AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2013

Accéntuate Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 2004/029691/06)
Share Code: ACE • ISIN Code: ZAE000115986
www.accentuateltd.co.za
("Accéntuate" or "the group")

PERFECTING STRUCTURES

HIGHLIGHTS: • Solid performances from continuing operations • EPS up 16,6% to 8,38 cents per share • Revenue maintained at R284 million • Attributable profit up 18% to R8,8 million

Abridged Consolidated Financial Statements for the year ended 30 June 2013

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Audited 30 June 2013 R '000	Audited 30 June 2012 R '000
Assets		
Non-current assets	**86 119**	87 401
Property, plant and equipment	**45 302**	45 078
Goodwill	**34 928**	34 928
Intangible assets	**531**	535
Other financial assets	**2 041**	4 057
Deferred taxation	**3 317**	2 803
Current assets	**101 268**	115 206
Inventories	**51 965**	44 522
Other financial assets	**4 953**	4 378
Current tax receivable	**2 770**	1 377
Trade and other receivables	**41 192**	43 220
Cash and cash equivalents	**388**	21 709
Total assets	**187 387**	202 607
Equity and Liabilities		
Total equity	**134 550**	125 235
Share capital	**126 382**	126 077
Reserves	**22 215**	23 139
Accumulated loss	**(14 047)**	(23 981)
Non-current liabilities	**4 791**	7 049
Other financial liabilities	**-**	2 850
Deferred taxation	**4 791**	4 199
Current liabilities	**48 046**	70 323
Other financial liabilities	**2 850**	5 700
Current tax payable	**1 333**	385
Operating lease liability	**2 139**	1 718
Trade and other payables	**32 284**	38 315
Bank overdraft	**9 440**	24 205
Total liabilities	**52 837**	77 372
Total equity and liabilities	**187 387**	202 607
Number of shares in issue	**111 108 119**	111 108 119
Net asset value per share (cents)	**121**	113
Tangible net asset value per share (cents)	**89**	81

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Audited 30 June 2013 R '000	Audited 30 June 2012 R '000
Revenue	**284 213**	282 671
Cost of sales	**(135 219)**	(133 940)
Gross profit	**148 994**	148 731
Other income	**431**	1 525
Operating expenses excluding depreciation and amortisation	**(130 762)**	(127 386)
Earnings before interest, tax, depreciation and amortisation	**18 663**	22 870
Depreciation and amortisation	**(3 536)**	(6 260)
Profit before interest and tax	**15 127**	16 610
Finance costs	**(1 909)**	(2 297)
Profit before tax	**13 218**	14 313
Income tax	**(3 991)**	(4 345)
Profit after tax	**9 227**	9 968
Share of loss in associated company	**(400)**	-
Profit for the period from continuing operations	**8 827**	9 968
Loss for the period from discontinued operations	**-**	(2 488)
Profit for the year attributable to equity holders of the parent	**8 827**	7 480
Weighted average number of shares in issue	**105 335 517**	104 103 060
Earnings Ratios (cents):		
Earnings per share	**8,38**	7,19
Loss per share from discontinued operations	**-**	(2.39)
Diluted earnings per share	**8,38**	7,13
Diluted loss per share from discontinued operations	**-**	(2.37)
Headline earnings per share	**8.41**	9.79
Headline earnings per share from continuing operations	**8,41**	9,47
Headline earnings per share from discontinued operations	**-**	0.32
Diluted headlines earnings per share	**8,41**	9,66
Reconciliation of headline earnings:		
Profit for the year	**8 827**	7 480
Adjusted for:		
Loss on disposal of discontinued operation	**-**	2 824
Loss/(Profit) on sale of property, plant and equipment	**36**	(161)
Tax effect of adjustments	**(10)**	45
Headline earnings attributable to equity holders of the parent	**8 853**	10 188

REVIEW OF PERFORMANCE

SUMMARY

Macroeconomic conditions remain challenging within the domestic market and more specifically in the construction and related supply sectors of the economy. These challenges included the low levels of GDP growth experienced during the first six months of 2013, a lack of government spending on infrastructure, reduced activity in the mining and related industries as well as currency volatility. Despite this, the Group has produced steady results and continued to make good progress on implementing many aspects of its agreed strategy.

Revenue for the year under review was flat at R284,2 million. Attributable profit for the period of R8,8 million shows an 18,0% increase on the R7,5 million reported in 2012. Earnings per share of 8,38 cents per share increased by 16,6 %.

FloorworX retained a healthy market position and will benefit once consistent government infrastructure spending in education and healthcare resumes. Safic has undergone intensive restructuring, the results of which are not present in this set of results, but the impact is evident within the organisation and the first couple of months in the new financial year have been extremely encouraging. The partnership in water treatment with ION Exchange is gaining traction with projects underway in which chemicals, technology and equipment are being supplied.

FLOORING DIVISION

This segment comprises the FloorworX business and remains the major contributor to Group revenue.

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2013 R'000	Audited 30 June 2012 R'000
Cash flow from operating activities	**1 580**	7 719
Cash flow from investing activities	**(2 741)**	1 306
Cash flow from financing activities	**(5 395)**	(5 754)
Net (decrease) / increase in cash and cash equivalents	**(6 556)**	3 271
Cash and cash equivalents at beginning of the period	**(2 496)**	(5 767)
Cash and cash equivalents at the end of the period	**(9 052)**	(2 496)

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 30 June 2013 R'000	Audited 30 June 2012 R'000
Capital and reserves – opening balance	**125 236**	117 052
Total comprehensive income for the period	**8 827**	7 480
Share options exercised	**305**	625
Deferred tax on revaluation surplus	**182**	182
Repurchase of shares	**-**	(103)
Capital and reserves – closing balance	**134 550**	125 236

FloorworX performed extremely well in the first half of the financial year. However, being the largest player within the local market does result in the organisation being affected by economic cycles. The lack of momentum in government spend in the second half of the financial year, coupled with delays in some government projects, resulted in reduced demand for locally produced floor coverings with a resultant reduction in both revenue as well as manufacturing recoveries. Although we are confident that this is a temporary situation given the social pressure to address the infrastructure shortfall, it impacted negatively on the FloorworX results during the last quarter of the financial year.

The wood and laminate division continued to grow with the introduction of the Luxury Vinyl Plank showing significant potential. Strengthening relationships with global suppliers of floor coverings remains central to our strategy of remaining a major supplier in the resilient flooring market segment in southern Africa.

Under these challenging trading conditions the flooring division delivered satisfactory results. Revenue for the period under review increased by 3,0% to R223,8 million. The impact of certain government projects being awarded but not implemented resulted in product being manufactured but then having to be held in stock. The deterioration of the rand also impacted negatively on the production and operating costs.

ENVIRONMENTAL SOLUTIONS DIVISION

This segment comprises the Safic businesses.

The division continues to make good progress with the implementation of its revised strategy targeted at increasing the recurring contract based income, widening the customer base and diversifying into more specialised chemical products. This has resulted in an increased gross margin percentage despite the sales reducing from R64,1 million to R60,1 million. The appointment of a highly experienced sales director in January 2013 has given further momentum to this process. Despite a significant investment in additional sales and marketing staff, cost reductions in other areas have resulted in total costs only increasing by 4,9%. Recent successes further entrench the view that this division is on track to produce much improved results.

Safic continues to supply the adhesive and cementitious products to FloorworX, and is looking at expanding the range of products it manufactures for both the flooring and water treatment businesses.

Achievements during the year included sustainable growth in the areas of institutional and commercial applications, the introduction of the globally renowned Cleanfix machine range as well as unique environmentally friendly technologies for engine and parts cleaning from SRI in France. Safic has been appointed as the exclusive distributor within the SADC region for both Cleanfix and SRI.

Challenges continued with the depressed levels of activity within Safic's traditional mining and heavy engineering markets, the relatively high cost of petrochemical derivative raw material inputs, currency fluctuations and the increase in energy, water and distribution costs.

WATER TREATMENT DIVISION

This comprises the ION Exchange Safic water treatment business, which is a partnership with ION Exchange India, that is equity accounted by the Group as an associated company.

ION Exchange Safic is now well positioned to provide a comprehensive range of water treatment technologies into the southern African market and a number of successes have been achieved over the year. These include the supply of drinking water and water recycling plants, the supply of various products resulting in significant process improvements, and the supply of effluent treatment chemicals and equipment which have significantly reduced penalties applied by local municipalities. Due to initial set up costs and a large amount of marketing, as anticipated the business has recorded a loss in its first year of operation.

The company is on track to become a significant supplier within the water treatment market. The unique ability to design and implement solutions that bring together the proprietary design, equipment and chemicals offered by ION Exchange have placed the partnership in a position where it is being considered as a supplier to some significant water treatment projects.

PROSPECTS

Although the economic outlook for South Africa remains generally subdued, we are confident that the pressure for increased government expenditure in the area of infrastructure will lead to increased investment in both healthcare and education. These are critical areas for South Africa and indications are that government spend in these departments, albeit erratic, is set to increase. The effect that the upcoming elections will have on the economy is of concern, but generally management remains cautiously optimistic in this regard.

The repositioning of Safic and the implementation of its targeted segmental strategy is already showing results and should see a more meaningful contribution from the cleaning chemicals business to the Group's results in the coming year. Although the demand from the mining sector for the products supplied by Safic is not anticipated to improve much in the near future, the diversification and focus on other market segments will ensure growth and more annuity income.

ION Exchange Safic is well positioned to take advantage of the significant opportunities that exist within the broad water treatment market, which has welcomed another supplier in this sector. There are some immediate opportunities being pursued in the mining, heavy industry and effluent treatment areas while some larger water related infrastructural opportunities will be evaluated and targeted according to capacity and risk appetite.

ACQUISITIONS AFTER YEAR END

Suntups

Accéntuate recently announced the acquisition of Suntups Wooden Flooring for a total purchase consideration estimated to be R7,7 million. The effective date was 1 September 2013 and the purchase will be settled by way of an issue of Accéntuate ordinary shares.

Suntups is a privately owned business with a well-established customer base and has become the largest supplier of engineered wooden flooring in South Africa. Main markets supplied include heavy traffic floor areas in offices, shopping centres and gyms as well as the up market private residential sector. The business also supplies specialised wood for use in decking. The Suntups business will compliment and expand the range of flooring products which FloorworX has on offer.

Degrachem

The assets and liabilities of Degrachem, a business principally involved in the supply of specialty metal treatment products, was purchased by Safic with effect from 1 September 2013. The purchase will be settled by way of an issue of Accéntuate ordinary shares. This business is being inculcated into the Safic business operations.

Estimated fair value of assets acquired and liabilities assumed	Degrachem R'000	Suntups R'000	Total R'000
Property, plant and equipment	667	304	971
Inventories	375	6 243	6 618
Trade and other receivables	802	404	1 206
Trade and other payables	657	532	1 189
Total identifiable net assets	1 187	6 419	7 606
Goodwill and intangible assets	1 813	1 300	3 113
Estimated purchase price	3 000	7 719	10 719
Estimated ordinary shares in Accéntuate Ltd to be issued	3 658 537	7 828 456	11 486 993

DIVIDEND

The Accéntuate board deems it prudent not to declare a dividend. There are potential business opportunities currently being investigated which could require investment. The group also has certain constraints on its cash management and funding arrangements as a result of the special resolutions not having been passed at the annual general meeting.

SEGMENTAL REPORT For the year ended 30 June 2013

	Audited 30 June 2013 R '000 Flooring	Audited 30 June 2013 R '000 Environmental Solutions	Audited 30 June 2013 R '000 Water Treatment	Audited 30 June 2013 R '000 Corporate and Eliminations	Audited 30 June 2013 R '000 Total Continuing Operations
Total sales	223 830	66 574			
Less: inter-segmental sales	-	(6 477)			
Revenue	223 830	60 097	-	286	284 213
Gross profit	107 736	40 972		286	148 994
Operating profit before depreciation and amortisation	14 626	1 733		2 304	18 663
Depreciation and amortisation	(2 286)	(1 028)		(222)	(3 536)
Segment operating result	12 340	705		2 082	15 127
Share of loss in associated company			(400)		(400)
Segmental assets	140 418	24 432		22 537	187 387
Segmental liabilities	23 833	17 706		11 299	52 838
Capital expenditure	2 515	1 118		225	3 858

SEGMENTAL REPORT For the year ended 30 June 2012

	Audited 30 June 2012 R '000 Flooring	Audited 30 June 2012 R '000 Environmental Solutions	Audited 30 June 2012 R '000 Corporate and Eliminations	Audited 30 June 2012 R '000 Total Continuing Operations	Audited 30 June 2012 R '000 Discontinued Operations
Total sales	217 305	70 858	29 814		6 286
Less: inter-segmental sales	-	(6 800)	(28 506)		-
Revenue	217 305	64 058	1 308	282 671	6 286
Gross profit	106 647	40 776	1 308	148 731	3 272
Operating profit before depreciation and amortisation	18 531	3 784	555	22 870	(2 488)
Depreciation and amortisation	(3 842)	(1 390)	(1 028)	(6 260)	-
Segment operating result	14 689	2 394	(473)	16 610	(2 488)
Segmental assets	139 953	25 950	36 704	202 607	-
Segmental liabilities	35 950	18 242	23 180	77 372	-
Capital expenditure	1 593	744	95	2 432	-

GOING CONCERN

The board of directors is satisfied that, after taking into account the current banking facilities, its utilisation thereof and the budgeted profits and cash flows, the working capital available to the Group will be sufficient to meet its requirements for the next 12 months.

CONTINGENT LIABILITY

There are non-executive directors' fees of R1,1 million payable subject to approval of the required special resolution.

BASIS OF PREPARATION

The abridged consolidated annual financial results have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These results contain the information required by IAS 34: Interim Financial reporting, and comply with the JSE Listings Requirements and the Companies Act.

The financial statements are based on appropriate accounting policies and methods of computation which have been consistently applied with those in the audited financial statements for the previous year and which are supported by reasonable and prudent judgments and estimates.

The annual financial statements were prepared under the supervision of the chief financial officer, Chris Povall (CA (SA)).

UNQUALIFIED INDEPENDENT AUDITOR'S OPINION

The abridged consolidated financial statements for the year ended 30 June 2013 have been audited by the group's auditors, Mazars (Gauteng) Inc. (previously known as PKF (Gauteng) Inc). Their unqualified audit report is available for inspection at the company's registered office.

APPRECIATION

The board would like to take this opportunity to thank the various management teams for their loyalty and dedication towards the achievement of the objectives that have been set. The board would also like to thank all the customers, partners, advisors, suppliers and most importantly, the shareholders for their ongoing support and faith.

By order of the Board
25 September 2013

CORPORATE INFORMATION

Non executive directors:	M D C Motlatla R B Patmore N E Ratshikhopha D Molefe P S Kriel (alternate)
Executive directors:	F C Platt D E Platt C J Povall
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Transfer secretaries:	Computershare Investor Services (Pty) Limited
Designated Adviser:	Bridge Capital Advisors (Pty) Limited

1953 - 2013 FLOORWORX 60 YEARS OF FLOORING SOLUTIONS

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