Accéntuate Limited

Registration Number 2004/029691/06

Long Form of the Financial Statements for the year ended 30 June 2020

The consolidated and separate financial statements was prepared by Catherine Aucamp, CA(SA)

Overview

	30 June 2020	30 June 2019	% change
Revenue	R199 567 000	R285 093 000	(30%)
Operating loss	(R29 926 000)	(R22 930 000)	(31%)
Basic earnings per share (cents)	(5,21)	(17,46)	70%
Headline earnings per share (cents)	(15,15)	(15,60)	3%
Net asset value per share (cents)	47,00	66,00	(29%)
Net tangible asset value per share (cents)	47,00	62,00	(24%)

Introduction to the results
Accéntuate Limited has underlying investments that are involved in infrastructure supplies, with a focus on flooring, water treatment and the chemical sectors.

During the second half of the reporting period, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses have had to limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The COVID-19 pandemic materially and adversely affected the supply and demand for Accéntuate Limited products, resulting in the operating results being negatively impacted for the 2020 year.

The COVID-19 pandemic resulted in a particularly tough South African economic environment, from which the Group derives most of its revenue. Turnover continues to be stifled by the lack of any real economic growth or infrastructure expenditure; which has further been worsened by the pandemic, which has shifted the government spending priorities resulting in the lowest levels of Government infrastructure spent in recent history.

The challenges faced by the major companies in the construction sector have also had a negative impact on demand for the products and services offered by the Group during the year under review. Added to this, the volatile exchange rate and the rising price of Brent Crude negatively influenced petrol and diesel prices as well as petrochemical derivative input costs in both the chemical and flooring manufacturing facilities.

Review of financial performance
Although the results for the period under review are below expectation, they are in line with the general performance of the construction industry in which Accéntuate operates. Revenue was impacted negatively due to the low demand levels and limited operation under the different levels of state of emergency lockdown since March 2020. Maintenance of market share, and positive margins, notwithstanding lower production volumes, has however seen operational performance in line with the previous period. Cost reduction initiatives were continued from last year; and these have assisted in maintaining operations under difficult operating circumstances.

At a group level the results were impacted by:
- Poor macro-economic conditions
- Lack of Government infrastructure spend
- COVID-19 pandemic
- Sale of Environmental Solutions segment during the year
- Currency volatility.

Revenue for the year was R199.6 million (2019: R285.2 million, which included an additional R67.7 million turnover from Environmental Solutions segment), which is significantly lower than the previous year due to poor trading conditions that had an impact on output throughout the Group.

Operating expenses decreased by 18.5% to R119.1 million (2018: R145.8 million, which includes expenses relating to Environmental Solutions segment amounting to R45.6 million). Despite the negative impact of once-off costs relating to the restructuring throughout the Group, normal operating cost have been reduced, including a significantly reduced rental charge as a result of consolidation of offices and renegotiated terms with the landlord of the Steeledale premises.

Finance costs increased from R4.2 million in 2019 to R4.7 million in the current period. The increase is due to the adoption of IFRS 16 resulting in more interest being recognised on leases, and more extensive use of overdraft facilities.

Earnings per share is a negative 5.21 cents per share in the current year, compared to negative 17.46 cents in 2019. Cash and cash equivalents at the end of the period amount to negative R19.3 million (2019: (R15.9 million).

Overview (continued)

Operational review
Notwithstanding the challenging market conditions, much time and attention has been spent by the Executive team in developing plans that address costs, sustainability, and the growth of market share, all of which have contributed to an organisation that is leaner, more focused and able to take advantage of the opportunities that present themselves. Strengthening the Statement of Comprehensive Income remains a high priority for the Executive and the Board.

Material Change - Sale of Safic
Shareholders are referred to the circular distributed to Shareholders on 28 September 2020 relating to Accéntuate's disposal of its 100% shareholding in Safic Proprietary Limited ("Safic Disposal"). The General Meeting was held on 26 October 2020 and the resolutions passed with the requisite majority. The Safic Disposal is now final.

Events after the reporting period
On 30 November 2020, the Company posted a Circular to Shareholders relating to a scheme of arrangement in terms of section 114 of the Companies Act proposed by the Board of Accéntuate between Accéntuate and its shareholders which, if implemented, will result in Pruta Securities (Jersey) Limited acquiring all of the issued Accéntuate shares, its related and inter-related persons and persons acting in concert with any of them for an offer price of R 0,10 per Accéntuate share ("the Scheme"). Separately but concurrent to the Scheme, a conditional standby offer to the eligible shareholders in terms of section 117(1)(c)(v) of the Companies Act and paragraph 1.15(c) of the Listings Requirements to acquire all of the offer shares for a cash consideration of R 0,10 per offer share, subject to the Scheme not becoming operative, the standby offer being accepted by at least 51% of Eligible Shareholders ("the Standby Offer") and the delisting being approved.

Going concern
We draw attention to the fact that at 30 June 2020, the Company had an accumulated loss of R95.3 million (Group: R115.6 million loss). However, the Company's total assets exceeded its liabilities by R54.9 million (Group: R66.6 million) and as such remain solvent with a positive net asset value.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will be able to generate positive cashflows to finance future operations and that it will be able to settle its liabilities, contingent obligations and commitments in the ordinary course of business.

The ability of the Company to continue as a going concern is still dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the Company and that the subordination agreement referred to in note 35 of these financial statements will remain in force for so long as it takes to restore a healthy liquidity and solvency of the Company.

Board changes
During the reporting period, the Group Chief Financial Officer, Mr Maarten Coetzee's contract was not renewed effective 29 November 2019. Subsequently, Mr Des Moodley was appointed as Acting Chief Financial Officer, but tendered his resignation effective 28 February 2020. The Financial Director of FloorworX Africa Proprietary Limited, Mr Wisdom Mushohwe, was then appointed as Chief Financial Officer effective 25 March 2020.

The Chief Executive Officer, Mr Fred Platt, resigned effective 31 August 2020 and Dr Donald Platt, an Executive Director, took over as Chief Executive Officer effective 1 September 2020.

Changes in Non-Executive Director responsibilities
The designation of Mr Andile Mjamekwana changed from Non-Executive Director to Independent Non-Executive Director in November 2019. Mr Pieter Kriel resigned from Thebe Investment Corporation. Being a Shareholder representative of Thebe. After consideration by the Remuneration & Nomination Committee, his designation was also changed to Independent Non-Executive Director in March 2020.

Outlook
Despite poor market conditions and the prevailing negative sentiment, Accéntuate is currently experiencing early indications (certainly better than have been seen in the past five years) of potential growth within the infrastructure and construction sectors.

The focus in the period ahead will remain on sustainable growth that will see Accéntuate weather the current deep cycle to remain relevant and profitable into the future. The Group will further continue to focus on local production through its Eastern Cape based production plant, as its growth base, in order to maximise on distance to market, local growth potential and synergies of an optimum manufacturing production capacity. This is expected to result in reduction in operating costs and ensure a return to sustainable profitability.

Given the capital raised from shareholders, intensive cost-cutting and a good pipeline of work - albeit that projects tend to be shifted out - Accéntuate is in a much better position from which to move forward. Emphasis will be placed on strengthening the balance

Overview (continued)

sheet, remaining conscious not to load the business with costs knowing that the market remains unpredictable and most importantly, to recapitalise the business.

Auditor's Opinion

These audited consolidated and separate financial statements for the year ended 30 June 2020 have been audited by the Group's auditors, Moore Johannesburg Inc., who expressed an unmodified audit opinion thereon. However, attention is drawn to note 35 in the consolidated and separate financial statements, which indicates that the Group incurred a net loss of R7 046 000 during the year ended 30 June 2020. These events or conditions, along with other matters as set forth in note 35, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DE Platt
Chief Executive Officer

W Mushohwe
Chief Financial Officer

10 December 2020

Statements of Financial Position as at 30 June 2020

	Notes	Group		Company	
		2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Assets					
Non-current assets					
Property, plant and equipment	4	51 600	55 227	-	-
Investment property	5	-	2 800	-	-
Right-of-use assets	6	3 918	-	-	-
Intangible assets	7	-	1 143	-	-
Investments in subsidiaries	8	-	-	49 147	49 147
Deferred tax asset	9	7 362	4 519	-	-
		62 880	**63 689**	**49 147**	**49 147**
Current assets					
Inventories	10	47 019	56 785	-	-
Loans to Group Companies	11	-	-	5 568	2 558
Trade and other receivables	12	22 140	35 646	-	-
Loans receivable	13	7 946	40	7 946	-
Current tax asset		-	3 003	-	-
Cash and cash equivalents	14	1 517	1 873	-	24
		78 622	**97 347**	**13 514**	**2 582**
Total assets		**141 502**	**161 036**	**62 661**	**51 729**
Equity and liabilities					
Equity					
Share capital	15	150 188	150 557	150 188	150 188
Reserves		31 780	31 276	-	-
Accumulated loss		(115 555)	(90 277)	(95 279)	(102 401)
		66 413	**91 556**	**54 909**	**47 787**
Liabilities					
Non-current liabilities					
Loans from shareholders	16	-	2 076		2 076
Lease liabilities (2019: Finance lease liability)	6	1 509	-	-	-
		1 509	**2 076**		**2 076**
Current liabilities					
Trade and other payables	17	41 485	47 767	46	44
Loans from Group Companies	18	-	-	-	1 756
Loans from shareholders	16	5 793	-	5 749	-
Other financial liabilities	19	381	806	-	-
Lease liabilities (2019: Finance lease liability)	6	2 750	517	-	-
Operating lease liability		-	40	-	-
Current tax liability		1 855	483	1 432	60
Provisions	20	525	-	525	-
Bank overdraft	14	20 829	17 791	-	6
		73 580	**67 404**	**7 752**	**1 866**
Total liabilities		**75 089**	**69 480**	**7 752**	**3 942**
Total equity and liabilities		**141 502**	**161 036**	**62 661**	**51 729**

Statements of Profit or Loss and other Comprehensive Income

	Notes	Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
Continuing operations					
Revenue	23	199 567	285 262	-	-
Cost of sales		(115 777)	(166 276)	-	-
Gross profit		**83 790**	**118 986**	**-**	**-**
Other operating income		5 263	4 224	1 755	-
Other operating losses	24	90	(322)	-	-
Operating expenses		(119 069)	(145 818)	(533)	2 147
Operating (loss)/profit	25	**(29 926)**	**(22 930)**	**1 222**	**2 147**
Finance income	26	1 380	1 162	-	-
Finance costs	27	(4 697)	(4 185)	(673)	(76)
Profit/(loss) on disposal of subsidiary	22	19 720	-	7 945	(2 919)
(Loss)/profit before tax		**(13 523)**	**(25 953)**	**(8 494)**	**(848)**
Income tax benefit/(expense)	28	6 477	5 095	(1 372)	-
(Loss)/profit from continuing operations		**(7 046)**	**(20 858)**	**7 122**	**(848)**
Discontinued operations					
Loss from discontinued operations		-	(2 474)	-	-
Profit/(loss) for the year		**(7 046)**	**(23 332)**	**7 122**	**(848)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross revaluation surplus		-	5 753	-	-
Deferred taxation		-	(1 172)	-	-
Total items that will not be reclassified to profit or loss		**-**	**4 581**	**-**	**-**
Other comprehensive income for the year net of taxation		**-**	**4 581**	**-**	**-**
Total comprehensive (loss) income for the year		**(7 046)**	**(18 751)**	**7 122**	**(848)**
Profit attributable to:					
Owners to the parent:					
From continuing operations		(7 046)	(20 858)	7 122	(848)
From discontinued operations		-	(2 474)	-	-
		(7 046)	**(23 332)**	**7 122**	**(848)**
Basic earnings per share (cents)					
From continuing operations (cents)	37	(19,80)	(15,61)		
From discontinued operations (cents)	37	14,59	(1,85)		
		(5,21)	**(17,46)**		
Diluted earnings per share (cents)					
From continuing operations (cents)	37	(19,80)	(15,61)		
From discontinued operations (cents)	37	14,59	(1,85)		
		(5,21)	**(17,46)**		
Net asset value per share (cents)	37	47,00	66,00		

Statements of changes in Equity

	Share capital	Share premium	Total share capital	Revaluation reserve	Share-based payment reserve	Total reserves	Accumulated losses	Total equity
Group	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Balance at 1 July 2018	1	150 556	150 557	27 216	109	27 325	(67 541)	110 341
Loss for the year	-	-	-	-	-	-	(23 332)	(23 332)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(23 332)**	**(23 332)**
Transfer between reserves	-	-	-	(595)	-	(595)	595	-
Revaluation for the year	-	-	-	4 582	-	4 582	-	4 582
Share-based payment expense	-	-	-	-	(36)	(36)	1	(35)
Total contributions and distributions	**-**	**-**	**-**	**3 987**	**(36)**	**3 951**	**596**	**4 547**
Balance at 1 July 2019	1	150 556	150 557	31 203	73	31 276	(90 277)	91 556
Loss for the year	-	-	-	-	-	-	(7 046)	(7 046)
Other comprehensive income	-	-	-	577	-	577	-	577
Total comprehensive loss for the year	**-**	**-**	**-**	**577**	**-**	**577**	**(7 046)**	**(6 469)**
Disposal of subsidiary	-	(369)	(369)	-	-	-	(18 232)	(18 601)
Share-based payment expense	-	-	-	-	(73)	(73)	-	(73)
Total contributions and distributions	**-**	**(369)**	**(369)**	**-**	**(73)**	**(73)**	**(18 232)**	**(18 601)**
Balance at 30 June 2020	**1**	**150 187**	**150 188**	**31 780**	**-**	**31 780**	**(115 555)**	**66 413**
Notes	15	15	15					
Company								
Balance at 1 July 2018	1	150 187	150 188	-	-	-	(101 553)	48 635
Loss for the year	-	-	-	-	-	-	(848)	(848)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(848)**	**(848)**
Balance at 1 July 2019	1	150 187	150 188	-	-	-	(102 401)	47 787
Profit for the year	-	-	-	-	-	-	7 122	7 122
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**7 122**	**7 122**
Balance at 30 June 2020	**1**	**150 187**	**150 188**	**-**	**-**	**-**	**(95 279)**	**(54 909)**
Notes	15	15	15					

Statement of cash flow

	Notes	Group		Company	
		2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Cash flow from operating activities					
Cash generated from/(used in) operations	29	(3 141)	(9 751)	1 749	(16)
Finance income		1 380	1 162	-	-
Finance costs		(4 162)	76	(673)	(76)
Tax received/(paid)	30	5 262	(386)	-	-
Net cash from/(used in) operating activities		**(661)**	**(8 899)**	**1 076**	**(92)**
Cash flow from investing activities					
Acquisition of property, plant and equipment	4	(765)	(2 594)	-	-
Proceeds from disposal of property, plant and equipment	4	3 032	19 450	-	-
Loans advanced to Group Companies		-	-	(3 010)	(2 558)
Proceeds from disposal of financial assets		-	(8 191)	(7 946)	-
Proceeds from disposal of subsidiary		(7 946)	14 477	-	13 081
Net cash from/(used in) investing activities		**(5 679)**	**23 142**	**(10 956)**	**10 523**
Cash flow from financing activities					
Proceeds on share issue	15	-	-	-	2 076
Buy back of shares	15	(369)	-	-	-
Repayment of loans		1 512	-	1 756	(15 710)
Repayment of loans		5 368	(13 081)	-	-
Movement in other liability		-	-	-	3 191
Repayment of shareholders loan		-	(2 076)	(3 673)	-
Payment of lease liabilities		(3 565)	517	-	-
Net cash flow of discontinued operations		-	-	11 779	-
Net cash from/(used in) financing activities		**2 946**	**(18 901)**	**9 862**	**(10 443)**
Net increase/(decrease) in cash		**(3 394)**	**(4 658)**	**(18)**	**(12)**
Cash at 1 July 2019		(15 918)	(11 260)	18	30
Cash at 30 June 2020	14	**(19 312)**	**(15 918)**	**-**	**18**

Notes to the Financial Statements

Reporting entity

Accentuate Limited (the Company) is a company domiciled in South Africa. The consolidated financial statements of the Company for the period ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the Group).

Basis of preparation and Accounting Policies

The financial statements have been prepared on the going concern basis 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, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and in the manner required by the Companies Act of South Africa.
The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited.

The financial statements have been prepared on the historic cost unless otherwise stated. The financial statements are presented in Rands, which is the Group and Company's functional currency.

The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 30 June 2020 are in terms of International Financial Reporting Standards (IFRS) and are consistent with those applied in the audited annual financial statements for the year ended 30 June 2019 except for the adoption of IFRS 16: *Leases* on 1 July 2019. IFRS 16 became effective for periods starting 1 January 2019. Refer to Note 2 for the provisional transition and how the standard was applied in the current period.

The company's directors are responsible for the preparation and fair presentation of the reviewed condensed consolidated results. These results have been compiled under the supervision of the Chief Financial Officer Mr W Mushohwe CA(SA).

Changes in accounting policy

The Group initially applied IFRS 16 Leases from 1 July 2019. A number of other new standards are also effective from 1 July 2019, but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Accounting Policy 1.9.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.
Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee
As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of- use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17
Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities

Notes to the Financial Statements (continues)

were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019 (see Note 5(D)(i)). Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Group leases a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset and concluded that they are operating leases under IFRS 16.

The Group has also entered into a sub-lease during 2019, which has been classified as a finance lease.

The Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on financial statements Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	R'000
Right-of-use assets – property, plant and equipment	15 704
Lease liabilities	16 208
Retained earnings	505

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 7.83%.

	R'000
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Group's consolidated financial statements	7 597
Discounted using the incremental borrowing rate at 1 July 2019	8%
Finance lease liabilities recognized as at 30 June 2019	517
- Recognition exemption for lease of low-value assets	71
Lease liabilities recognized at 1 July 2019	16 208

Notes to the Financial Statements (continues)

Discontinued operations

On 31 December 2019, Accéntuate disposed of 100% of the issued shares in Safic Proprietary Limited, a manufacturer and distributor of chemical and related cleaning products, for the consideration of R 10 million.

Prior year balances relate to Accéntuate disposal of 100% of the issued shares in Pentafloor Proprietary Limited, a manufacturer of access flooring and distributor of commercial flooring on 28 February 2019.

These assets and liabilities derecognised as a result of the disposal are as follows:

Profit and loss	**2020 R'000**	**2019 R'000**
Revenue	34 825	(35 160)
Cost of sales	(14 986)	24 478
Other income	272	(1 233)
Finance income	-	(688)
Operating expenses	(19 118)	13 691
Management fees	(2 680)	-
Finance costs	(1 808)	99
Net profit before tax	19 839	(10 682)
Income tax benefit	1 040	(90)
Net profit after tax	20 879	(10 772)
Net loss disposed	**(2 455)**	**1 097**
Assets and liabilities		
Property, plant and equipment	1 535	(7 177)
Right-of-use assets (IFRS 16)	7 941	-
Intangible assets	1 085	-
Investments in subsidiaries	180	-
Borrowings	-	8 436
Other financial assets	2 141	-
Current tax	-	1 405
Trade and other receivables	9 233	(1 542)
Cash and cash equivalents	1 102	601
Inventories	8 195	(22 512)
Deferred tax	2 823	840
Loans from other Group Companies	(21 933)	-
Finance leases	(8 664)	-
Trade and other payables	(13 358)	21 490
Net identifiable assets disposed	**(9 720)**	**1 541**
Purchase consideration received		
Cash paid	2 045	13 081
Consideration receivable	7 955	-
Shares issued in Accéntuate Limited	-	3 190
	10 000	**16 271**
Net profit/(loss) on disposal	**19 720**	**(2 474)**

Notes to the Financial Statements (continues)

Related parties

Relationships

Ultimate holding Company	Accéntuate Limited
Subsidiaries	Refer to note 8
Associates	Refer to note 21
Subsidiaries indirectly owned	SAFIC Black Empowerment Enterprises (Pty) Ltd
	SAFIC Facilities Management Services (Pty) Ltd
Share Trust	Accéntuate Limited Share Trust
Members of key management	The directors and prescribed officers are defined as key senior management. Details of the directors' emoluments as disclosed in note 33, and shareholding is disclosed in the shareholders analysis. EW Platt, the Managing Director of Safic, is regarded a prescribed officer.

Related party transaction

	Group		Company	
	2020 R'000	**2019 R'000**	**2020 R'000**	**2019 R'000**
Management fees charged by Accéntuate Management Services Proprietary Limited				
FloorworX Africa Proprietary Limited	8 171	10 946	-	-
-Safic Proprietary Limited	1 444	3 870	-	-
Rental recoveries charged to fellow subsidiaries by Accéntuate Management Services Proprietary Limited				
FloorworX Africa Proprietary Limited	746	2 659	-	-
Safic Proprietary Limited	201	2 073	-	-
Other cost recoveries charged to fellow subsidiaries by Accéntuate Management Services Proprietary Limited				
FloorworX Africa Proprietary Limited	3 791	5 469	-	-
Safic Proprietary Limited	1 420	6 112	-	-
Inter-Group sales to fellow subsidiaries by Safic Proprietary Limited				
FloorworX Africa Proprietary Limited	2 057	4 456	-	-
Inter-Group sales to fellow subsidiaries by FloorworX Africa Proprietary Limited				
Pentafloor Proprietary Limited	-	247	-	-
Interest charged to fellow subsidiaries by Accéntuate Management Services Proprietary Limited				
FloorworX Africa Proprietary Limited	(79)	(117)	-	-
Safic Proprietary Limited	2 796	1 972	-	-

All balances and transactions involving Safic Proprietary Limited are up to 31 December 2019, when the Company was disposed of.

Notes to the Financial Statements (continues)

Segmental reporting

The Group's Strategic Steering Committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Executive Committee, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business.

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they operate in different markets. For each of the strategic divisions, the Group executive committee reviews internal management reports on a monthly basis.

Description of segments and principal activities:

Flooring

This segment comprises of FloorworX, which manufactures resilient flooring and also imports numerous international flooring solutions. Safic produced adhesives that FloorworX applies in the installations made of its products and sales are made at arm's length.

Environmental solutions

This segment consists of our Safic entities, which provides sustainable, customised, environmentally acceptable cleaning and maintenance solutions, process chemicals for metal and water treatment, as well as confidential blending services to the industrial, commercial, food and beverage, transport, construction and government sectors.

On 31 December 2019, Accéntuate disposed of 100% of the issued shares in Safic Proprietary Limited, a manufacturer and distributor of chemical and related cleaning products, for the consideration of R10 million. Refer to note 22.

Corporate

This segment represents the head office of the Group where the strategic, governance and treasury functions are maintained. The costs related to managing these activities on behalf of the Group are and charged to the operating entities on a monthly basis. The financial impact of these transactions are set out in note 32. This includes all transactions required to produce consolidated results for the Group of companies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports.

However, the steering committee also receives information about the segments' revenue and assets on a monthly basis. Information about segment revenue is disclosed below.

Comprehensive income

2020	Flooring	Environmental solution	Corporate (and eliminations)	Consolidated
	R'000	R'000	R'000	R'000
Total sales	160 631	34 825	21 307	216 763
Less: inter-segmental sales	-	(2 057)	(15 352)	(17 409)
External revenue	**160 631**	**32 768**	**6 167**	**199 567**
Gross profit	69 380	17 783	14 379	83 790
Operating loss	(19 233)	(1 687)	(25 594)	(46 514)
Finance income	79	-	1 379	14 71
Finance costs	(628)	(1 808)	(2 261)	(4 696)
Loss before tax	(19 782)	(3 495)	(2 020)	(25 297)
Income tax	-	-	(1 372)	(1 372)
Loss for the year	**(19 782)**	**(3 495)**	**(3 392)**	**(26 669)**

Notes to the Financial Statements (continues)

Segment assets are measures in the same way as the financial statements. These assets are allocated based on the operations of the segment.

	Flooring	Environmental solution	Corporate (and eliminations)	Consolidated
Property, plant and equipment	51 338	1 535	(1 273)	51 600
Right-of-use-assets	3 918	7 941	(7 941)	3 918
Intangible assets	-	1 086	(1 086)	-
Deferred taxation	7 362	2 823	(2 823)	7 362
Inventory	47 019	8 195	(8 195)	47 019
Trade and other receivables	15 000	9 233	(2 093)	22 140
Other financial assets	-	2 141	(2 141)	-
Investment in subsidiaries	-	180	(180)	-
Loans to Group Companies	3 254	-	4 692	7 946
Cash and cash equivalents	1 487	1 102	(1 072)	1 517
	129 378	**34 236**	**(22 122)**	**141 502**

Segment liabilities

These liabilities are allocated based on the operations of the segment.

Long-term liabilities	1 509	-	-	1 509
Loans from Group Companies	-	21 933	6 752	-
Trade and other payables	32 754	13 358	10 130	41 447
Borrowings	-	-	5 793	5 793
Other financial liabilities	-	-	381	381
Lease liabilities	-	8 664	659	-
Operating lease liability	2 696	-	54	2 750
Current tax payable	-	-	1 855	1 855
Provisions	-	-	525	525
Bank overdraft	-	-	20 829	20 829
	36 959	**43 955**	**46 978**	**75 089**

Other information	Flooring	Environmental solution	Corporate (and eliminations)	Consolidated
	R'000	**R'000**	**R'000**	**R'000**
Capital expenditure	645	447	108	(735)
Depreciation and amortisation	15 474	1 436	124	7 035
Cash flows from operating activities	(8 899)	(4 023)	8 112	(4 811)
Cash flows from investing activities	9 723	(11 480)	(4 245)	(6 002)
Cash flows from financing activities	(806)	16 131	(7 906)	7 419
Non-cash items	(40)	(37)	562	485
Impairment losses	-	(50)	(40)	(90)

Notes to the Financial Statements (continues)

2019	Flooring	Environmental solution	Corporate (and eliminations)	Consolidated
	R'000	R'000	R'000	R'000
Total sales	221 441	67 657	31 741	320 846
Less: inter-segmental sales	-	(4 456)	(31 182)	(35 584)
Revenue	**221 441**	**63 201**	**613**	**285 262**
Gross profit	91 846	38 735	(11 596)	118 986
Operating (loss)/profit	(19 838)	(6 304)	3 214	(22 928)
Finance income	1 102	176	(116)	1 162
Finance costs	(99)	(2 008)	(2 078)	(4 185)
(Loss)/profit before tax	(17 649)	(6 610)	(1 692)	(25 951)
Taxation	5 174	11	(91)	-
(Loss)/profit for the year	**(12 475)**	**(6 599)**	**(4 256)**	**(23 330)**

Segment assets are measures in the same way as the financial statements. These assets are allocated based on the operations of the segment.

Property, plant and equipment	53 383	1 497	347	55 227
Investment property	2 800	-	-	2 800
Intangible assets	-	1 142	1	1 143
Deferred taxation	2 813	1 706	-	4 519
Inventory	49 371	7 414	-	56 785
Trade and other receivables	20 754	10 635	4 257	35 646
Other financial assets	-	-	40	40
Current tax receivables	3 003	-	-	3 003
Loans to Group Companies	11 873	-	(11 873)	-
Cash and cash equivalents	1 470	363	41	1 874
	145 467	**22 757**	**(7 187)**	**161 037**

Segment liabilities

Segment assets are measures in the same way as the financial statements. These liabilities are allocated based on the operations of the segment.

Loans from Group Companies	-	14 029	(14 029)	-
Trade and other payables	39 117	15 775	(7 125)	47 767
Borrowings	806	-	2 076	2 882
Finance lease obligations	-	436	81	517
Operating lease liability	-	-	483	483
Current tax payable	60	-	(20)	40
Bank overdraft	-	-	17 791	17 791
	39 983	**30 240**	**(743)**	**69 480**

Capital expenditure	382	217	21	620
Depreciation and amortisation	2 839	721	(8 801)	(5 241)
Cash flows from operating activities	7 842	(866)	(11 337)	(4 361)
Cash flows from investing activities	(12 267)	509	22 801	11 043
Cash flows from financing activities	806	55	(12 201)	(11 340)
Non-cash items	209	9	-	218
Impairment losses	322	1 091	(1 091)	322

Notes to the Financial Statements (continues)

Earnings and headline earnings per share

Earnings and value per share	**2020 cents**	**2019 cents**
Loss per share from continuing operations (cents)	(19,80)	(15,61)
Loss per share from discontinued operations (cents)	14,59	(1,85)
Loss per share	**(5,21)**	**(17,46)**
Diluted (loss) per share	(5,21)	(17,46)
Headline (loss) per share	(15,15)	(15,60)
Diluted headline (loss) per share	(15,15)	(15,60)
Net asset value per share	47,00	66,00

Earnings/headline earnings	**2020 cents**	**2019 cents**
(Loss) for the year used in the calculation of basic and diluted earnings	(7 046)	(23 330)
Headline (loss) attributable to ordinary shareholders	(20 481)	(20 861)

Reconciliation between earnings and headline earnings	**Gross R'000**	**Tax R'000**	**Net R'000**
2020			
Loss from continuing operations	(26 766)	-	(26 766)
Loss from discontinued operations	19 720	-	19 720
Loss attributable to ordinary shareholders	(7 046)	-	(7 046)
Profit on disposal of property, plant and equipment	1 060	-	1 060
Profit on sale of Safic	(19 720)	-	(19 720)
Taxation effect	5 225	-	5 225
Headline earnings attributable to ordinary shareholders	**(20 481)**	**-**	**(20 481)**
2019			
Loss from continuing operations	(20 856)	-	(20 856)
Loss from discontinued operations	(2 474)	-	(2 474)
Loss attributable to ordinary shareholders	(23 330)	-	(23 330)
Profit on disposal of property, plant and equipment	(5)		(5)
Loss on sale of Pentafloor	2 474	-	2 474
Headline earnings attributable to ordinary shareholders	**(20 861)**	**-**	**(20 861)**

Weighted average number of shares and diluted weighted average number of shares	**2020 cents**	**2019 cents**
Weighted average number of shares	135 187 298	135 187 298
Diluted weighted average number of shares	135 187 298	135 187 298
Total shares in issue	135 187 298	135 187 298

Reconciliation between the number of shares used for earnings per share and diluted earnings per share		
Number of shares used for earnings per share	135 187 298	135 187 298
Shares to be issued for an exercise of options		
Number of shares used for diluted earnings per share	**135 187 298**	**135 187 298**

Corporate information

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

Independent Non-Executive Directors
RB Patmore (Independent chairman) I NE Ratshikhopha I PS Kriel I A Mjamekwana

Executive Directors
DE Platt (Chief Executive Officer) I W Mushohwe (Chief Financial Officer)

Registered address
Accentuate Business Park I 32 Steele Street I Steeledale I 2197
PO Box 1754 I Alberton I 1450

Telephone: 011 406 4100 I Facsimile: 086 509 3246
Website: www.accentuateltd.co.za I E-mail: info@accent.co.za

Company secretary
Juba Statutory Services (Pty) Ltd (represented by Sirkien van Schalkwyk)

Transfer secretary
Computershare Investor Services (Pty) Ltd

Designated advisor
Bridge Capital Advisors (Pty) Ltd

Attorneys
Fullard Mayer Morrison

Independent auditors

Moore Johannesburg Inc.