Frigoglass South Africa Proprietary Limited
(Registration number 2000/025227/07)
Annual financial statements
for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main activity of the company is the manufacture and sale of ice-cold merchandisers. Other activities comprise the sale of spare parts.
Directors	S Vasileios I Sklavainas
Registered office	16 Walton Road Aeroton 2013
Postal address	PO Box 90860 Bersham 2013
Holding company	Frigoinvest Holdings B.V incorporated in Netherlands
Ultimate holding company	Frigoglass S.A.I.C incorporated in Greece
Bankers	First National Bank, a division of FirstRand Limited Citigroup
Auditor	PriceWaterhouseCoopers Incorporated Registered Auditors
Company registration number	2000/025227/07
Level of assurance	These financial statements have been audited in terms of Section 30(2)(b)(ii) of the Companies Act of South Africa as read with Regulation 28 (2)(c) as its public interest score exceeds 350
Preparer	The annual financial statements were independently compiled by: Lisa Roodt CA (SA)
Published	

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

Directors' Responsibilities and Approval

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year from date of approval of this report and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future. Refer to note 9, Going concern, on the Directors' Report for information on the subordination agreement with Frigoinvest Holdings B.V.

The company's external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and the report is presented on pages 7 to 9.

The annual financial statements set out on pages 10 - 38, which have been prepared on the going concern basis, were approved by the board on 11/07/17 and were signed on its behalf by:

Director	Director
Ioannis Sgouros (?)	V. Stergiou

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Frigoglass South Africa Proprietary Limited for the year ended 31 December 2016.

1. Nature of business

The main activity of the company is the manufacture and sale of ice-cold merchandisers. Other activities comprise the sale of spare parts. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declared or paid to the shareholder during the year (2015: R -).

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
S Vasileios	Greece	
D Bouras	Greece	Resigned 31 January 2016
J Haarrhoff	South African	Resigned 31 January 2016
I Sklavainas	Greece	Appointed 31 January 2016
S Pillay	South African	Appointed 01 April 2016, resigned 31 May 2017

6. Holding company

The company's holding company is Frigoinvest Holdings B.V which is incorporated in Netherlands.

7. Ultimate holding company

The company's ultimate holding company is Frigoglass S.A.I.C which is incorporated in Greece.

Directors' Report

8. Events after the reporting period

The company incurred losses for the financial year ended 31 December 2016. Management and the Board of Directors have put plans in place to reverse these losses going forward.

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the annual financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.

The holding company agreed to an additional equity contribution amounting to R 47 708 100 payable in installments effective from December 2016. This equity contribution amounted to R46 321 922 as at the date of this report. The company continues to receive financial support through cash investment from Frigoinvest Holdings B.V.

As at the date of this report, the company had an open objection for a VAT return, amounting to approximately R 165 million during 2016 financial year. The objection was related to disallowed input transactions for period June and July 2016. As at the date of this report the matter had been resolved and reversed for both periods by SARS resulting in full refunds paid and received by the company.

9. Going concern

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

The company incurred a total comprehensive loss for the year of R 121 183 951. This resulted in an accumulated loss at 31 December 2016 amounting to R 280 466 067. The company incurred losses in the financial year ended 31 December 2016.This has resulted in the company's liabilities exceeding its assets.

The Company is dependent on its Holding Company for financial support. To this end the the Holding Company has issued a letter of support in favour of the Company. The Holding Company has subordinated its loan in favour of other creditors of the company. The Holding Company has seconded a task team to assist local management in improving production efficiencies and implementing cost reduction programs.

Based on these initiatives, the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the directors.

The Group incurred a net loss of Euro 48.8 million during the year ended 31 December 2016 (2015: Euro 58.3 million) while the reported net loss was Euro 11.1 million for the first quarter of 2017 financial year, and as a result the net assets of the Group became negative. The Holding Company disclosed a material uncertainty in the Group Annual Financial Statements. The Audit opinion also disclosed material uncertainty regarding going concern in the period ending 31 December 2016.

In addition, considering the Group's inability to satisfy certain financial covenants as per the revolving credit facilities with the lenders and the current restrictions in the use of group's cash, the lenders waived such defaults and extended the maturity of their loans to 31st March 2017, on the condition that the Group will generate satisfactory cash flows from its operating activities and will obtain additional funding from its major shareholders. The above mentioned, could adversely affect the Group's operating activities and the going concern assumption.

The Group has entered into an agreement with major shareholders and bond holders to create a long term sustainable capital structure which will result in a significant equity contribution, additional liquidity and debt deleveraging as well as extension of maturity profile of reduced loans by approximately 5 years.

These conditions along with other matters at group level indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern.

10. Auditor

PriceWaterhouseCoopers Incorporated continued in office as auditor for the company in terms of Section 90 of the Companies Act of South Africa for 2016.

Directors' Report

11. Secretary

The company had no appointed secretary during the year.

12. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 11/07/2017

Independent auditor's report

To the Shareholders of Frigoglass South Africa Proprietary Limited

Our adverse opinion

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion* section of our report, the financial statements do not present fairly the financial position of Frigoglass South Africa Proprietary Limited (the Company) as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Frigoglass South Africa Proprietary Limited's financial statements set out on pages 10 to 38 comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

The company has not performed an impairment assessment to support the carrying value of property, plant and equipment, as there are indicators of impairment noted in terms of *IAS 36 Impairment of Assets*. In this regard the maximum impairment to be recognised would amount to R 42,481,417. This would result in total assets reflected on the statement of financial position as at 31 December 2016 to be overstated by a maximum amount of R 42,481,417 and the loss for the year then ended as per the Statement of Comprehensive Income being understated by a maximum amount of R 42,481,417.

The company has recorded a financial asset and an increase in other reserves for additional funding to be received from the holding company amounting to R 47.7 million. This treatment is incorrect per IFRS and local statutory requirements as there needs to be a legally binding contract in place in order to recognise a financial asset. The effect of the above on the financial statements is total assets and equity per the statement of financial position is overstated by R 47.7 million.

The impact of the above is considered to be both material and pervasive to the financial statements taken as a whole and therefore an adverse opinion is deemed appropriate.

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

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

Independence

We are independent of the Company in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Material uncertainty relating to going concern

We draw attention to Note 31 in the financial statements, which indicates that the Company incurred a net loss of R 121,183,951 during the year ended 31 December 2016 and, as of that date, the Company's current liabilities exceeded its total assets by R 69,647,912. Note 31 further states that the company is dependent on the holding company for financial support, and it should be noted that for the financial year ended 31 December 2016, the holding company has disclosed a material uncertainty on going concern in its financial statements which was also included in the Group audit opinion.

As stated in Note 31, these events or conditions, along with other matters as set forth in Note 31, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. Other information does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Keeran Ramnarian
Registered Auditor
Johannesburg
11 July 2017

Statement of Financial Position as at 31 December 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	42 481 417	29 265 152
Intangible assets	4	60 096	128 901
		42 541 513	**29 394 053**
Current Assets			
Inventories	6	128 053 443	105 190 360
Current tax receivable		-	1 618 000
Trade and other receivables	7	126 634 427	104 083 785
Cash and cash equivalents	8	35 950 531	25 130 944
		290 638 401	**236 023 089**
Total Assets		**333 179 914**	**265 417 142**
Equity and Liabilities			
Equity			
Share capital	10	58 255 122	58 255 122
Other reserves	11	195 104 546	-
Accumulated loss		(280 466 067)	(159 282 116)
		(27 106 399)	**(101 026 994)**
Liabilities			
Current Liabilities			
Loans from group companies	12	7 236 632	109 503 764
Trade and other payables	13	348 891 292	252 347 366
Provisions	14	4 158 389	4 593 006
		360 286 313	**366 444 136**
Total Equity and Liabilities		**333 179 914**	**265 417 142**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue	16	355 425 814	338 037 836
Cost of sales	17	(450 103 883)	(352 678 381)
Gross loss		**(94 678 069)**	**(14 640 545)**
Other income	18	30 359 129	18 526 950
Operating expenses	19	(2 819 190)	(29 038 936)
Distribution expenses	20	(14 018 182)	(11 359 692)
Administrative expenses	21	(31 864 961)	(46 881 407)
Operating loss		**(113 021 273)**	**(83 393 630)**
Finance income	22	153 358	982 185
Finance costs	23	(8 316 036)	(9 406 695)
Loss before taxation		**(121 183 951)**	**(91 818 140)**
Taxation	24	-	-
Loss for the year		**(121 183 951)**	**(91 818 140)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(121 183 951)**	**(91 818 140)**

Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)
Annual Financial Statements for the year ended 31 December 2016

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other reserves	Accumulated loss	Total equity
Balance at 01 January 2015	**2**	**58 255 120**	**58 255 122**	**-**	**(67 463 976)**	**(9 208 854)**
Loss for the year	-	-	-	-	(91 818 140)	(91 818 140)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(91 818 140)**	**(91 818 140)**
Balance at 01 January 2016	**2**	**58 255 120**	**58 255 122**	**-**	**(159 282 116)**	**(101 026 994)**
Loss for the year	-	-	-	-	(121 183 951)	(121 183 951)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(121 183 951)**	**(121 183 951)**
Loan converted to equity	-	-	-	147 396 446	-	147 396 446
Equity contribution by holding company	-	-	-	47 708 100	-	47 708 100
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**195 104 546**	**-**	**195 104 546**
Balance at 31 December 2016	**2**	**58 255 120**	**58 255 122**	**195 104 546**	**(280 466 067)**	**(27 106 399)**
Note	10	10	10	11		

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	25	(55 427 646)	6 463 054
Interest income	22	153 358	982 185
Finance costs	23	(1 018 508)	(573 099)
Net cash used in operating activities		**(56 292 796)**	**6 872 140**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(18 512 504)	(9 748 392)
Sale of property, plant and equipment	3	85 000	10 000
Net cash used in investing activities		**(18 427 504)**	**(9 738 392)**
Proceeds/funding from group companies		85 539 887	-
Net cash from financing activities		**85 539 887**	**-**
Total cash movement for the year		**10 819 587**	**(2 866 252)**
Cash at the beginning of the year		25 130 944	27 997 196
Total cash at end of the year	8	**35 950 531**	**25 130 944**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	10 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Computer equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Repairs and maintenance are generally charged to expenses during the financial year in which they were incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

The carrying value of plant and equipment is reveiwed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount which is the higher of an asset's fair value less costs to sell and value in use.

1.2 Intangible assets

An intangible asset is recognised when:

it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
and

The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

1.2 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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

Accounting Policies

1.3 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to\from) group companies

These include loans to and from holding companies and fellow subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables. These are initially recorded at fair value and subsequently recorded at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. These are initially recorded at fair value and subsequently recorded at amortised cost.

Accounting Policies

1.3 Financial instruments (continued)

Cash

Cash comprises of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently recorded at amortised cost.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities\(assets) for the current and prior periods are measured at the amount expected to be paid to\(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

Accounting Policies

1.5 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. 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 occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and 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.

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Accounting Policies

1.9 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.10 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company 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;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

1.11 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

Amendments to IAS 1 Presentation of Financial Statements Disclosure Initiative

In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

Amendments to IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets on Depreciation and Amortization

In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

Amendments to IAS 16 Property Plant and Equipment and IAS 41 Agriculture on Bearer Plants

In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

Amendments to IFRS 7 Financial Instruments Disclosures

Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

Amendments to IFRS 7 Financial Instruments Disclosures

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[...] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

2. New Standards and Interpretations (continued)

Applicability of the offsetting disclosures to condensed interim financial statements

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

Amendments to IAS 19 Employee Benefits

Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2017 or later periods:

Amendments to IAS 12 Income Taxes

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

The effective date of the amendments are for years beginning on or after 01 January 2017.
The company expects to adopt the standard for the first time in the 2017 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 15 Revenue from contracts with customers

The new standard establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

Amendments to IFRS 15 Revenue from contracts with customers

The amendment was issued to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

Amendment to IAS 7 Cash Flow Statements

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

The effective date of the amendments are for years beginning on or after 01 January 2017.
The company expects to adopt the standard for the first time in the 2017 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

Amendments to IFRS 2 Share Based Payments

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

IFRS 16 Leases

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases - Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The effective date of the standard is for years beginning on or after 01 January 2019.
The company expects to adopt the standard for the first time in the 2019 financial statements.
The impact of the standard will be assessed by management.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures on sale or contribution of assets

The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The effective date of the standard has been postponed.
The impact of the standard will be assessed by management.

Amendment to IFRS 9 Financial Instruments Financial Liabilities, Derecognition of financial instruments, Financial Assets

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

Amendments to IFRS 9 Financial Instruments - General Hedge Accounting

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

The effective date of the standard is for years beginning on or after 01 January 2018.
The company expects to adopt the standard for the first time in the 2018 financial statements.
The impact of the standard will be assessed by management.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

2.3 Improvements to IFRS's effective and adopted in the current year

The following improvements have been published, the company has adopted the following standards and improvements that are effective for the current financial year and that are relevant to its operations:

Annual improvements 2014-2016
The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[...] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

Applicability of the offsetting disclosures to condensed interim financial statements.

The effective date of the amendments are for years beginning on or after 01 January 2016.
The company has adopted the amendments for the first time in the 2016 financial statements.
The impact has been assessed by management and is not considered material.

3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	71 430 232	(31 079 554)	40 350 678	54 886 655	(26 868 096)	28 018 559
Furniture and fixtures	2 077 102	(1 401 108)	675 994	1 356 022	(1 139 557)	216 465
Motor vehicles	705 228	(325 228)	380 000	249 228	(249 228)	-
Computer equipment	3 237 775	(2 163 030)	1 074 745	2 912 052	(1 881 924)	1 030 128
Total	**77 450 337**	**(34 968 920)**	**42 481 417**	**59 403 957**	**(30 138 805)**	**29 265 152**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Assets under construction*	Depreciation	Total
Plant and machinery	28 018 559	10 765 557	6 244 144	(4 677 582)	40 350 678
Furniture and fixtures	216 465	721 080	-	(261 551)	675 994
Motor vehicles	-	456 000	-	(76 000)	380 000
Computer equipment	1 030 128	325 723	-	(281 106)	1 074 745
	29 265 152	**12 268 360**	**6 244 144**	**(5 296 239)**	**42 481 417**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Assets under construction*	Depreciation	Total
Plant and machinery	23 028 370	7 743 917	957 458	(3 711 186)	28 018 559
Furniture and fixtures	302 202	80 795	-	(166 532)	216 465
Computer equipment	178 273	532 614	433 608	(114 367)	1 030 128
	23 508 845	**8 357 326**	**1 391 066**	**(3 992 085)**	**29 265 152**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Other information

	2016	2015
Depreciation relating to direct production	5 296 239	3 714 614
Depreciation included in operating expenses	-	277 471
Total	**5 296 239**	**3 992 085**

* Assets under construction represents capital projects in progress and not commissioned at the end of the financial year.

4. Intangible assets

	2016			2015		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	512 425	(452 329)	60 096	512 425	(383 524)	128 901

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer software	128 901	(68 805)	60 096

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	203 431	(74 530)	128 901

5. Deferred tax

Reconciliation of deferred tax asset

Inventory provision	7 984 356	6 789 887
Warranty provision	1 164 349	1 286 042
Bad debt provision	898 482	563 495
Prepaid expense	177 901	119 091
Assessed losses	35 385 723	26 437 277
Unused tax losses not recognised as deferred tax assets	(45 610 811)	(35 195 792)
	-	-

Unrecognised deferred tax asset

Unused tax losses not recognised as deferred tax assets	(45 610 811)	(35 195 792)

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

6. Inventories

Raw materials	106 763 441	84 089 124
Work in progress	5 067 572	11 214 107
Finished goods	21 680 629	24 041 051
Goods in transit	26 031 716	10 095 674
	159 543 358	129 439 956
Inventories (write-downs)	(31 489 915)	(24 249 596)
	128 053 443	**105 190 360**

7. Trade and other receivables

Trade receivables	54 988 379	86 654 577
Trade receivables - related parties	16 337 384	16 257 840
Other related party receivable - Frigoinvest Holdings B.V.	47 708 100	-
Prepayments	1 542 946	1 787 119
VAT receivable	9 065 483	1 077 874
Staff loans	200 999	318 859
Provision for doubtful debts	(3 208 864)	(2 012 484)
	126 634 427	**104 083 785**

Trade and other receivables pledged as security

The company has ceded its trade receivables to FirstRand Bank Limited as surety for its banking facilities.

There is no concentration of credit risk with respect to trade receivables as the company has a widely dispersed customer base. The carrying values of the receivables approximate the fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 31 December 2016, R 14 996 743 (2015: R 24 281 096) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	9 501 040	17 234 560
2 months past due	5 495 703	7 046 536
	14 996 743	**24 281 096**

The company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believe that no additional credit risk beyond amounts provided for exists.

8. Cash and cash equivalents

Cash consists of:

Cash on hand	925	1 787
Bank balances	35 949 606	25 129 157
	35 950 531	**25 130 944**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

9. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Loans and receivables	Total
Related party receivables	64 045 484	64 045 484
Trade and other receivables	99 768 158	99 768 158
Cash	35 950 531	35 950 531
	199 764 173	**199 764 173**

2015

	Loans and receivables	Total
Related party receivables	16 257 840	16 257 840
Trade and other receivables	84 960 952	84 960 952
Cash	25 130 944	25 130 944
	126 349 736	**126 349 736**

10. Share capital

	2016	2015
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Issued		
2 Ordinary shares of R1 each	2	2
Share premium	58 255 120	58 255 120
	58 255 122	**58 255 122**

11. Other reserves

The company has converted Intercompany loans into an equity contribution amounting EUR 8.9 million. The holding company also contributed additional equity amounting to EUR 3.3 million payable in instalments effective from December 2016.

	2016	2015
Loan converted to equity	147 396 446	-
Equity contribution by holding company	47 708 100	-
	195 104 546	**-**

Figures in Rand	2016	2015
12. Loan from group company		
Holding company		
Frigoglass Cyprus*	-	(109 503 764)
Frigoinvest Holdings B.V.**	(7 236 632)	-
	(7 236 632)	**(109 503 764)**

The loan with Frigoglass Cyprus* is unsecured, bears interest at 8.5% per annum and have no fixed terms of repayment.

The loan with Frigoinvest Holdings B.V.** is unsecured, bears interest at 2.25% per annum and have no fixed terms of repayment.

The Holding Company has subordinated its loan in favour of other creditors of the company.

2016	Opening balance	Advances / (Repayments)	Capitalised interest	Conversion to equity	Closing balance
Frigoglass Cyprus*	109 503 764	30 603 287	7 289 395	(147 396 446)	-
Frigoinvest Holdings B.V.**	-	7 228 500	8 132	-	7 236 632
	109 503 764	**37 831 787**	**7 297 527**	**(147 396 446)**	**7 236 632**

2015	Opening balance	Capitalised interest	Total
Frigoglass Cyprus*	100 670 168	8 833 596	109 503 764

13. Trade and other payables

	2016	2015
Trade payables	89 693 893	64 051 733
Trade payables - related parties	234 138 706	167 379 016
Accruals and other payables	22 792 233	19 379 271
Withholding taxes i.r.o royalties payable	2 266 460	1 537 346
	348 891 292	**252 347 366**

14. Provisions

Reconciliation of provisions - 2016

	Opening balance	Utilised during the year	Total
Warranties	4 593 006	(434 617)	4 158 389

Reconciliation of provisions - 2015

	Opening balance	Additional provisions charged to income statement	Total
Warranties	3 579 439	1 013 567	4 593 006

Warranty

The company provides a warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision for R 3 367 546 (2015: R 4 580 718) has been recognised at the year-end for expected warranty claims based on past experience of the level of repairs and returns.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial liabilities at amortised cost	Total
Loans from group companies	7 236 632	7 236 632
Related party liabilities	234 138 706	234 138 706
Trade and other payables	114 752 586	114 752 586
	356 127 924	**356 127 924**

2015

	Financial liabilities at amortised cost	Total
Loan from group company	109 503 764	109 503 764
Related party liabilities	167 379 016	167 379 016
Trade and other payables	84 968 350	84 968 350
	361 851 130	**361 851 130**

16. Revenue

	2016	2015
Sale of goods	366 893 914	349 229 191
Planning discounts	(11 468 100)	(11 191 355)
	355 425 814	**338 037 836**

17. Cost of sales

	2016	2015
Sale of goods		
Cost of goods sold	444 090 670	352 678 381
	444 090 670	**352 678 381**

18. Other income

	2016	2015
Profit and loss on sale of assets and liabilities	85 000	10 000
Profit on exchange differences	15 331 438	-
Discount received	52 952	-
Transportation and other income	14 889 739	18 516 950
	30 359 129	**18 526 950**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

19. Operating expenses (Expenses by nature)

Depreciation	-	277 471
Forex exchange differences	-	12 119 409
Employee benefits	-	6 915 535
Motor vehicle expenses	12 647	374 548
Other expenses	956 011	5 246 538
Printing and stationery	360 400	366 837
Telephone and fax	-	334 151
Rent paid	-	1 440 050
Training	1 118 446	936 825
Travel expenses	371 686	1 027 574
	2 819 190	**29 038 938**

20. Distribution expenses (Expenses by nature)

Transportation cost - Coolers Third Party	13 884 731	10 571 914
Transport Cost-Coolers-Inter Co	133 451	787 778
	14 018 182	**11 359 692**

21. Administration expenses (Expenses by nature)

Audit fees	1 385 374	806 645
Cleaning	-	311 397
Bank charges	231 634	241 400
Computer expenses	760 181	1 281 453
Consulting fees	2 574 361	5 748 408
Employee benefits	19 740	13 950 133
Entertainment	-	80 010
Insurance	407 476	956 608
Motor vehicle expenses	728 760	1 164 487
Management fees	22 064 291	21 259 075
Other expenses	1 304 332	534 823
Printing and stationery	2 033 927	91 799
Subscriptions	5 952	16 180
Penalties - non-deductable	84 240	-
Telephone and fax	264 693	438 988
	31 864 961	**46 881 406**

22. Finance income

Interest revenue		
Interest income	9 143	981 796
Interest received from SARS	144 215	389
	153 358	**982 185**

23. Finance costs

Other interest paid	1 018 508	573 099
Inter-company interest expense/accrued	7 297 528	8 833 596
	8 316 036	**9 406 695**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

24. Taxation

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss	(121 183 951)	(91 818 140)
Tax at the applicable tax rate of 28% (2015: 28%)	(33 931 506)	(25 709 079)
Tax effect of adjustments on taxable income		
Tax losses carried forward	33 931 506	25 709 079
	-	-

25. Cash used in operations

Loss before taxation	(121 183 951)	(91 818 140)
Adjustments for:		
Depreciation and amortisation	5 365 044	4 066 615
Profit on sale of assets	(85 000)	(10 000)
Interest received	(153 358)	(982 185)
Finance costs	8 316 036	9 406 695
Movements in provisions	(434 617)	1 013 567
Other non-cash items - prior year tax adjustment	1 618 000	-
Changes in working capital:		
Inventories	(22 863 083)	1 356 276
Trade and other receivables	(22 550 642)	26 984 549
Trade and other payables	96 543 925	56 445 677
	(55 427 646)	**6 463 054**

26. Tax received

Balance at beginning of the year	1 618 000	1 618 000
Prior period adjustment	(1 618 000)	-
Balance at end of the year	-	(1 618 000)
	-	-

27. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	7 263 963	7 193 777
- in second to fifth year inclusive	7 715 768	7 641 371
	14 979 731	**14 835 148**

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

28. Related parties

Relationships	% Shareholding	
Ultimate holding company	100%	Frigoglass S.A.I.C
Holding company	100%	Frigoinvest Holdings B.V
Related parties		Frigoglass S.A.I.C. Frigoinvest Holdings B.V Frigoglass Finance B.V. 3P Frigoglass S.R.L Frigoglass Cyprus Ltd Norcool Holdings AS Frigoglass Turkey Sogutma Frigoglass SpZoo Frigoglass GmbH Frigoglass North America Ltd. Co Frigoglass East Africa Ltd. Frigoglass MENA FZE Frigoglass Philippines Inc. Frigoglass Ltd - Ireland Frigoglass Romania S.R.L Frigoglass Eurasia LLC Frigoglass Indonesia PT Frigoglass India PVT Ltd. Frigoglass Guangzhou Ice Cold Equipment Co. Ltd Frigoglass West Africa Ltd Frigoglass Industries Ltd Beta Glass PLC Frigoglass Global Limited Frigoglass Jebel Ali FZE Scandinavian Appliances AS Frigoglass Nordic AS Frigoglass Iberica SL

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

28. Related parties (continued)

Related party balances

Related party payables		
Frigoglass North America	34 279	38 920
Frigoglass Eurasia LLC	2 435 859	2 381 264
3P Frigoglass S.R.L	5 021 024	2 680 938
Frigorex Indonesia PT	33 908 937	1 243 849
Frigoglass Romania SRL	25 697 289	28 057 152
Frigoglass SP 2.0.0 Poland	82 989	97 317
Frigoglass India Private Limited	11 860 459	2 784 135
Frigoinvest Holdings B.V.	7 236 632	-
Frigoglass China	10 124 507	-
Frigoglass Germany	-	28 766
Frigoglass Turkey	-	1 454 290
Frigoglass SAIC - Head Office	125 709 711	104 379 334
Frigoglass Cyprus *	-	109 503 764
Frigoglass SAIC -Kato Achaia	8 999 440	18 149 104
Frigoglass East Africa Ltd	7 566 918	3 228 637
Frigoglass Nigeria	-	2 909 267
Frigoglass West Africa	2 696 891	-
	241 374 935	**276 936 737**

Related party receivables		
Frigoglass Romania SRL	-	1 583 738
Frigoglass India Private Limited	50 970	46 014
Frigoinvest Holdings B.V. (Equity contribution)	47 708 100	-
Frigoglass SAIC	480 496	24 080
Frigoglass Industries Limited Nigeria	-	7 595 411
Frigorex Indonesia	4 926 063	23 092
Frigoglass Turkey	-	97 965
Frigoglass Germany	-	16 044
Frigoglass East Africa Ltd	(3 425)	3 388 822
Frigoglass Eurasia LLC	1 448 328	62 056
Frigoglass China	-	3 420 620
Frigoglass West Africa	9 434 952	-
	64 045 484	**16 257 842**

The loan with Frigoglass Cyprus (*) is unsecured, bears interest at 8.5% per annum and have no fixed terms of repayment.

The other loans are trading accounts. They are unsecured, bears no interest and have no fixed terms of repayment.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

28. Related parties (continued)

Related party transactions

Purchase of goods from related parties		
Frigoglass SAIC - Kato Achaia	2 989 813	135 464
Frigoglass Indonesia	15 455 818	1 567
Frigoglass India	9 884 266	1 857 142
Frigoglass Romania	11 990 487	-
Frigoglass East Africa Ltd	2 125 220	926 816
Frigoglass 3P Romania	-	2 462 546
Frigoglass China	4 364 041	5 988 833
Frigoglass Eurasia LLC	515 558	1 867 130
	47 325 203	**13 239 498**

Sales of goods and services		
Frigoglass Wes Africa	3 063 420	1 320 945
Frigoglass Romania	4 351	163 936
Frigoglass Guangzhou	-	57 733
Frigoglass Eurasia LLC	1 468 834	60 764
Frigoglass SAIC	1 148 940	41 193
Frigoglass East Africa	2 287 352	1 582 754
Frigoglass Turkey	-	1 201 309
Frigoglass Indonesia	4 996 858	20 451
Frigoglass India	264 646	18 389
	13 234 401	**4 467 474**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

29. Directors' emoluments

Executive

2016

	Emoluments	Performance related payments	Other benefits	Pension and other contributions	Total
S Vasileios *	-	-	-	-	-
J Haarrhoff	92 924	-	-	25 332	118 256
I Sklavainas *	-	-	-	-	-
S Pillay **	900 000	90 000	270 000	173 582	1 433 582
	992 924	**90 000**	**270 000**	**198 914**	**1 551 838**

2015

	Emoluments	Performance related payments		Pension and other contributions	Total
A Palmer	1 638 278	-	1 727 660	410 213	3 776 151
S Vasileios *	-	-	-	-	-
J Haarrhoff	846 160	77 766	-	215 870	1 139 796
I Sklavainas *	-	-	-	-	-
S Pillay **	-	-	-	-	-
	2 484 438	**77 766**	**1 727 660**	**626 083**	**4 915 947**

* The following directors were paid by Frigoglass S.A.I.C in Greece : S Vasileios ,I Sklavainas.

** The following director was appointed in 2016 financial year on 01 April 2016 and thus received no emoluments during the 2015 financial year.

30. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the company's cash and cash equivalents on the basis of expected cash flow.

The Holding Company has subordinated its loan in favour of other creditors of the company.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

30. Risk management (continued)

Payable within 1 month or on demand	At 31 December 2016	At 31 December 2015
Loan from group company	7 236 632	109 503 764
Related party liabilities	241 374 935	167 432 973
Trade and other payables	130 049 968	95 420 502

Interest rate risk

There is a significant exposure to interest rate risk at balance sheet date due to interest incurred on intercompany loans. Interest accrued in 2016 financial year was R 7 297 528 (2015: R 8 883 596).

Foreign exchange risk

Transactions in currencies other than the company's functional currency expose the company to the risk associated with fluctuations in exchange rates. In this regard, the company hedges certain trade payables and trade receivables denominated in foreign currency. The following trade payables and trade receivables included in the balance sheet were covered by forward exchange contracts. The rand equivalent was calculated by using the mark to market rates on open foreign exchange contracts.

Foreign currency exposure at the end of the reporting period

Trade receivables		
United States Dollars (USD)	216 383	407 905
Rand equivalent @ 14.69 (2015: 12.84)	3 177 300	5 238 358

A one percent weakening of the Rand againgst the USD would have increased profit or loss by R 31 773 (2015: R 52 384) assuming that all other variables remain constant.

A one percent weakening of the Rand againgst the Euro would have increased profit or loss by R Nil (2015: R Nil) assuming that all other variables remain constant.

Trade payables		
United States Dollars (USD)	969 189	820 758
Rand equivalent @ 14.69 (2015: 12.84)	14 237 865	10 540 281
Euro	1 167 925	676 903
Rand equivalent @ 16.19 (2015: 14.26)	18 911 621	9 654 169

A one percent weakening of the Rand againgst the USD would have decreased profit or loss by R 142 379 (2015: R 105 403) assuming that all other variables remain constant.

A one percent weakening of the Rand againgst the Euro would have decreased profit or loss by R 189 116 (2015: R 96 542) assuming that all other variables remain constant.

31. Going concern

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

The company incurred a total comprehensive loss for the year of R 121 183 951. This resulted in an accumulated loss at 31 December 2016 amounting to R 280 466 067. The company incurred losses in the financial year ended 31 December 2016.This has resulted in the company's liabilities exceeding its assets.

The Company is dependent on its Holding Company for financial support. To this end the the Holding Company has issued a letter of support in favour of the Company. The Holding Company has subordinated its loan in favour of other creditors of the company. The Holding Company has seconded a task team to assist local management in improving production efficiencies and implementing cost reduction programs.

Based on these initiatives, the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the directors.

The Group incurred a net loss of Euro 48.8 million during the year ended 31 December 2016 (2015: Euro 58.3 million) while the reported net loss was Euro 11.1 million for the first quarter of 2017 financial year, and as a result the net assets of the Group became negative. The Holding Company disclosed a material uncertainty in the Group Annual Financial Statements. The Audit opinion also disclosed material uncertainty regarding going concern in the period ending 31 December 2016.

In addition, considering the Group's inability to satisfy certain financial covenants as per the revolving credit facilities with the lenders and the current restrictions in the use of group's cash, the lenders waived such defaults and extended the maturity of their loans to 31st March 2017, on the condition that the Group will generate satisfactory cash flows from its operating activities and will obtain additional funding from its major shareholders. The above mentioned, could adversely affect the Group's operating activities and the going concern assumption.

The Group has entered into an agreement with major shareholders and bond holders to create a long term sustainable capital structure which will result in a significant equity contribution, additional liquidity and debt deleveraging as well as extension of maturity profile of reduced loans by approximately 5 years.

These conditions along with other matters at group level indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern.

Notes to the Annual Financial Statements

32. Events after the reporting period

The company incurred losses for the financial year ended 31 December 2016. Management and the Board of Directors have put plans in place to reverse these losses going forward.

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the annual financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.

The holding company agreed to an additional equity contribution amounting to R 47 708 100 payable in installments effective from December 2016. This equity contribution amounted to R46 321 922 as at the date of this report. The company continues to receive financial support through cash investment from Frigoinvest Holdings B.V.

As at the date of this report, the company had an open objection for a VAT return, amounting to approximately R 165 million during 2016 financial year. The objection was related to disallowed input transactions for period June and July 2016. As at the date of this report the matter had been resolved and reversed for both periods by SARS resulting in full refunds paid and received by the company.