
POSTING OF CIRCULAR AND NOTICE OF GENERAL MEETING IN RESPECT OF A RELATED PARTY TRANSACTION AND CHANGE OF NAME OF THE COMPANY

1. POSTING OF CIRCULAR

Shareholders are referred to the announcement released on SENS on 13 August 2014 wherein shareholders were advised that Austro had entered into an agreement with Ricophase Proprietary Limited ("**Ricophase**"), Tapson Sadiki, Tebogo Desiree Kukama, Aobakwe Reginald Koketso Kukama (collectively the "**Friedshelf shareholders**"), the Horatio Share Trust (the "**Hinckley Trust**") and Grant Hinckley pursuant to which, subject to the fulfilment of the conditions precedent, Austro will acquire, with effect from 1 March 2014, an effective 100% of the equity in Centlube Holdings Proprietary Limited ("**the Centlube acquisition**"). The purchase consideration payable by Austro for the Centlube acquisition is R64 million, provided that if the Centlube group is appointed as the licensee and/or distributor for a certain global oil major and significant player in the lubricants industry on or before 31 December 2015, the purchase consideration will be increased by R16 million (the "**additional payment**") to R80 million.

The Centlube acquisition is a Category 2 transaction in terms of the JSE Listings Requirements. The Centlube acquisition is also an acquisition from a related party as Ricophase is a shareholder of Friedshelf 1320 Proprietary Limited (and one of the vendors in terms of the Centlube acquisition) and Ricophase is also a material shareholder of Austro. Accordingly, the implementation of the Centlube acquisition is conditional on securing shareholder approval of an independent majority of Austro shareholders.

In addition, the board proposes changing the name of the company from "Austro Group Limited" to "enX Group Limited".

Shareholders are advised that a circular, incorporating a notice of general meeting, was posted to shareholders on 30 October 2014. A general meeting of Austro shareholders will be held at 10:00 on Monday, 1 December 2014 at the offices of Austro (30 – 38 Jacoba Street, Alberton North) to consider and, if deemed fit, pass with or without modification, the resolutions contained in the notice of general meeting attached to the circular. A copy of the circular is also available on the company's website (www.austrogrouplimited.com). Due to the ongoing postal strike, delays are expected in receiving the circular and accordingly, shareholders are encouraged to view the circular on the company's website or request a copy directly from the company by contacting Joleen Bowes on 010 216 2600 to arrange for the collection of a copy of the circular at the company's offices.

2. FINANCIAL INFORMATION

The *pro forma* financial effects of the Centlube acquisition on Austro's net asset value per share, tangible net asset value per share, earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share for the 6 months ended 28 February 2014 are set out below. The *pro forma* financial effects are the responsibility of the directors of Austro and have been prepared for illustrative purposes only, to provide information on how the Centlube acquisition may have impacted on the historical financial results of Austro for the 6 months ended 28 February 2014. Due to its nature, the *pro forma* financial effects may not give a fair reflection of Austro's financial position, changes in equity, results of operations and cash flows subsequent to the Centlube acquisition.

The *pro forma* financial effects in respect of the Centlube acquisition that was published in the announcement released on SENS on 13 August 2014 has been updated as per the table below. Grant Thornton (JHB) Inc, the reporting accountants of Austro, have issued an assurance report in respect of the *pro forma* financial information set out in the circular and below. A copy of their assurance report is included in the circular.

The table below reflects the *pro forma* financial effects of the Centlube acquisition on Austro shareholders:

	<i>Before the transaction</i>	<i>After the transaction</i>	<i>% change</i>
	<i>(cents)</i>	<i>(cents)</i>	
Net asset value per share	95.34	98.80	3.63
Tangible net asset value per share	71.17	63.61	(10.62)
Earnings per share	3.03	0.68	(77.48)
Diluted earnings per share	3.03	0.68	(77.48)
Headline earnings per share	3.02	3.00	(0.58)
Diluted headline earnings per share	3.02	3.00	(0.58)

Notes and assumptions:

1. The figures set out in the “Before the transaction” column for Austro have been extracted from the unaudited interim results of Austro for the 6 months ended 28 February 2014.
2. The Centlube financial information applied in the *pro forma* financial information has been extracted from the audited monthly management accounts of the Centlube group for the 6 months ended 28 February 2014.
3. The figures set out in the “After the transaction” column above reflect the *pro forma* effects on the interim results of Austro resulting from the Centlube acquisition of an effective 100% shareholding in Centlube Holdings.
4. The following adjustments have been applied and are reflected in the *pro forma* financial effects:
 - The Centlube acquisition is assumed to have been implemented on 1 September 2013 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes and on 28 February 2014 for net asset value per share and tangible net asset value per share purposes.
 - It is assumed that the Centlube group has been appointed as the licensee for a certain global oil major, R8 million of the additional payment is discharged by the allotment and issue of Austro shares to the Friedshelf shareholders and R8 million of the additional payment is paid in cash to the Hinckley Trust.
 - The Centlube figures have been adjusted so as to exclude the after tax impact of interest accrued on shareholder loans in Centlube Holdings.
 - The cash component of the purchase consideration is funded out of Austro’s available cash resources and credit facilities. Interest on cash balances is foregone at an after tax rate of 3.1% and interest on facilities utilised is paid at an after tax rate of 6.7%.
 - Transaction costs of R667 000 have been expensed. The expensing of the transaction costs will result in a tax saving of R186 760.
 - A 5% discount to Austro’s closing price of R1.88 on 12 August 2014 has been used as the assumed price at which the shares in relation to the additional payment are issued. This price results in a total of 26 355 145 new Austro shares being issued.
 - The excess of the purchase consideration over Centlube Holdings’ tangible net asset value has been allocated to goodwill and intangible assets in the ratio of 40% and 60% respectively.
 - Intangible assets arising from the Centlube acquisition are amortised over a period of 5 years. A deferred tax liability is recognised to take into account the difference in tax base arising as a result of the intangible assets recognised on acquisition.
 - That portion of goodwill arising from the difference between the assumed Austro share price at issue date and the share price of R1.45 per share as per the Centlube acquisition agreement is immediately impaired. The reason for this assumption is that the value placed on the Centlube acquisition as a result of the application of IFRS does not reflect the value placed on Centlube Holdings by management and the board at the date of concluding the transaction. The management of Austro and the board wish to reflect the fair market value of the business on Austro’s statement of financial position.
5. All adjustments are directly attributable to the Centlube acquisition, and other than transaction costs, are expected to have a continuing effect on Austro.

3. SALIENT DATES AND TIMES

The salient dates and times for the general meeting and change of name are set out below:

Record date in order to receive the circular	Friday, 24 October 2014
Circular posted to Austro shareholders and announcement relating to the issue of the circular and notice convening the general meeting released on SENS on	Thursday, 30 October 2014
Announcement relating to the issue of the circular and notice convening the general meeting published in the press on	Friday, 31 October 2014
Last day to trade in Austro shares in order to be recorded in the register on the voting record date (see note 2 below) on	Friday, 14 November 2014
Record date to vote at the general meeting (“voting record date”) being 17:00 on	Friday, 21 November 2014
Last day for receipt of proxies for the Austro shareholders’ general meeting by 10:00 (see note 3 below) on	Thursday, 27 November 2014
Austro shareholders’ general meeting to be held at 10:00 on	Monday, 1 December 2014
Results of general meeting released on SENS on	Monday, 1 December 2014
Resolution in respect of the change of name submitted to CIPC on	Tuesday, 2 December 2014
Resolution in respect of change of name expected to be registered by CIPC by no later than	Thursday, 8 January 2015
Expected publication of finalisation announcement on SENS	Friday, 9 January 2015
Expected last day to trade in existing shares on the JSE prior to the change of name	Friday, 16 January 2015

Expected trading in the new name of enX Group Limited on the JSE under the JSE Code “ENX” and ISIN ZAE000195723 commences on

Monday, 19 January 2015

Expected record date in respect of the change of name

Friday, 23 January 2015

Expected date of issue of new replacement share certificates, provided that the old share certificates have been lodged by 12:00 on Friday, 23 January 2015, on or about (share certificates received after this time will be posted within 5 business days of receipt)

Monday, 26 January 2015

CSDP and broker accounts of dematerialised shareholders expected to be updated on

Monday, 26 January 2015

Notes:

1. All dates and times in this circular are local times in South Africa. The above dates and times are subject to change. Any changes will be released on SENS and, if required, published in the press.
2. Austro shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after such trade. Therefore persons who acquire Austro shares after the voting last day to trade will not be eligible to vote at the general meeting.
3. If a form of proxy is not received by the time and date shown above or not less than 48 hours before recommencement of any adjourned or postponed meeting, it may be handed to the Chairman of the general meeting not later than ten minutes before the general meeting is due to commence or recommence.
4. Share certificates in the name of Austro Group Limited may not be dematerialised or rematerialised after Friday, 16 January 2015.

30 October 2014

Corporate advisor, legal advisor and sponsor to Austro

Reporting accountants

