Frigoglass South Africa Proprietary Limited
(Registration number 2000/025227/07)

Annual financial statements
for the year ended 31 December 2021

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 and service of ice-cold merchandisers.
Directors	ME Lewis I Sklavainas V Stergiou
Business address	16 Walton Road Aeroton 2013
Postal address	PO Box 90860 Bersham Johannesburg 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 Inc. Chartered Accountant (SA) Registered Auditor
Company registration number	2000/025227/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.
Preparer	The annual financial statements were internally compiled under the supervision of: Revaun Modern CA (SA)
Issued	May 2022

Contents

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 71 of 2008 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, (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 next 12 months and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The 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 their report is presented on pages 6 to 8.

The report of the directors set out on pages 4 to 5 and the annual financial statements set out on pages 9 to 38, which have been prepared on the going concern basis, were approved by the board on 26 May 2022 and were signed on their behalf by:

V Stergiou

ME Lewis

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 2021.

1. Incorporation

The company was incorporated in South Africa in October 2000 and obtained its certificate to commence business on the same day.

2. Nature of business

Frigoglass South Africa Proprietary Limited was incorporated in South Africa and the main activity of the company is the manufacture and sale of ice-cold merchandisers. Other activities comprise the sale of spare parts and service of ice-cold merchandisers. The company operates principally in South Africa.

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

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS and the requirements of the Companies Act 71 of 2008 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.

4. Address

Registered office and business address	16 Walton Road Aeroton 2013
Postal address	PO Box 90860 Bersham Johannesburg 2013

5. Authorised and issued share capital

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

6. Dividends

No dividends were declared or paid to the shareholder during the year under review (2020: R Nil).

Directors' Report

7. Directorate

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

Directors	Office	Designation	Nationality
ME Lewis	Chairperson	Executive	South African
I Sklavainas	Finance Director	Executive	Greek
V Stergiou	Other	Executive	Greek

8. Directors' interests in contracts

During the financial year, no contracts were entered into in which the directors or officers of the company had an interest and which significantly affected the business of the company.

9. Holding company

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

10. Ultimate holding company

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

11. Events after the reporting period

The directors are not aware of any material changes of circumstances or fact that occurred between the accounting date and date of this report.

12. Going concern

Frigoglass South Africa will continue to receive financial support from the ultimate Holding Company Frigoglass SAIC. 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 undertake 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 8 April 2022, confirming the holding Company's commitment to Frigoglass South Africa (Pty) Ltd.

The loss of the company in FY2021 was mainly attributable to lower than budgeted number of sales of coolers, as there were some months impacted by COVID 19 pandemic lockdown restrictions. FY2021 was also the first year that the service operations was fully functional yielding good profitability to the company, unfortunately to be offset by the losses generated from the cooler business. With lockdown levels having been eased, FY2022 is envisaged to be profitable with a good number of coolers being sold at greater margins. At present, although revenue is lower compared to budget FY2022, profitability for FY2022 is 36% better than budget.

13. Auditor

PricewaterhouseCoopers Inc. Chartered Accountant (SA) will continue in office as auditor in accordance with section 90 of the Companies Act 71 of 2008 of South Africa.

14. Secretary

The company had no appointed secretary during the year.

15. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 26 May 2022.

Independent auditor's report

To the Shareholder 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 2021, 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 38 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other 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 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

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 2021", 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 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: PJ Mothibe
Registered Auditor
Johannesburg, South Africa
1 June 2022

Statement of Financial Position as at 31 December 2021

	Notes	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	13 235 655	10 169 194
Current Assets			
Inventories	7	121 838 787	172 454 564
Trade and other receivables	8	135 252 553	101 186 105
Cash and cash equivalents	9	22 733 007	11 835 359
		279 824 347	**285 476 028**
Total Assets		**293 060 002**	**295 645 222**
Equity and Liabilities			
Equity			
Share capital	10	301 172 822	301 172 822
Reserves	11	195 104 546	195 104 546
Retained income		(747 339 883)	(716 989 643)
		(251 062 515)	**(220 712 275)**
Liabilities			
Non-Current Liabilities			
Lease liabilities	4	17 890 382	21 740 991
Provisions	13	6 528 545	3 125 289
		24 418 927	**24 866 280**
Current Liabilities			
Trade and other payables	14	369 249 159	319 750 175
Loans from group companies	12	139 996 531	159 574 026
Lease liabilities	4	6 987 126	8 696 242
Provisions	13	3 470 774	3 470 774
		519 703 590	**491 491 217**
Total Liabilities		**544 122 517**	**516 357 497**
Total Equity and Liabilities		**293 060 002**	**295 645 222**

The notes on page 13 - 38 form an integral part of the annual financial statements.

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2021 R	2020 R
Revenue	15	393 228 357	265 447 222
Cost of sales	16	(356 271 374)	(270 514 897)
Gross profit (loss)		**36 956 983**	**(5 067 675)**
Other operating (expenses)/income	17	(2 743 543)	(26 264 066)
Distribution expenses	18	(7 246 790)	(14 959 194)
Other operating expenses	19	(57 583 775)	(89 069 246)
Operating loss		**(30 617 125)**	**(135 360 181)**
Finance income	20	175 339	870 860
Finance costs	21	(7 597 908)	(6 676 267)
Loss before taxation		**(38 039 694)**	**(141 165 588)**
Taxation	22	-	-
Loss for the year		**(38 039 694)**	**(141 165 588)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(38 039 694)**	**(141 165 588)**

The notes on page 13 - 38 form an integral part of the annual financial statements.

Statement of Changes in Equity

	Share capital R	Share premium R	Total share capital R	Other reserve R	Accumulated loss R	Total equity R
Balance at 01 January 2020	**6**	**301 172 816**	**301 172 822**	**195 104 546**	**(575 824 055)**	**(79 546 687)**
Loss for the year	-	-	-	-	(141 165 588)	(141 165 588)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(141 165 588)**	**(141 165 588)**
Opening balance as previously reported	6	301 172 816	301 172 822	195 104 546	(716 989 643)	(220 712 275)
Adjustments						
Prior year adjustment*	-	-	-	-	7 689 454	7 689 454
Balance at 01 January 2021 as restated	**6**	**301 172 816**	**301 172 822**	**195 104 546**	**(709 300 189)**	**(213 022 821)**
Loss for the year	-	-	-	-	(38 039 694)	(38 039 694)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(38 039 694)**	**(38 039 694)**
Balance at 31 December 2021	**6**	**301 172 816**	**301 172 822**	**195 104 546**	**(747 339 883)**	**(251 062 515)**
Notes	10	10	10	11		

* Prior year adjustment relates mainly to depreciation recognised incorrectly in 2020 as well as accurals incorrectly raised for BEE expenses.

Statement of Cash Flows

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from/(used in) operations	23	51 481 165	(96 571 279)
Finance income	20	175 339	870 860
Finance costs	21	(7 597 908)	(3 716 023)
Net cash from/(used in) operating activities		**44 058 596**	**(99 416 442)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5 190 091)	(5 061 327)
Net cash used in investing activities		**(5 190 091)**	**(5 061 327)**
Cash flows from financing activities			
(Repayment)/proceeds from loans from group companies	12	(22 411 132)	72 209 140
Leases – principal payments	4	(5 559 725)	(3 890 080)
Net cash (used in)/from financing activities		**(27 970 857)**	**68 319 060**
Cash and cash equivalent movement for the year		**10 897 648**	**(36 158 709)**
Cash and cash equivalent at the beginning of the year		11 835 359	47 994 068
Total cash and cash equivalent at end of the year	9	**22 733 007**	**11 835 359**

The notes on page 13 - 38 form an integral part of the annual financial statements.

Accounting Policies

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance 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 71 of 2008 of South Africa. The annual financial statements have been prepared on the historical cost basis except for certain financial instruments at fair value and incorporate the principal accounting policies set out below. The annual financial statements are presented in South Africa Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Allowance for slow moving, damaged and obsolete inventory

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the expenses by nature note.

Allowances for inventory that is slow moving and/or obsolete are made. Any inventory that is physically identified as damaged is written off when identified (note 7).

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Deferred tax

A deferred tax asset on assessed losses is not recognized as the company is not expecting to make sufficient taxable profits in the foreseeable future against which the unused assessed losses will be utilized.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

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. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 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.

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

Accounting Policies

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 26 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the amount receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 26).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 8.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 8).

Accounting Policies

1.4 Financial instruments (continued)

Write-off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Borrowings and loans from related parties

Classification

Loans from group companies (note 12) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 21.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 21).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 26).

Cash and cash equivalents

Cash and cash equivalents comprise 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 and subsequently recorded at fair value.

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 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.

Accounting Policies

1.5 Tax (continued)

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.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

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.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Accounting Policies

1.6 Leases (continued)

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 4 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 21).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting Policies

1.6 Leases (continued)

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

Short-term leases and leases of low-value assets

The company has elected not to recognise right of use assets and lease liabilities for some of low-value assets and for short-term leases. The company considers leased assets with a new purchase value of below R100 000 to be low-value assets and these relate mainly to leased office equipment. The company considers short-term leases as those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option.

The company recognises the lease payments associated with these leases as an expense on a straight-line basis.

1.7 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.

1.8 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.

1.9 Compound instruments

Short-term employee benefits

Accounting Policies

1.9 Compound instruments (continued)

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.

1.10 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.

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.

1.11 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Sales of goods

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when all the performance obligations identified in the contract have been satisfied.

Sale of goods

The company manufactures and sells commercial refrigeration units (ICM segment) and packaging materials (glass segment) for the beverage industry. Revenue from the sale of goods is recognised when all performance obligations are satisfied, which is at a point in time when the products are delivered to the customer and the customer accepts delivery of the goods, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. The sale and delivery are seen as one performance obligation therefore the company recognises the related revenue at a point in time upon delivery of goods.

The ICM units are often sold with retrospective volume discounts based on an aggregate sales over a 12 month period. Revenue is recognised based on the price specified in the contract, net of estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 - 180 days, which is consistent with market practice. The company's obligation to repair or replace fully faulty commercial refrigerator units under the standard and extended warranty terms is recognised as a provision, see note 13.

Accounting Policies

1.11 Revenue from contracts with customers (continued)

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

1.12 Borrowing costs

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

1.13 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.

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:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 01 January 2021.

The impact of the amendment is not material.

2. New Standards and Interpretations (continued)

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2022 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 01 June 2020.

The impact of the amendment is not 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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2099	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Plant and machinery	83 089 003	(72 882 912)	10 206 091	59 799 543	(51 807 929)	7 991 614
Furniture and fixtures	3 445 060	(2 388 543)	1 056 517	1 578 621	(890 740)	687 881
Motor vehicles	1 206 365	(766 835)	439 530	569 429	(490 218)	79 211
Computer equipment	6 118 933	(4 585 416)	1 533 517	3 248 248	(1 837 760)	1 410 488
Total	**93 859 361**	**(80 623 706)**	**13 235 655**	**65 195 841**	**(55 026 647)**	**10 169 194**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
	R	R	R	R
Plant and machinery	7 991 614	3 265 373	(1 050 896)	10 206 091
Furniture and fixtures	687 881	591 517	(222 881)	1 056 517
Motor vehicles	79 211	387 709	(27 390)	439 530
Computer equipment	1 410 488	945 492	(822 463)	1 533 517
	10 169 194	**5 190 091**	**(2 123 630)**	**13 235 655**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
	R	R	R	R
Plant and machinery	4 482 411	3 857 213	(348 010)	7 991 614
Furniture and fixtures	248 341	474 958	(35 418)	687 881
Motor vehicles	101 897	-	(22 686)	79 211
Computer equipment	893 551	729 156	(212 219)	1 410 488
	5 726 200	**5 061 327**	**(618 333)**	**10 169 194**

4. Leases (company as lessee)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Opening balance	-	1 524 324
Additions	-	32 802 994
Depreciation	-	(5 329 422)
Impairments	-	(28 997 896)
Closing balance	**-**	**-**

4. Leases (company as lessee) (continued)

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position.

Opening balance	30 437 233	1 524 319
Increase in liabilities	-	32 802 994
Interest expense	4 184 979	3 671 935
Repayments	(9 744 704)	(7 562 015)
	24 877 508	**30 437 233**
Non-current liabilities	17 890 382	21 740 991
Current liabilities	6 987 126	8 696 242
	24 877 508	**30 437 233**

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for the details of liquidity risk exposure and management.

5. Intangible assets

	2021			2020		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
	R	**R**	**R**	**R**	**R**	**R**
Computer software	512 425	(512 425)	-	512 425	(512 425)	-

6. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset

Provision for obsolete and slow moving stock	2 577 118	(1 539 414)
Provision for bonus	853 750	695 982
Provision for warranty	(3 403 256)	(1 428 825)
Provision for discount	(7 025 125)	(26 398 010)
Other provision - leave pay	(1 161 181)	(248 580)
Prepaid expenses	344 232	72 233
Provision for audit fee	382 968	578 603
Assessed loss	146 470 817	132 612 096
Unused tax losses not recognised as deferred tax assets	(139 039 323)	(104 344 085)
	-	**-**

Unrecognised deferred tax asset

Unused tax losses not recognised as deferred tax assets	(139 039 323)	(104 344 085)

Notes to the Annual Financial Statements

	2021 R	2020 R

7. Inventories

	2021 R	2020 R
Raw materials	98 724 414	137 516 936
Work in progress	13 116 768	18 451 657
Finished goods	17 898 144	35 711 989
Goods in transit	13 450 488	-
	143 189 814	191 680 582
Provision for obsolescence and realisable value	(21 351 027)	(19 226 018)
	121 838 787	**172 454 564**

8. Trade and other receivables

	2021 R	2020 R
Financial instruments:		
Trade receivables	100 878 632	86 565 833
Trade receivables - related parties	11 063 676	7 141 027
Loss allowance	(2 865 488)	(2 865 488)
Trade receivables at amortised cost	109 076 820	90 841 372
Other receivables	7 673 811	73 146
Non-financial instruments:		
VAT	15 637 904	7 958 684
Staff loans	90 522	85 161
Prepayments	2 773 496	2 227 742
Total trade and other receivables	**135 252 553**	**101 186 105**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2021 R	2020 R
At amortised cost	116 750 631	90 914 518
Non-financial instruments	18 501 922	10 271 587
	135 252 553	**101 186 105**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

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

Notes to the Annual Financial Statements

	2021 R	2020 R

8. Trade and other receivables (continued)

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2021	2021	2020	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due	97 796 500	(353 280)	81 196 833	(346 841)
Less than 30 days past due	37 100	(2 856)	323 000	(9 295)
31 - 60 days past due	-	-	1 421 000	(321 625)
61 - 90 days past due	-	-	46 000	(25 213)
More than 120 days past due	3 045 032	(2 509 352)	3 579 000	(2 162 514)
Total	**100 878 632**	**(2 865 488)**	**86 565 833**	**(2 865 488)**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	43 510	24 584
Bank balances	22 689 497	11 810 775
	22 733 007	**11 835 359**

10. Share capital

	2021	2020
Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Issued		
6 Ordinary shares of R1 each	6	6
Share premium	301 172 816	301 172 816
	301 172 822	**301 172 822**

11. Other Reserve

	2021	2020
Loan coverted to equity	195 104 546	195 104 546

12. Loan from group company

Holding company

	2021	2020
Frigoinvest Holdings B.V.	139 996 531	159 574 026

The loan 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.

Notes to the Annual Financial Statements

	2021 R	2020 R

12. Loan from group company (continued)

Frigoinvest Holdings B.V.	Opening balance	Advances/ (Repayments)	Interest	Withholding tax	Closing balance
2021	159 574 026	(22 411 132)	3 412 929	(579 292)	139 996 531
2020	84 836 350	72 209 140	2 960 244	(431 708)	159 574 026

13. Provisions

Reconciliation of provisions - 2021

	Opening balance R	Additions R	Utilised during the year R	Closing balance R
Product warranties	6 596 063	6 661 070	(3 257 814)	9 999 319

Reconciliation of provisions - 2020

	Opening balance R	Additions R	Utilised during the year	Closing balance R
Product warranties	8 024 888	8 127 573	(9 556 398)	6 596 063

Non-current liabilities	6 528 545	3 125 289
Current liabilities	3 470 774	3 470 774
	9 999 319	**6 596 063**

The company provides a warranty on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision for R 9 999 319 (2020: R 6 596 063) has been recognised at the year-end for expected warranty claims based on past experience of the level of repairs and returns.

14. Trade and other payables

Financial instruments:		
Trade payables	50 078 460	38 526 750
Trade payables - related parties	259 187 154	242 293 609
Non-financial instruments:		
Accruals and other payables	51 151 023	32 009 532
Withholding taxes in respect of royalties payable	8 832 522	6 920 284
	369 249 159	**319 750 175**

Categorisation of trade and other payables

Trade and other payables are categorised as follows in accordance with IFRS 9: Financial Instruments:

Financial instruments	309 265 614	280 820 359
Non-financial instruments	59 983 545	38 929 816
	369 249 159	**319 750 175**

Notes to the Annual Financial Statements

	2021 R	2020 R

15. Revenue

Revenue from contracts with customers		
Sale of goods at a point in time	404 138 797	281 098 702
Discounts	(10 910 440)	(15 651 480)
	393 228 357	**265 447 222**

16. Cost of sales

Sale of goods	257 328 516	177 595 085
Manufactured goods:		
Raw materials consumed	6 836 959	4 736 827
Employee costs	72 074 582	70 552 350
Manufacturing expenses	20 031 317	17 630 635
	356 271 374	**270 514 897**

Inventory written off amounting to R 1 918 341 (2020: R 3 544 298) was expensed in cost of sales.

17. Other non-operating (expenses)/income

Other income	474 448	141 505
Net foreign exchange loss	(3 217 991)	(26 095 316)
	(2 743 543)	**(25 953 811)**

18. Distribution expenses

Transportation cost - Coolers Third Party	7 246 790	14 959 194

19. Administration expenses

Audit fees	1 323 681	1 262 786
Bank charges	1 403 670	1 028 830
Computer expenses	1 434 516	1 129 067
Consulting fees	8 829 816	7 779 371
Depreciation, amortisation and impairments	2 123 631	40 994 003
Insurance	1 014 887	1 035 622
Services fees - Frigoglass S.A.I.C	12 881 141	10 328 299
Royalties on sales - Frigoglass Romania S.R.L	8 819 574	5 559 300
Other administrative expenses	19 752 859	19 951 968
	57 583 775	**89 069 246**

20. Finance income

South African Revenue Service	175 339	870 860

21. Finance costs

Related party interest expense	3 412 929	2 960 244
Interest on lease liabilities	4 184 979	3 671 935
Other interest paid	-	44 088
Total finance costs	**7 597 908**	**6 676 267**

Notes to the Annual Financial Statements

	2021 R	2020 R

22. Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(38 039 694)	(141 165 588)
Tax at the applicable tax rate of 28% (2020: 28%)	(10 651 114)	(39 526 365)
Tax effect of adjustments on taxable income		
Deferred tax not recognised	9 581 656	39 526 365
	(1 069 458)	**-**

23. Cash generated from/(used in) operations

Loss before taxation	(38 039 694)	(141 165 588)
Adjustments for:		
Depreciation and amortisation	2 123 631	4 604 706
Interest income	(175 339)	(870 860)
Finance costs	7 597 908	6 676 267
Net impairments and movements in credit loss allowances	-	36 389 297
Movements in provisions	3 403 256	(1 428 825)
Changes in working capital:		
Decrease in inventories	50 615 777	(20 622 816)
Increase in trade and other receivables	(34 066 448)	44 407 623
Increase in trade and other payables	60 022 074	(24 561 083)
	51 481 165	**(96 571 279)**

Notes to the Annual Financial Statements

	2021 R	2020 R

24. Related parties

Company name and business segment	Country of incorporation	Relationship
ICM Operations		
Frigoglass S.A.I.C.	Greece	Parent company
Frigoglass Romania SRL	Romania	Fellow subsidiary
Frigoglass Indonesia PT	Indonesia	Fellow subsidiary
Frigoglass South Africa Ltd.	South Africa	Fellow subsidiary
Frigoglass Eurasia LLC	Russia	Fellow subsidiary
Frigoglass (Guangzhou) Ice Cold Equipment Co. ,Ltd.	China	Fellow subsidiary
Scandinavian Appliances A.S	Norway	Fellow subsidiary
Frigoglass Spzoo	Poland	Fellow subsidiary
Frigoglass India Private Ltd.	India	Fellow subsidiary
Frigoglass East Africa Ltd.	Kenya	Fellow subsidiary
Frigoglass Switzerland AG.*	Switzerland	Fellow subsidiary
Frigoglass GmbH	Germany	Fellow subsidiary
Frigoglass Hungary Kft	Hungary	Fellow subsidiary
Frigoglass Nordic AS	Norway	Fellow subsidiary
Frigoglass Cyprus Limited	Cyprus	Fellow subsidiary
Norcool Holding A.S	Norway	Fellow subsidiary
Frigoinvest Holdings B.V	The Netherlands	Holding company
Frigoglass Finance B.V	The Netherlands	Fellow subsidiary
3P Frigoglass Romania SRL	Romania	Fellow subsidiary
Glass Operations		
Frigoglass Global Limited	Cyprus	Fellow subsidiary
Beta Glass Plc.	Nigeria	Fellow subsidiary
Frigoglass Industries (NIG) Ltd	Nigeria	Fellow subsidiary

* In March 2021, Frigoglass Switzerland AG started its activities in Switzerland.

Related party balances

	2021 R	2020 R
Related parties payables		
3P Frigoglass S.R.L	1 593 361	7 086 982
Frigoglass East Africa Ltd	105 144	-
Frigoglass Eurasia LLC	11 056 172	9 898 244
Frigoglass India Private Ltd	87 981 314	89 819 192
Frigoglass Romania SRL	101 206 969	91 404 482
Frigoglass SAIC -Kato Achaia	56 416 404	43 331 785
Frigoglass SP 200	103 686	103 453
Frigoglass Industries (NIG) Ltd	701 394	649 471
Frigorex Indonesia PT	22 710	-
	259 187 154	**242 293 609**
Related parties receivables		
Frigoglass East Africa Ltd	3 463 619	-
Frigoglass Eurasia LLC	322 567	-
Frigoglass India Private Ltd	5 437 161	3 025 695
Frigoglass Romania SRL	1 080 734	200 115
Frigoglass Industries (NIG) Ltd	528 291	3 148 544
Frigoglass Indonesia PT	231 304	767 331
	11 063 676	**7 141 685**
Loans from Holding company		
Frigoinvest Holdings B.V.	139 996 531	159 574 026

Notes to the Annual Financial Statements

	2021 R	2020 R

24. Related parties (continued)

Related party transactions

	2021 R	2020 R
Purchases of goods from related parties		
Frigoglass SAIC	16 025	74 774
Frigoglass Indonesia PT	92 015	98 477
Frigoglass India Private Ltd	11 487 832	24 614 263
Frigoglass Romania SRL	1 341 269	8 275 928
3P Frigoglass SRL	519 431	3 947 557
Frigoglass Eurasia LLC	38 965	7 402 046
	13 495 537	**44 413 045**
Sales of goods and services		
Frigoglass Romania SRL	820 000	10 000
Frigoglass Eurasia LLC	324 000	-
Frigoglass East Africa Ltd	3 342 000	-
Frigoglass Indonesia PT	210 000	875 000
Frigoglass India Private Ltd	896 000	842 000
Frigoglass Industries (NIG) Ltd	489 000	-
	6 081 000	**1 727 000**

The related party balances are trading accounts. They are unsecured, do not bear interest and have no fixed terms of payment.

25. Directors' emoluments

Executive

2021

	Basic salary	Bonuses and incentives	Fees as a director	Expense allowance	Amount to benefit scheme	Total
ME Lewis	1 356 075	465 761	-	98 512	233 882	2 154 230

2020

	Basic salary	Bonuses and incentives	Fees as a director	Expense allowance	Amount to benefit scheme	Total
ME Lewis	1 139 640	493 044	-	74 832	230 948	1 938 464
AN Nkomonde	356 803	30 713	34 000	10 932	32 556	465 004
	1 496 443	**523 757**	**34 000**	**85 764**	**263 504**	**2 403 468**

Other directors are of Greek nationality and do not receive remuneration from Frigoglass South Africa Proprietary Limited.

Notes to the Annual Financial Statements

	2021 R	2020 R

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total
Trade and other receivables	8	116 750 631	116 750 631
Cash and cash equivalents	9	22 733 007	22 733 007
		139 483 638	**139 483 638**

2020

	Note(s)	Amortised cost	Total
Trade and other receivables	8	90 914 518	90 914 518
Cash and cash equivalents	9	11 835 359	11 835 359
		102 749 877	**102 749 877**

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Total
Trade and other payables	14	309 265 614	309 265 614

2020

	Note(s)	Amortised cost	Total
Trade and other payables	14	280 820 359	280 820 359

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.

Notes to the Annual Financial Statements

		2021 R	2020 R

26. Financial instruments and risk management (continued)

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.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Note	2021 R	2020 R
Lease liabilities	4	24 877 508	30 437 233
Trade and other payables	14	369 249 159	319 750 175
Loans from group companies	12	139 996 531	159 574 026
Total borrowings		**534 123 198**	**509 761 434**
Cash and cash equivalents	9	(22 733 007)	(11 835 359)
Net borrowings		**511 390 191**	**497 926 075**
Equity		(251 062 515)	(220 712 277)
Gearing ratio		(204)%	(226)%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company performs background checks for all its customers.

The company is exposed to credit risk on trade and other receivables and cash and cash equivalents. The company keeps its finances with a reputable financial institution with a credit rating of AA+. The majority of the trade receivable balances relates to big corporates with a low risk of default.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	8	119 616 119	(2 865 488)	116 750 631	93 780 006	(2 865 488)	90 914 518
Cash and cash equivalents	9	22 733 007	-	22 733 007	11 835 359	-	11 835 359
		142 349 126	**(2 865 488)**	**139 483 638**	**105 615 365**	**(2 865 488)**	**102 749 877**

Notes to the Annual Financial Statements

		2021 R	2020 R

26. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

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. The group company has committed to provide financial support to the remaining liabilities.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Payable within twelve months or on demand

	2021 R	2020 R
Loan from group company	139 996 531	159 574 026
Related party liabilities	259 187 154	242 293 609
Trade and other payables	110 062 007	77 456 466
Lease liabilities	8 515 800	6 156 000
	517 761 492	**485 480 101**

Foreign currency 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.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:
US Dollar exposure:

	Note	2021 R	2020 R
Current assets:			
Trade and other receivables USD 2 348 (2020: USD 4 850)	8	37 445	71 224
Current liabilities:			
Trade and other payables USD 102 791 (2020: USD 231 992)	14	1 639 291	3 407 176
Net US Dollar exposure		**1 676 736**	**3 478 400**
Euro exposure:			
Current assets:			
Trade and other receivables EUR 112 632 (2020: EUR 19 027)	8	2 034 416	342 897
Current liabilities:			
Trade and other payables EUR 81 638 (2020: EUR 20 318)	14	1 474 584	366 172
Net Euro exposure		**3 509 000**	**709 069**
Net exposure to foreign currency in Rand		**5 185 736**	**4 187 469**

Notes to the Annual Financial Statements

26. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company

At 31 December 2021, if the Rand/US Dollar exchange rate had been 1% (2020: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 5 422 (2020: R 61 089) higher/lower.

At 31 December 2021, if the Rand/Euro exchange rate had been 1% (2020: 1%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 6 141 (2020: R 8 838) higher/lower.

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 2021 financial year was R 3 412 929 (2020: R 2 960 244).

27. Going concern

Frigoglass South Africa will continue to receive financial support from the ultimate Holding Company Frigoglass SAIC. 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 undertake 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 8 April 2022, confirming the holding Company's commitment to Frigoglass South Africa (Pty) Ltd.

The loss of the company in FY2021 was mainly attributable to lower than budgeted number of sales of coolers, as there were some months impacted by COVID 19 pandemic lockdown restrictions. FY2021 was also the first year that the service operations was fully functional yielding good profitability to the company, unfortunately to be offset by the losses generated from the cooler business. With lockdown levels having been eased, FY2022 is envisaged to be profitable with a good number of coolers being sold at greater margins. At present, although revenue is lower compared to budget FY2022, profitability for FY2022 is 36% better than budget.

28. Events after the reporting period

The directors are not aware of any material changes of circumstances or fact that occurred between the accounting date and date of this report.