved that an annual increase, as determined by the Remuneration Committee and the board, amounting to an annual increase of 6% of the fees payable for the preceding financial year to the non-executive directors for their services as directors, be and is hereby approved for a period of two years from the passing of this resolution or until its renewal, whichever is the earliest."

The passing of special resolutions numbers 2.1 and 2.2 require the approval of at least a 75% majority of voting rights exercised on the resolutions.

#### Reason for and effect of special resolution number 2.1

To obtain shareholder approval by way of a special resolution in accordance with section 66 of the Companies Act for the payment by the company of remuneration of each of the non-executive directors of the company for each non-executive director's services as a non-executive director.

#### Reason for and effect of special resolution number 2.2

As the fees payable to non-executive directors are, from time to time, benchmarked to other companies with a similar market capitalisation taking into account the estimated time and the other requirements of directors, an annual increase not exceeding 6% is proposed for approval in the subsequent year.

#### Special resolution number 3: financial assistance to related and inter-related companies

"Resolved that, to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provisions of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure for a period of two years or until its renewal at the annual general meeting of the company to be held in respect of the ensuing financial year and further provided that inasmuch as the company's provision of financial assistance will at any time and all times be in excess of one-tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of the fact."

The passing of special resolution number 3 requires the approval of at least a 75% majority of voting rights exercised on the resolution.

### Reason for and effect of special resolution number 3

The company would like the ability to continue to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. This authority is necessary for the company to continue to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 3. Therefore, the reason for, and effect of, special resolution number 3 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 3 above.

### Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 3

Notice is hereby given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance as specified in the special resolution above:

- a) by the time that this notice of annual general meeting is delivered to shareholders of the company, the board will have adopted a resolution ("section 45 board resolution") authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company and/or to any one or more members of any such related or inter-related company or corporation and/or to any one or more persons related to any such company or corporation;
- b) the section 45 board resolution will be effective only if and to the extent that the special resolution under the heading "special resolution number 3" is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- c) inasmuch as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 board resolution to shareholders of the company.

### Ordinary resolution number 1: adoption of annual financial statements

"Resolved that the annual financial statements of the company and the group for the year ended 31 August 2014, including the reports of the directors, the Audit & Risk Committee and the independent auditors for the financial year ended 31 August 2014, be and are received and adopted."

The passing of ordinary resolution number 1 requires the approval of more than 50% of the voting rights exercised on the resolution.

### Ordinary resolution number 2: confirmation of appointment of SB Joffe as a director of the company

"Resolved that the appointment of SB Joffe as a director of the company (effective 14 May 2014) be and is hereby confirmed."

The passing of ordinary resolution number 2 requires the approval of more than 50% of voting rights exercised on the resolution.

A brief *curriculum vitae* is set out on page 16 in the integrated annual report of which this notice forms part.

### Ordinary resolution number 3: re-election of AJ Phillips as a director of the company

"Resolved that AJ Phillips, who retires in terms of the company's memorandum of incorporation and being eligible for re-election, be and is hereby re-elected as a director of the company."

The passing of ordinary resolution number 3 requires the approval of more than 50% of voting rights exercised on the resolution.

A brief *curriculum vitae* is set out on page 17 in the integrated annual report of which this notice forms part.

for the year ended 31 August 2014

#### **Ordinary resolution number 4: re-election of PS O'Flaherty as a director of the company**

"Resolved that PS O'Flaherty, who retires in terms of the company's memorandum of incorporation and being eligible for re-election, be and is hereby re-elected as a director of the company."

In terms of the Companies Act, the passing of ordinary resolution number 4 requires the approval of more than 50% of voting rights exercised on the resolution.

A brief *curriculum vitae* is set out on page 16 in the integrated annual report of which this notice forms part.

#### **Ordinary resolution number 5: issue of shares for cash**

"Resolved that the directors be authorised pursuant, *inter alia*, to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses at the next annual general meeting of the company, unless it is then renewed at the next annual general meeting of the company, provided that it shall not extend beyond 15 (fifteen) months, to allot and issue ordinary shares for cash subject to the JSE Listings Requirements on the following bases:

1. The allotment and issue of the shares must be made to persons qualifying as public shareholders and not to related parties as defined in the JSE Listings Requirements;
2. The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
3. The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 63 253 353 shares, being 15% of the company's issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 62 253 353 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
4. In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
5. The maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party(ies) subscribing for the shares; and
6. After the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) days prior to the date that the price of the issue is agreed in writing between the company and the party/ies subscribing for the shares and an explanation, including supporting documentation, if any, of the intended use of the funds."

The passing of ordinary resolution number 5 requires the approval of at least 75% of the voting rights exercised on the resolution.

#### **Ordinary resolution number 6: unissued ordinary shares**

"Resolved that the authorised and unissued ordinary share capital of the company be and is hereby placed under the control of the directors of the company which directors are, subject to the JSE Listings Requirements and the provisions of the Companies Act, authorised to allot and issue any of such shares at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next annual general meeting of the company."

The passing of ordinary resolution number 6 requires the approval of more than 50% of voting rights exercised on the resolution.

#### **Ordinary resolution number 7: appointment/reappointment of members of the Audit & Risk Committee**

"Resolved that the following directors be appointed/reappointed, as the case may be, by way of a separate vote as members of the Audit & Risk Committee with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act. The members as proposed by the board of directors are:

- 7.1 NV Lila (Chairperson);
  - 7.2 AJ Phillips;
  - 7.3 PC Baloyi,
- all of whom are independent non-executive directors."

The passing of ordinary resolution numbers 7.1, 7.2 and 7.3 require the approval of more than 50% of voting rights exercised on the resolution.

### Ordinary resolution number 8: reappointment of auditors

"Resolved that Grant Thornton (with Ben Frey being the designated audit partner) be reappointed as auditors of the company."

The Audit & Risk Committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, Grant Thornton.

In terms of the Companies Act, the passing of ordinary resolution number 8 requires the approval of more than 50% of voting rights exercised on the resolution.

### Ordinary resolution number 9: signature of documentation

"Resolved that any director or the company secretary of the company be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of special resolution numbers 1, 2 and 3 and ordinary resolution numbers 1, 2, 3, 4, 5, 6, 7 and 8 which are passed by the members in accordance with and subject to the terms thereof."

The passing of ordinary resolution number 9 requires the approval of more than 50% of voting rights exercised on the resolution.

### Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd (Ground Floor, 70 Marshall Street, Johannesburg, 2001), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is 30 April 2015.

### VOTING AND PROXIES

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for the convenience of any shareholder holding shares who cannot attend the annual general meeting.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at or posted to the office of the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received at least 48 hours prior to the annual general meeting. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

Attached to the form of proxy is an extract of section 58 of the Companies Act, to which shareholders are referred.

Shareholders who have already dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker rather than through own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

Dematerialised shareholders, who have elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the annual general meeting, should complete and lodge the attached form of proxy with the transfer secretaries of the company.

Dematerialised shareholders who have not elected own-name registration in the sub-register through a CSDP and who are unable to attend but wish to vote at the annual general meeting should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the shareholder and his CSDP or broker.

for the year ended 31 August 2014

**Electronic participation**

Shareholders or their proxies may participate in the meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 10:30 on Monday, 11 May 2015 by submitting, by email to the company secretary at [neville.toerien@computershare.co.za](mailto:neville.toerien@computershare.co.za) or by fax to be faxed to +27 11 688 5279, for the attention of Neville Toerien, relevant contact details including email address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting.

Shareholders who wish to participate in the annual general meeting by way of telephone conference call must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable: (i) complete the form of proxy or (ii) contact their CSDP or broker, in both instances, as set out above.

By order of the board

**CIS Company Secretaries (Pty) Ltd**

*Company secretary*

23 February 2015

**Registered address**

202 D  
11 Crescent Drive  
Melrose Arch  
Johannesburg  
Gauteng  
PO Box 1914  
Florida, 1710

**Transfer secretaries**

Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
PO Box 61051  
Johannesburg, 2001



**enX Group Limited**  
 (formerly Austro Group Limited)  
 (Incorporated in the Republic of South Africa)  
 (Registration number: 2001/029771/06)  
 JSE share code: ENX  
 ISIN: ZAE000195723  
 ["enX" or "the company"]

For use by the holders of the company's certificated ordinary shares (certified shareholders) and/or dematerialised ordinary shares held through a Central Securities Depository Participant (CSDP) or broker who have selected "own-name" registration (own-name materialised shareholders) at the annual general meeting of the company to be held at 10:30 on Wednesday, 13 May 2015 at 202 D, 11 Crescent Drive, Melrose Arch, Johannesburg, Gauteng, or at any adjournment thereof if required. Additional forms of proxy are available from the transfer secretaries of the company.

Not for use by holders of the company's dematerialised ordinary shares who have not selected "own-name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We \_\_\_\_\_ (Name in block letters)

of \_\_\_\_\_ (Address)

being the registered holder of \_\_\_\_\_ ordinary shares in the capital of the company, hereby appoint:

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions as detailed in the notice of annual general meeting, and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

	Number of votes		
	In favour	Against	Abstain
<b>To pass special resolutions</b>			
1. General authority to effect share repurchases			
2. Approval of the non-executive directors' remuneration			
2.1 Directors' fees for services approval			
2.2 Approval of annual increase			
3. Authority for financial assistance to related and inter-related companies			
<b>To pass ordinary resolutions</b>			
1. Adoption of annual financial statements			
2. Confirmation of appointment of SB Joffe as director			
3. Re-election of AJ Phillips as director			
4. Re-election of PS O'Flaherty as director			
5. General authority to issue shares for cash			
6. To place unissued shares under the control of the directors			
7. Reappointment of Audit & Risk Committee members			
7.1 Re-election of NV Lila as chairperson			
7.2 Re-election of AJ Phillips as member			
7.3 Re-election of PC Baloyi as member			
8. Reappointment of Grant Thornton as auditors of the company			
9. To authorise signature of the documents			

Indicate instructions to proxy in the spaces provided above.

Unless otherwise instructed, my proxy may vote as he/she thinks fit.

Signed \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature \_\_\_\_\_ Assisted by (if applicable) \_\_\_\_\_

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Forms of proxy must be deposited at Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 so as to arrive by no later than 10:30 on Monday, 11 May 2015.

**Please read the notes on the reverse side hereof.**

## Notes to the form of proxy

1. This form of proxy is only to be completed by those ordinary shareholders who are:
  - (a) holding ordinary shares in certificated form; or
  - (b) recorded in the sub-register in electronic form in their "own name",  
on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd, in order to vote at the annual general meeting, being 20 February 2015, and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services (Pty) Ltd) that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a form of proxy, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instruction on voting the shareholder's shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares in respect of which you desire to vote. If: (i) a shareholder fails to comply with the above; or (ii) gives contrary instructions in relation to any matter; or any additional resolution(s) which are properly put before the meeting; or (iii) the resolution listed in the form of proxy is modified or amended, the shareholder will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the shareholder's votes exercisable thereat. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in (i) to (iii) above, then the proxy shall comply with those instructions.
6. The forms of proxy should be lodged at Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 so as to be received by not later than 10:30 on Monday, 11 May 2015.
7. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
8. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
9. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
10. 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 or Computershare Investor Services (Pty) Ltd or waived by the chairman of the annual general meeting.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Pty) Ltd.
12. Where there are joint holders of shares:
  - 12.1 any one holder may sign this form of proxy; and
  - 12.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
13. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the annual general meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services (Pty) Ltd, at Ground Floor, 70 Marshall Street, Johannesburg, 2001 to reach the company by no later than 10:30 on Monday, 11 May 2015.
14. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
15. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, 2008 (the "Companies Act"), as required in terms of that section. In addition, an extract from the Companies Act reflecting the provisions of section 58 of the Companies Act, is attached to this form.

## Extract from the Companies Act

### “58. Shareholder right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
  - (a) participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder; or
  - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment –
  - (a) must be in writing, dated and signed by the shareholder; and
  - (b) remains valid for –
    - (i) one year after the date on which it was signed; or
    - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
  - (b) a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy –
  - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
    - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
    - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of –
  - (a) the date stated in the revocation instrument, if any; or
  - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company’s Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to –
  - (a) the shareholder; or
  - (b) the proxy or proxies, if the shareholder has –
    - (i) directed the company to do so, in writing; and
    - (ii) paid any reasonable fee charged by the company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy –
  - (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must –
    - (i) bear a reasonably prominent summary of the rights established by this section;
    - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
    - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  - (c) the company must not require that the proxy appointment be made irrevocable; and
  - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.”

“Austro”	Austro Group Limited, which has been renamed enX Group Limited
“Austro Tools”	Austro Tools Proprietary Limited, subsequently renamed “PowerO <sup>2</sup> Proprietary Limited”
“B-BBEE”	Broad-Based Black Economic Empowerment
“the board”	The board of directors of enX Group Limited
“Centlube”	Centlube Proprietary Limited, which produces and markets oil lubricants in sub-Saharan Africa, was acquired by the group effective 1 March 2014 and forms the basis of the group’s new Fuel business unit
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“the Companies Act”	South African Companies Act 71 of 2008, as amended
“CSI”	Corporate social investment
“the current year”	The year ending 31 August 2015
“enX” or “the company” or “the group”	enX Group Limited, formerly Austro Group Limited
“GRI”	Global Reporting Initiative
“IBC”	Inside back cover
“IFRS”	International Financial Reporting Standards
“JFN”	JFN Management Proprietary Limited, retained by the group to provide strategic business and support services. CEO PD Mansour, Financial Director JS Friedman, Wood CEO C Neuberger and Chairman SB Joffe are shareholders and directors of JFN
“John Deere”	John Deere S.A.S, manufacturer of industrial engines
“JSE”	JSE Limited, incorporating the JSE Securities Exchange – the main bourse in South Africa
“King III Report”	King Report on Corporate Governance for South Africa, 2009
“Matase”	Matase Industrial Solutions Proprietary Limited, empowerment entity and exclusive public sector distributor of enX Group products
“Neptune”	Neptune Plant Hire, a division of New Way Power in the group’s Power business unit, which provides temporary power in the form of diesel generators
“New Way Power”	New Way Power Proprietary Limited, in the group’s Power business unit, which is involved in private power sales comprising the manufacture, supply, installation and maintenance of diesel generators and related components such as industrial engines, marine engines, alternators, switchgear and components
“OEM”	Original equipment manufacturer
“PowerO <sup>2</sup> ”	PowerO <sup>2</sup> Proprietary Limited (formerly Austro Tools Proprietary Limited), a wholly owned subsidiary of enX in the group’s Power business unit, which distributes industrial engines, marine engines, and components
“the previous year”	The year ended 31 August 2013
“Ricophase”	Ricophase Proprietary Limited, a shareholder owning a 29,1% stake in enX, owned by the David Brouze Trust (DS Brouze, who was a director of enX until 14 May 2014, is a beneficiary of this trust), the SADES Family Trust (SB Joffe, who is a director of enX, is a trustee and beneficiary of this trust), PD Mansour, who is a director of enX, The JSF Family Trust (JS Friedman, who is a director of enX, is a trustee and beneficiary of this trust) and C Neuberger, who is a director of Wood.
“SENS”	News dissemination service of the JSE
“SHEQ”	Safety, health, environment and quality
“Wood”	Austro Proprietary Limited, the Wood business unit of enX Group Limited, which is involved in the distribution of professional woodworking equipment, tooling and edging
“the year” or “the year under review”	The year ended 31 August 2014
<b>Financial definitions</b>	
“Adjusted EBITDA”	Earnings before interest, taxation, depreciation and amortisation adjusted for non-recurring/extraordinary items
“Adjusted HEPS”	Headline earnings per share adjusted for non-recurring/extraordinary items
“EBITDA”	Earnings before interest, taxation, depreciation and amortisation
“EPS”	Earnings per share
“FY2013”	The financial year ended 31 August 2013
“FY2014”	The financial year ended 31 August 2014
“HEPS”	Headline earnings per share

# Contact details

**Company registration number**

2001/029771/06

**Registered office**

202D, 11 Crescent Drive

Melrose Arch

Johannesburg

2196

PO Box 1914

Florida

1710

**Company secretary**

CIS Company Secretaries Proprietary Limited

Registration number, 2006/024994/07

70 Marshall Street

Johannesburg

2001

**Auditors**

Grant Thornton

Chartered Accountants (SA)

Registered Auditors

Registration number, 1994/001166/21

Grant Thornton Office Park

137 Daisy Street

Sandown

2196

**Corporate advisor, legal advisor and sponsor**

Java Capital Trustees and Sponsors Proprietary Limited

Registration number, 2006/005780/07

2 Arnold Road

Rosebank

2196

**Bankers to the group**

The Standard Bank of South Africa Limited

Registration number, 1962/000738/06

29 Tyrwhitt Avenue

Rosebank

Johannesburg

2196

**Transfer secretaries**

Computershare Investor Services 2004 Proprietary Limited

Registration number, 2004/00347/07

Ground Floor

70 Marshall Street

Johannesburg

2001



*202D, 11 Crescent Drive, Melrose Arch, Johannesburg, 2196  
PO Box 1914, Florida, 1710*