

**Frigoglass South Africa Proprietary Limited  
(Registration number 2000/025227/07)  
Annual financial statements  
for the year ended 31 December 2017**

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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 AN Nkomonde ME Lewis
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	<hr/>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Index

---

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

Index	Page
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 19
Notes to the Annual Financial Statements	20 - 35

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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 S.A.I.C.

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 6 to 8.

The annual financial statements set out on pages 4 - 5 and 9 - 35, which have been prepared on the going concern basis, were approved by the board on 05 JULY 2019 and were signed on its behalf by:

V. Stergiou

Director

A. NKOMONDE

Director



# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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 2017.

### 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 (2016: R -).

### 5. Directorate

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

Directors	Nationality	Changes
S Vasileios	Greece	
I Sklavainas	Greece	
S Pillay	South African	Resigned 31 May 2017
RC Amlima	South African	Appointed 01 December 2017, resigned 30 June 2018
TR Ramela	South African	Appointed 01 December 2017, resigned 31 March 2018
AN Nkomonde	South African	Appointed 01 July 2018
ME Lewis	South African	Appointed 01 July 2018

### 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.

### 8. Events after the reporting period

The company incurred losses for the financial year ended 31 December 2017. 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Directors' Report

---

### 9. Going concern

Frigoglass South Africa will continue to receive financial support from the Holding Company Frigoglass SAIC. In October 2017, Frigoglass Group finalized its capital restructuring, which led to Euro 138m gross debt deleveraging, Euro 70m additional liquidity, a significant reduction of annual interest cost, and extension of maturity profile to December 2021 and March 2022.

Following the restructuring, the Group is in a distinctly improved financial position and has the necessary liquidity to fulfil its financial obligations over the forthcoming years. Frigoglass Group, a global leader in its industry of bespoke commercial refrigeration, has as a policy to offer support to all its affiliates worldwide and is currently in the position to provide to them the necessary financial support. In addition, the Holding Company agrees and undertakes that it will provide such further financial support to Frigoglass South Africa (Pty) Ltd as may enable the company to pay the claim of any creditor of the Frigoglass South Africa (Pty) Ltd both present and future, as and when payment of such claim is due, a legally binding Letter of Support and subordination agreement was signed on 13th June 2018, confirming the Holding Company's commitment to Frigoglass South Africa (Pty) Ltd.

Frigoglass South Africa's debt in 2017 was converted into equity in line with the Group's restructuring of its Debt to Equity. This resulted in additional shares issued during the year of 4 ordinary shares at a value of R1 each, and Share Premium of R242 917 696. Following the restructuring, the Company is in a distinctly improved financial position and has the necessary liquidity to fulfill its financial obligations over the forthcoming years. The Frigoglass Group, has as a policy to offer support to all its affiliates worldwide and is currently in the position to provide to them the necessary financial support and this undertaking shall remain in force and effect for as long as the company is unable to pay its liabilities.

The loss of the Company has reduced significantly in FY 2018 and the directorate envisage a continued reduction in the loss, bringing the Company to profitability and being able to self sustain. The loss before tax recognised in the 2018 financial year amounted to R 71 million and up to May 2019 resulted in a R 6 million loss from operation.

### 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 2017.

### 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 5 JULY 2019



## *Independent auditor's report*

To the Shareholders of Frigoglass South Africa Proprietary Limited

---

### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Frigoglass South Africa Proprietary Limited (the Company) as at 31 December 2017, 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 9 to 35 comprise:

- the statement of financial position as at 31 December 2017;
- 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 opinion*

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

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

### **Independence**

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

---

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Private Bag X36, Sunninghill, 2157, South Africa  
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, [www.pwc.co.za](http://www.pwc.co.za)





---

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled “Frigoglass South Africa Proprietary Limited Annual financial statements for the year ended 31 December 2017”, which includes the Directors’ Report as required by the Companies Act of South Africa. The 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  
5 July 2019

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	-	42 481 417
Intangible assets	4	-	60 096
		-	42 541 513
<b>Current Assets</b>			
Inventories	6	110 178 859	128 053 443
Trade and other receivables	7	65 907 023	126 634 427
Cash and cash equivalents	8	21 491 830	35 950 531
		197 577 712	290 638 401
<b>Total Assets</b>		<b>197 577 712</b>	<b>333 179 914</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	10	301 172 822	58 255 122
Reserves	11	195 104 546	195 104 546
Accumulated loss		(463 677 035)	(280 466 067)
		32 600 333	(27 106 399)
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from group companies	12	25 451 387	7 236 632
Trade and other payables	13	133 674 931	348 891 292
Provisions	14	5 851 061	4 158 389
		164 977 379	360 286 313
<b>Total Equity and Liabilities</b>		<b>197 577 712</b>	<b>333 179 914</b>

## Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	16	289 083 522	355 425 814
Cost of sales	17	(381 678 036)	(450 103 883)
<b>Gross loss</b>		<b>(92 594 514)</b>	<b>(94 678 069)</b>
Other income	18	3 476 456	30 359 129
Operating expenses	19	(37 344 591)	(2 819 190)
Distribution expenses	20	(9 691 560)	(14 018 182)
Administrative expenses	21	(45 635 452)	(31 864 961)
<b>Operating loss</b>		<b>(181 789 661)</b>	<b>(113 021 273)</b>
Finance income	22	70 497	153 358
Finance costs	23	(1 491 804)	(8 316 036)
<b>Loss before taxation</b>		<b>(183 210 968)</b>	<b>(121 183 951)</b>
Taxation	24	-	-
<b>Loss for the year</b>		<b>(183 210 968)</b>	<b>(121 183 951)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(183 210 968)</b>	<b>(121 183 951)</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other reserves	Accumulated loss	Total equity
<b>Balance at 01 January 2016</b>	<b>2</b>	<b>58 255 120</b>	<b>58 255 122</b>	-	<b>(159 282 116)</b>	<b>(101 026 994)</b>
Loss for the year	-	-	-	-	(121 183 951)	(121 183 951)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(121 183 951)</b>	<b>(121 183 951)</b>
Loan converted to equity	-	-	-	147 396 446	-	147 396 446
Equity contribution by holding company	-	-	-	47 708 100	-	47 708 100
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195 104 546</b>	<b>-</b>	<b>195 104 546</b>
<b>Balance at 01 January 2017</b>	<b>2</b>	<b>58 255 120</b>	<b>58 255 122</b>	<b>195 104 546</b>	<b>(280 466 067)</b>	<b>(27 106 399)</b>
Loss for the year	-	-	-	-	(183 210 968)	(183 210 968)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(183 210 968)</b>	<b>(183 210 968)</b>
Issue of shares	4	242 917 696	242 917 700	-	-	242 917 700
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>4</b>	<b>242 917 696</b>	<b>242 917 700</b>	<b>-</b>	<b>-</b>	<b>242 917 700</b>
<b>Balance at 31 December 2017</b>	<b>6</b>	<b>301 172 816</b>	<b>301 172 822</b>	<b>195 104 546</b>	<b>(463 677 035)</b>	<b>32 600 333</b>
Note	10	10	10	11		

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
<b>Cash flows from operating activities</b>			
Cash used in operations	25	(272 237 209)	(55 427 646)
Interest income	22	70 497	153 358
Finance costs	23	(1 178 319)	(1 018 508)
<b>Net cash used in operating activities</b>		<b>(273 345 031)</b>	<b>(56 292 796)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(2 031 540)	(18 512 504)
Sale of property, plant and equipment	3	98 900	85 000
<b>Net cash used in investing activities</b>		<b>(1 932 640)</b>	<b>(18 427 504)</b>
Proceeds on share issue	10	242 917 700	-
Proceeds/funding from group companies		17 901 270	85 539 887
<b>Net cash from financing activities</b>		<b>260 818 970</b>	<b>85 539 887</b>
<b>Total cash movement for the year</b>		<b>(14 458 701)</b>	<b>10 819 587</b>
Cash at the beginning of the year		35 950 531	25 130 944
<b>Total cash at end of the year</b>	8	<b>21 491 830</b>	<b>35 950 531</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on the going concern basis in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, 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 reviewed 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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.



# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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.

# **Frigoglass South Africa Proprietary Limited**

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## **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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## 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.

These terms are usually met on delivery of the goods to the customer.

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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Accounting Policies

---

### 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

---

### 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 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.

##### 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.

#### 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 2018 or later periods:

##### 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.



# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

---

### 2. New Standards and Interpretations (continued)

#### 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.

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.



# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

---

### 2. New Standards and Interpretations (continued)

#### 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Plant and machinery	71 187 791	(71 187 791)	-	71 430 232	(31 079 554)	40 350 678
Furniture and fixtures	2 077 102	(2 077 102)	-	2 077 102	(1 401 108)	675 994
Motor vehicles	705 228	(705 228)	-	705 228	(325 228)	380 000
Computer equipment	3 259 689	(3 259 689)	-	3 237 775	(2 163 030)	1 074 745
<b>Total</b>	<b>77 229 810</b>	<b>(77 229 810)</b>	<b>-</b>	<b>77 450 337</b>	<b>(34 968 920)</b>	<b>42 481 417</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Impairment loss	Total
Plant and machinery	40 350 678	2 009 626	(13 446 304)	(28 914 000)	-
Furniture and fixtures	675 994	-	(675 994)	-	-
Motor vehicles	380 000	-	(380 000)	-	-
Computer equipment	1 074 745	21 914	(1 096 659)	-	-
	<b>42 481 417</b>	<b>2 031 540</b>	<b>(15 598 957)</b>	<b>(28 914 000)</b>	<b>-</b>

#### 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
	<b>29 265 152</b>	<b>12 268 360</b>	<b>6 244 144</b>	<b>(5 296 239)</b>	<b>42 481 417</b>

#### Other information

	2017	2016
Depreciation relating to direct production	41 652 063	5 296 239

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

Assets were impaired on the basis that there are no foreseeable future economic benefits and that the realisation of assets will not occur, due to the material uncertainty regarding the company's ability to continue as a going concern (refer to note 31).

### 4. Intangible assets

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	512 425	(512 425)	-	512 425	(452 329)	60 096

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets (continued)

#### Reconciliation of intangible assets - 2017

	Opening balance	Amortisation/ Impairment	Total
Computer software	60 096	(60 096)	-

#### Reconciliation of intangible assets - 2016

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

**2017**      **2016**

### 5. Deferred tax

#### Reconciliation of deferred tax asset

Provisions for Obsolete & Slow Moving Stock	8 605 969	7 984 356
Provisions for Warranty	1 638 297	1 164 349
Other Provision- Leave-pay	217 651	-
Provisions for Bad Debts	898 482	898 482
Prepaid Expenses	(163 590)	177 901
Bad debts allowance	(224 620)	-
Provision for audit fee	163 100	-
Assessed losses	73 303 923	35 385 723
Unused tax losses not recognised as deferred tax assets	(84 439 212)	(45 610 811)
	-	-

#### Unrecognised deferred tax asset

Unused tax losses not recognised as deferred tax assets	(84 439 212)	(45 610 811)
---	--------------	--------------

### 6. Inventories

Raw materials	97 690 226	106 763 441
Work in progress	1 034 636	5 067 572
Finished goods	38 970 008	21 680 629
Goods in transit	3 219 591	26 031 716
	140 914 461	159 543 358
Provision for obsolescence and realisable value	(30 735 602)	(31 489 915)
	<b>110 178 859</b>	<b>128 053 443</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>7. Trade and other receivables</b>		
Trade receivables	52 613 717	54 988 379
Trade receivables - related parties	8 909 001	16 337 384
Provision for doubtful debts	(3 208 864)	(3 208 864)
Other related party receivable - Frigoinvest Holdings B.V.	-	47 708 100
Prepayments	2 502 352	1 542 946
VAT receivable	5 066 795	9 065 483
Staff loans	24 022	200 999
	<b>65 907 023</b>	<b>126 634 427</b>

### Trade and other receivables pledged as security

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 2017, R 4 361 930 (2016: R 14 996 743) were past due but not impaired.

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

1 month past due	1 714 142	9 501 040
2 months past due	2 647 788	5 495 703
	<b>4 361 930</b>	<b>14 996 743</b>

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	9 823	925
Bank balances	21 482 007	35 949 606
	<b>21 491 830</b>	<b>35 950 531</b>

### 9. Financial assets by category

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

2017

	Loans and receivables	Total
Related party receivables	8 793 894	8 793 894
Trade and other receivables (excl VAT and Prepayments)	49 428 875	49 428 875
Cash	21 491 830	21 491 830
	<b>79 714 599</b>	<b>79 714 599</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand 2017 2016

### 9. Financial assets by category (continued)

2016

	Loans and receivables	Total
Related party receivables	64 045 484	64 045 484
Trade and other receivables (excl VAT and Prepayments)	51 980 514	51 980 514
Cash	35 950 531	35 950 531
	<b>151 976 529</b>	<b>151 976 529</b>

### 10. Share capital

<b>Authorised</b>		
1 000 Ordinary shares of R1 each	1 000	1 000
<b>Issued</b>		
6 Ordinary shares of R1 each (2016: 2)	6	2
Share premium	301 172 816	58 255 120
	<b>301 172 822</b>	<b>58 255 122</b>

### 11. Other reserves

Opening balance	195 104 546	-
Loan converted to equity	-	147 396 446
Equity contribution by holding company	-	47 708 100
	<b>195 104 546</b>	<b>195 104 546</b>

### 12. Loans to (from) group companies

#### Holding company

Frigoinvest Holdings B.V.*	25 451 387	7 236 632
----------------------------	------------	-----------

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.

2017	Opening balance	Advances / (Repayments)	Capitalised interest	Conversion to equity	Closing balance
Frigoinvest Holdings B.V.*	7 236 632	18 214 755	-	-	25 451 387
<b>2016</b>					
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
	<b>109 503 764</b>	<b>37 831 787</b>	<b>7 297 527</b>	<b>(147 396 446)</b>	<b>7 236 632</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>13. Trade and other payables</b>		
Trade payables	34 291 721	89 693 893
Trade payables - related parties	72 624 133	234 138 706
Accruals and other payables	18 307 080	22 792 233
Withholding taxes in respect of royalties payable	8 451 997	2 266 460
	<b>133 674 931</b>	<b>348 891 292</b>

### 14. Provisions

#### Reconciliation of provisions - 2017

	Opening balance	Additional provisions charged to profit and loss	Total
Warranties	4 158 389	1 692 672	5 851 061

#### Reconciliation of provisions - 2016

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

#### 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 5 851 061 (2016: R 4 158 389) has been recognised at the year-end for expected warranty claims based on past experience of the level of repairs and returns, which is expected to be utilised within 12 months.

### 15. Financial liabilities by category

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

#### 2017

	Financial liabilities at amortised cost	Total
Loans from group companies	25 451 387	25 451 387
Related party liabilities	72 509 026	72 509 026
Trade and other payables	34 291 721	34 291 721
	<b>132 252 134</b>	<b>132 252 134</b>

#### 2016

	Financial liabilities at amortised cost	Total
Loan from group company	7 236 632	7 236 632
Related party liabilities	234 138 706	234 138 706
Trade and other payables	89 693 893	89 693 893
	<b>331 069 231</b>	<b>331 069 231</b>

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>16. Revenue</b>		
Sale of goods	307 059 685	366 893 914
Planning discounts	(17 976 163)	(11 468 100)
	<b>289 083 522</b>	<b>355 425 814</b>
<b>17. Cost of sales</b>		
Cost of goods sold	381 678 036	450 103 883
	<b>381 678 036</b>	<b>450 103 883</b>
<b>18. Other income</b>		
Profit and loss on sale of assets and liabilities	98 900	85 000
Profit on exchange differences	-	15 331 438
Discount received	-	52 952
Transportation and other income	-	14 889 739
Other income - planning discounts	3 377 556	-
	<b>3 476 456</b>	<b>30 359 129</b>
<b>19. Operating expenses ( Expenses by nature)</b>		
Forex exchange differences	7 710 593	-
Impairment of plant and equipment	28 914 000	-
Motor vehicle expenses	-	12 647
Other administrative expenses	-	956 011
Printing and stationery	90 144	360 400
Training	629 854	1 118 446
Travel expenses	-	371 686
	<b>37 344 591</b>	<b>2 819 190</b>
<b>20. Distribution expenses (Expenses by nature)</b>		
Transportation cost - Coolers Third Party	9 691 560	13 884 731
Transportation Cost- Coolers IC	-	133 451
	<b>9 691 560</b>	<b>14 018 182</b>



# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>21. Administration expenses ( Expenses by nature)</b>		
Audit fees	1 045 000	1 385 374
Bank charges	300 247	231 634
Computer expenses	633 301	760 181
Consulting fees	2 434 122	2 574 361
Employee benefits	11 520 231	19 740
Entertainment	2 073 437	-
Insurance	841 574	407 476
Motor vehicle expenses	2 370 401	728 760
Management fees	22 955 544	22 064 291
Other expenses	67 000	1 304 332
Printing and stationery	-	2 033 927
Subscriptions	-	5 952
Penalties - non-deductable	642 173	84 240
Telephone and fax	752 422	264 693
	<b>45 635 452</b>	<b>31 864 961</b>
<b>22. Finance income</b>		
Interest income	16 484	9 143
Interest received from SARS	54 013	144 215
	<b>70 497</b>	<b>153 358</b>
<b>23. Finance costs</b>		
Other interest paid	1 178 319	1 018 508
Inter-company interest expense/accrued	313 485	7 297 528
	<b>1 491 804</b>	<b>8 316 036</b>
<b>24. Taxation</b>		
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting loss and tax expense.		
Accounting loss	(183 210 968)	(121 183 951)
Tax at the applicable tax rate of 28% (2016: 28%)	(51 299 071)	(33 931 506)
<b>Tax effect of adjustments on taxable income</b>		
Tax losses carried forward	51 059 437	33 931 506
Interest and penalties	239 634	-
	-	-

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>25. Cash used in operations</b>		
Loss before taxation	(183 210 968)	(121 183 951)
<b>Adjustments for:</b>		
Depreciation and amortisation	15 659 053	5 365 044
Profit on sale of assets	(98 900)	(85 000)
Interest received	(70 497)	(153 358)
Finance costs	1 491 804	8 316 036
Impairment loss	28 914 000	-
Movements in provisions	1 692 672	(434 617)
Other non-cash items - prior year tax adjustment	-	1 618 000
<b>Changes in working capital:</b>		
Inventories	17 874 584	(22 863 083)
Trade and other receivables	60 727 404	(22 550 642)
Trade and other payables	(215 216 361)	96 543 925
	<b>(272 237 209)</b>	<b>(55 427 646)</b>
<b>26. Tax received</b>		
Balance at beginning of the year	-	1 618 000
Prior period adjustment	-	(1 618 000)
	-	-
<b>27. Commitments</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	7 969 801	7 263 963
- in second to fifth year inclusive	15 774 941	7 715 768
	<b>23 744 742</b>	<b>14 979 731</b>

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.

### 28. Related parties

Relationships	% Shareholding	
Ultimate holding company	100%	Frigoglass S.A.I.C
Holding company	100%	Frigoinvest Holdings B.V

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

---

### 28. Related parties (continued)

Fellow subsidiaries

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

Frigoinvest Holdings B.V. has the majority shareholding in all related party entities, either through direct or indirect shareholding.

## Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>28. Related parties (continued)</b>		
<b>Related party balances</b>		
<b>Related party payables</b>		
Frigoglass North America	-	34 279
Frigoglass Eurasia LLC	2 654 730	2 435 859
3P Frigoglass S.R.L	8 590 647	5 021 024
Frigorex Indonesia PT	12 504 915	33 908 937
Frigoglass Romania SRL	23 216 346	25 697 289
Frigoglass SP 2.0.0 Poland	84 989	82 989
Frigoglass India Private Limited	624 145	11 860 459
Frigoinvest Holdings B.V.	-	-
Frigoglass China	888 946	10 124 507
Frigoglass Eurasia LLC	115 107	-
Frigoglass SAIC -Kato Achaia	5 893 665	8 999 440
Frigoglass East Africa Ltd	7 426 784	7 566 918
Frigoglass Nigeria	292 885	-
Frigoglass West Africa	2 466 564	2 696 891
	<b>64 759 723</b>	<b>108 428 592</b>
<b>Related party receivables</b>		
Frigoglass Romania	39 400	-
Frigoglass India Private Limited	-	50 970
Frigoinvest Holdings B.V. (Equity contribution)	-	47 708 100
Frigoglass SAIC	-	480 496
Frigorex Indonesia	3 217 015	4 926 063
Frigoglass East Africa Ltd	458 203	(3 425)
Frigoglass Eurasia LLC	-	1 448 328
Frigoglass West Africa	5 194 383	9 434 952
	<b>8 909 001</b>	<b>64 045 484</b>
<b>Loans from Holding company</b>		
Frigoinvest Holdings B.V.	25 451 387	7 236 632
Frigoglass SAIC - Head Office	7 864 410	125 709 711
	<b>33 315 797</b>	<b>132 946 343</b>

The loan with Frigoglass SAIC - Head Office is unsecured, bears interest at 2.25% per annum and have no fixed terms of repayment.

The related party balances are trading accounts. They are unsecured, bears interest and have no fixed terms of payment.

The Frigoglass SAIC Group, based in Greece, has refinanced certain group borrowings in the 2017 financial year in the form of First Lien and Second Lien debt. The maturity date of the First Lien Facilities Agreement is 31 December 2021, and the maturity date of the Second Lien Facilities Agreement is 31 March 2022. Frigoglass South Africa (Pty) Ltd is one of the group companies that have granted guarantees in respect of the First and Second Lien Debt. The security granted in favour of the creditors under the First Lien Facilities, First Lien Notes, Second Lien Facilities and Second Lien Notes will also include Frigoglass South Africa (Pty) Ltd.

Offsetting: Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>28. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Purchase of goods from related parties</b>		
Frigoglass SAIC - Kato Achaia	1 571 589	2 989 813
Frigoglass Indonesia	70 783 753	15 455 818
Frigoglass India	450 886	9 884 266
Frigoglass Romania	11 216 371	11 990 487
Frigoglass East Africa Ltd	2 934 421	2 125 220
3P Frigoglass	3 381 421	-
Frigoglass China	30 851	4 364 041
Frigoglass Eurasia LLC	103 068	515 558
Frigoglass Nigeria	296 688	-
Frigoglass West Africa	62 323	-
	<b>90 831 371</b>	<b>47 325 203</b>
<b>Sales of goods and services</b>		
Frigoglass West Africa	386 620	3 063 420
Frigoglass Romania	1 774	4 351
Frigoglass Eurasia LLC	541 572	1 468 834
Frigoglass SAIC	392 482	1 148 940
Frigoglass East Africa	469 902	2 287 352
Frigoglass Indonesia	2 092 074	4 996 858
Frigoglass India	49 813	264 646
	<b>3 934 237</b>	<b>13 234 401</b>

### 29. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

#### 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
	<b>992 924</b>	<b>90 000</b>	<b>270 000</b>	<b>198 914</b>	<b>1 551 838</b>

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

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand

---

### 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.

#### Payable within 1 month or on demand

	At 31 December 2017	At 31 December 2016
Loan from group companies	25 451 387	7 236 632
Related party liabilities	72 509 026	241 347 935
Trade and other payables	59 105 975	89 693 893

#### 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 2017 financial year was R 313 485 (2016: R 7 297 528).

#### 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.

# Frigoglass South Africa Proprietary Limited

(Registration number 2000/025227/07)

Annual Financial Statements for the year ended 31 December 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
-----------------	------	------

### 30. Risk management (continued)

#### Foreign currency exposure at the end of the reporting period

##### Trade receivables

United States Dollars (USD)	309 652	216 383
Rand equivalent @ 13.286 (2016: 14.69)	4 114 031	3 177 300

A one percent weakening of the Rand against the USD would have increased profit or loss by R 41 140 (2016: R 31 773) assuming that all other variables remain constant.

A one percent weakening of the Rand against the Euro would have increased profit or loss by R Nil (2016: R Nil) assuming that all other variables remain constant.

##### Trade payables

United States Dollars (USD)	184 758	969 189
Rand equivalent @ 13.286 (2016: 14.69)	2 454 693	14 237 865
Euro	416 865	1 167 925
Rand equivalent @ 15.0098 (2016: 16.19)	6 257 066	18 911 621

A one percent weakening of the Rand against the USD would have decreased profit or loss by R 24 547 (2016: R 142 379) assuming that all other variables remain constant.

A one percent weakening of the Rand against the Euro would have decreased profit or loss by R 61 571 (2016: R 189 116) assuming that all other variables remain constant.

### 31. Going concern

Frigoglass South Africa will continue to receive financial support from the Holding Company Frigoglass SAIC. In October 2017, Frigoglass Group finalized its capital restructuring, which led to Euro 138m gross debt deleveraging, Euro 70m additional liquidity, a significant reduction of annual interest cost, and extension of maturity profile to December 2021 and March 2022.

Following the restructuring, the Group is in a distinctly improved financial position and has the necessary liquidity to fulfil its financial obligations over the forthcoming years. Frigoglass Group, a global leader in its industry of bespoke commercial refrigeration, has as a policy to offer support to all its affiliates worldwide and is currently in the position to provide to them the necessary financial support. In addition, the Holding Company agrees and undertakes that it will provide such further financial support to Frigoglass South Africa (Pty) Ltd as may enable the company to pay the claim of any creditor of the Frigoglass South Africa (Pty) Ltd both present and future, as and when payment of such claim is due, a legally binding Letter of Support and subordination agreement was signed on 13th June 2018, confirming the Holding Company's commitment to Frigoglass South Africa (Pty) Ltd.

Frigoglass South Africa's debt in 2017 was converted into equity in line with the Group's restructuring of its Debt to Equity. This resulted in additional shares issued during the year of 4 ordinary shares at a value of R1 each, and Share Premium of R242 917 696. Following the restructuring, the Company is in a distinctly improved financial position and has the necessary liquidity to fulfill its financial obligations over the forthcoming years. The Frigoglass Group, has as a policy to offer support to all its affiliates worldwide and is currently in the position to provide to them the necessary financial support and this undertaking shall remain in force and effect for as long as the company is unable to pay its liabilities.

The loss of the Company has reduced significantly in FY 2018 and the directorate envisage a continued reduction in the loss, bringing the Company to profitability and being able to self sustain. The loss before tax recognised in the 2018 financial year amounted to R 71 million and up to May 2019 resulted in a R 6 million loss from operation.

### 32. Events after the reporting period

The company incurred losses for the financial year ended 31 December 2017. 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.