

# SA FRENCH

**S A French Limited**  
 Incorporated in the Republic of South Africa  
 (Registration number 1982/009174/06)  
 Share code: SFH ISIN: ZAE000108890  
 ("SA French" or "the company")

## Abridged prospectus

Relating to a private placement of shares by way of:

- an offer by the company for the subscription of 50 million ordinary shares in the share capital of SA French at an issue price of 100 cents per ordinary share;
- an offer for sale by an existing shareholder of SA French, of 10 million ordinary shares in the issued share capital of the company at a price of 100 cents per ordinary share (collectively hereinafter, "the private placement"); and
- the subsequent listing of the ordinary shares of SA French on the Alternative Exchange ("AltX") of JSE Limited.

This abridged prospectus is not an invitation to the general public to subscribe for or to purchase ordinary shares in SA French, but is issued in compliance with the Listings Requirements of JSE Limited ("JSE") only. The private placement is made to selected institutions, corporations and individuals only.

The information in this abridged prospectus has been extracted from a full prospectus issued by SA French on 29 October 2007 ("the detailed prospectus"), copies of which are available as set out in paragraph 10 below. At the date of listing, the authorised share capital of SA French will comprise 500 million ordinary shares having a par value of 1 cent each. After the private placement and at the date of the listing, the issued share capital of SA French will consist of 165 million ordinary shares of 1 cent each.

### 1. BACKGROUND AND HISTORY

SA French is an independent South African company which has been the supplier, in South Africa, of tower cranes manufactured by Potain since its incorporation in 1982. Potain is the world's leading tower crane manufacturer and an integral contributor to the success of the Manitowoc Crane Group, which is listed on the New York Stock Exchange.



The company has diversified into the supply and service of a range of complementary material handling products from some of Europe's leading manufacturers. It holds distribution rights to Merlo telescopic handlers and self loading concrete mixers, Torgar material and passenger hoists and Ausa dumpers and rough terrain forklifts. A recent addition to the products being represented by the company is the Ormig 'pick and carry' machine.

SA French has a 25-year record in sales, service and hire of equipment throughout Southern Africa. The company is able to distinguish itself from its competitors by providing service support for all of the equipment that it supplies. It does this by carrying a full range of spare parts as well as having trained service technicians with the expertise to repair and service machines, thus reducing downtime and providing its clients with the support they have come to expect from the company.

In order to consistently meet the specific needs of its clients, SA French maintains an in-house engineering capability, for repairs and modifications to the equipment that it supplies. An example of this is its design of tower crane anchors, the modification of dumper skips and the conversion of materials hoists to accommodate passengers.

SA French's current plans include the expansion of its inventory in order to service the booming Southern African mining, power generation and construction markets and to reduce the current 12-month lead time for new stock.

The material handling industry is currently experiencing significant growth, largely due to the buoyant conditions within the construction, power generation and mining industries of Southern Africa. This is being driven by a number of factors, *inter alia*, significant Government investment in infrastructure, the global demand for natural resources, together with the effect of Governments' "use it or lose it" mineral rights policy.

A listing on AltX will improve SA French's ability to further its strategy of providing a professional service economically, timeously and with consistency, which is key to its proven growth record.

### 2. RATIONALE FOR LISTING

SA French intends to list on the AltX as a strategic step that will allow the company to grow its market share by funding additional inventory and staff, facilitating the working capital requirements of the existing business as well as facilitating potential acquisition opportunities of synergistic lifting businesses.

### 3. PROSPECTS

The directors of SA French are of the opinion that the company has exciting prospects within Southern Africa, for the following reasons:

There is currently substantial planned spending by public corporations in the heavy civils sector which includes power generation, electricity distribution, sea ports, airports, as well as rail and harbours. Over R400 billion is earmarked for infrastructural development over a five-year period, the bulk of which will reside within the Government sector, in corporations such as Eskom and Transnet, both operating under severe time constraints. In order to finish projects timeously, larger, more complex, more efficient and more expensive cranes are typically required to carry out the work. The resulting increased price implications feed positively into SA French's bottom line.

In addition to the requirement for larger cranes for the accelerated completion of projects, and in line with the aforementioned boom in the heavy civils sector, SA French is experiencing a further boost in terms of the market's requirement for larger, more complex cranes, as projects become bigger and more complex themselves. The directors of SA French have ensured that the company is well positioned to supply contractors who have a growing desire to build bigger, taller buildings, using bigger, more specialised cranes.

There is also a substantial increase in anticipated spending by the private sector, primarily in mining and downstream refining processes. It is reported that Sasol is planning a new coal-to-liquids refinery.

Government's "use it or lose it" policy relating to mineral rights has had the effect that a number of mining houses in Southern Africa are in the process of developing new mining prospects.

By maintaining its current market share in the construction and mining sector, while increasing its involvement in the civil engineering projects, and managing margin as well as volume, SA French should achieve significantly higher contributions while simultaneously improving its bottom line.

### 4. THE PRIVATE PLACEMENT

#### 4.1 Salient features

4.1.1 The salient features of the private placement are as follows:

Offer price per ordinary share (cents)	100
Par value per ordinary share (cent)	1
Premium per ordinary share (cents)	99
Number of ordinary shares offered by the company for subscription in terms of the private placement	50 000 000
Issue consideration to be received by the company before expenses	R50 million
Number of ordinary shares offered for sale by the vendor in terms of the private placement	10 000 000
Total consideration to be received by the vendor	R10 million

4.1.2 The opening and closing dates of the private placement are as follows:

Opening date of private placement at 09:00 on	Monday, 29 October
Closing date of private placement at 09:00 on	Tuesday, 30 October
Anticipated listing date on AltX at commencement of trade on	Wednesday, 7 November

### 5. SUMMARY OF THE HISTORICAL AND FORECAST INCOME STATEMENTS

The summarised historical and forecast financial information of SA French for the financial year ended 30 June 2007 and the financial years ending 30 June 2008 and 30 June 2009, the preparation of which is the responsibility of the directors, is set out below. The forecast financial information is contained in the detailed prospectus referred to in paragraph 10 below and has been reviewed and reported on by the reporting accountants. Such report is contained in the detailed prospectus and will be available for inspection.

#### Extracts from the historical and forecast group income statements

	Audited 2007 R'000	Forecast 2008 R'000	Forecast 2009 R'000
<b>Revenue</b>	<b>120 970</b>	<b>190 554</b>	<b>265 513</b>
Cost of sales	(90 487)	(143 203)	(199 061)
<b>Gross profit</b>	<b>30 483</b>	<b>47 351</b>	<b>66 452</b>
Other income	3 998	-	-
Operating costs	(14 115)	(17 671)	(22 866)
<b>Operating profit</b>	<b>20 366</b>	<b>29 680</b>	<b>43 586</b>
Investment revenue	146	2 600	3 800
Gain on acquisition of reserves in subsidiary	33	-	-
Finance costs	(1 254)	(1 549)	(1 698)
<b>Profit before taxation</b>	<b>19 291</b>	<b>30 731</b>	<b>45 688</b>
Taxation	(6 605)	(8 912)	(13 249)
<b>Profit for year</b>	<b>12 686</b>	<b>21 819</b>	<b>32 439</b>
<i>Pro forma</i> weighted average ordinary shares in issue	115 000 000	148 333 333	165 000 000
<i>Pro forma</i> weighted average earnings per ordinary share (cents)	11.0	14.7	19.7
<i>Pro forma</i> ordinary shares in issue	115 000 000	165 000 000	165 000 000
<i>Pro forma</i> dividends per ordinary share (cents)	8.7	2.6	3.9

#### Notes:

1. The *pro forma* weighted average number of ordinary shares in issue at 30 June 2007 is based on the increase in and the sub-division of the ordinary shares in issue into 115 000 000 ordinary shares in issue as set out in paragraph 21.3 of the detailed prospectus.
2. The assumptions on which the forecast group income statements are based are set out in paragraph 11.2 of the detailed prospectus.
3. The above forecast group income statement takes into account the effects of the anticipated issue of ordinary shares detailed in paragraph 21 of the detailed prospectus.
4. The anticipated dividend policy of SA French will initially be to maintain a dividend cover of 5.

### 6. DIRECTORS

The full names, ages, qualifications and designations of the directors are as follows:

Name	Age	Qualification	Designation
Quentin Cecil Alexander van Breda	55	Prof Eng Technician, CPFA	Executive Chairman
Warwick van Breda	27	LLB, LLM	Operations Director
Johannes Christiaan Prinsloo	49	Hons B Compt, CTA	Financial Director
Jabulani Doctor Xaba	35	LMI (ECSA)	Executive Director
Whyti Mmetja Matlala	29	-	Executive Director
John Michael Poluta	35	CA(SA)	Non-executive Director
Leetlie Benjamin Mophatlane	34	B Com	Non-executive Director

The business address of the executive directors is 131 Fitter Road, Spartan, 1619.

The business address of the non-executive directors is 57 Buckingham Avenue, Craighall Park, 2196.

All directors are South African citizens.

### 7. SHARE CAPITAL

The authorised and issued share capital of SA French, taking into account the private placement and listing costs as set out in paragraph 13.1 of the detailed prospectus, which are to be offset against the share premium, are set out below:

	Rand
<b>Authorised</b>	
500 million ordinary shares of 1 cent each	5 000 000
<b>Issued, before the private placement</b>	
115 million ordinary shares of 1 cent each	1 150 000
Share premium	-
<b>Issued, after the private placement</b>	
165 million ordinary shares of 1 cent each	1 650 000
Share premium	47 294 000
	48 944 000

### 8. MAJOR SHAREHOLDERS

Other than directors there are no shareholders, save as set out in the table below, who were, directly and/or indirectly beneficially interested in 5% or more of the issued ordinary share capital of SA French at the last practicable date and who will, as far as the directors of SA French are aware, hold 5% or more of the issued ordinary share capital of SA French following the private placement:

Name of shareholder	Percentage held before private placement	Percentage held after private placement	Number of shares after private placement
The SA French Group Trust*	68	40	66 200 000
The SAF Economic Empowerment Trust	9	6	10 350 000
Mowana Investments (Proprietary) Limited	23	16	26 450 000

\*Including directors

### 9. LISTING ON THE JSE

Subject to the achievement of the required spread of public shareholders in terms of the Listings Requirements of the JSE being obtained pursuant to the private placement, the JSE has granted a listing of 165 000 000 ordinary shares in the share capital of SA French on AltX. It is anticipated that the listing of the ordinary shares of SA French will become effective from commencement of business on Wednesday, 7 November 2007. The shares will trade under the abbreviated name "SA French", with the share code "SFH" and ISIN ZAE000108890.

### 10. COPIES OF THE PROSPECTUS

Copies of the prospectus, in English, may be obtained during business hours, prior to the closing of the private placement from SA French, the Designated Adviser and the transfer secretaries, details of which are set out in below:

- SA French, 131 Fitter Road, Spartan, 1619;
- Merchant Sponsors (Proprietary) Limited, 2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Road and Jan Smuts Avenue, Hyde Park, Johannesburg, 2196;
- Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001.

Johannesburg  
29 October 2007

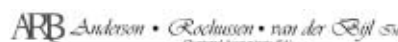
#### Designated Adviser



Corporate adviser



Auditors and independent reporting accountants



Attorneys



Limited assurance provider

