Strengthen

Build

Grow

Rolfes Holdings Limited

2018 ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTENTS

Consolidated annual financial statements

DIRECTORS' STATUTORY REPORT

The directors have pleasure in presenting their annual report for the year ended 30 June 2018.

Nature of business

Rolfes Holdings Limited ("Rolfes" or "the company" or "the group") is a holding company listed on the JSE under the category Basic Materials: Chemicals. The group provides a wide range of market-leading products to customers through dedicated teams of industry specialists in the Agricultural, Industrial Chemicals, Colour, Food Chemicals and Water divisions.

Financial results

The results of the year's operations are set out on pages 9 to 61 and incorporate the consolidated results of the company and its subsidiaries.

Accounting policies

The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements.

Dividends

An interim dividend of 4 cents per share was declared on 19 February 2018 and in addition, on 17 September 2018 the directors declared a final gross ordinary dividend of 4 cents per share, payable on 22 October 2018 to ordinary shareholders recorded in the share register of the company at the close of business on 19 October 2018. Accordingly, a full year dividend was declared for the year ended 30 June 2018 of 8 cents per share (2017: 8 cents per share).

Share capital

Authorised

During the year, the company's authorised share capital remained unchanged. The authorised and issued share capital of the company at 30 June 2018 is set out in note 9 to the annual financial statements. Details of beneficial shareholders holding more than 5% of the share capital of the company are set out in the shareholders' information section of the integrated annual report.

Issued

No shares were issued during the year under review.

Share buyback

The board has authorised a share buyback programme in accordance with the general authority which may be implemented by management within set parameters. The intention of the program is to purchase shares to be held in treasury so as to eliminate any dilution created by the conditional share plan.

Acquisitions and disposals

There were no acquisitions or disposals during the year under review.

Discontinued operations

The Silica mining business became unviable due to the remaining life of mine and trading losses experienced, as such during the 2017 financial year it was classified as a discontinued operation. In the current financial year the mining operations and liabilities were sold subject to approval by the Department of Minerals and Resources. As a result the assets and liabilities of the mine have been reclassified as assets and liabilities held for sale. Refer to notes 14 and 27 for further disclosure.

Subsidiary companies

The principal subsidiaries of the group are reflected in note 28 of the group financial statements. The subsidiaries adopted special resolutions relating to financial assistance in terms of sections 44 and 45 of the Companies Act.

Directors

The names of the directors at the date of this report are detailed in note 22 of the consolidated financial statements. Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration are also reflected in note 22 of the group financial statements.

Changes to the board during the year under review were as follows:
On 16 October 2017, Ms L Lynch resigned with immediate effect and Mr RM Buttle was appointed as CEO.

Mr AP Broodryk was appointed as CFO on 6 November 2017.

DIRECTORS' STATUTORY REPORT CONTINUED

Directors' and prescribed officers' shareholdings

At 30 June 2018, the directors of the company beneficially held a total of 80 483 850 ordinary shares, equivalent to 49,7% in the company (2017: 61 935 550 ordinary par value shares, equivalent to 38,3%, were held by directors). Mr Jarred Winer, a non-executive director on the Board, and is employed by Westbrooke Alternative Asset Management. Westbrooke Alternative Asset Management is the investment manager of the Westbrooke Special Opportunities SNN QI Hedge Fund. The fund holds 13,386,640 shares in Rolfes Holdings Limited. (30 June 2017: 17,908,062).

Directors' interests in contracts

No material or non-material interests in contracts involving directors were entered into during the year under review.

Special resolutions

At the AGM held on 25 January 2018, the following special resolutions were approved:

- Special resolution 1: Remuneration for non-executive directors
- Special resolution 2: General authority to issue shares for cash
- Special resolution 3: General authority to repurchase shares of the company; and
- Special resolution 4: General authority to provide financial assistance to related or inter-related entities.

At the next AGM to be held on 27 November 2018, shareholders will be asked to renew the above four approvals as set out in the notice to shareholders.

Holding company

Rolfes Holdings Limited has no holding company.

Auditors

The audit and risk committee has nominated for election at the AGM, KPMG Inc and Mr H Opperman as designated auditor to continue in office in accordance with section 94(7) of the Companies Act, No 71 of 2008.

Company secretary

The company secretary of Rolfes Holdings Limited is CorpStat Governance Services Proprietary Limited. The business and postal address of the company secretary is Hurlingham Office Park, Block C, 59 Woodlands Avenue, Sandton, 2196 and postal is PO Box 724 Melville, 2109.

Events after the reporting period

There are no significant events that arose between the end of the financial year and the date of this report which requires adjustment of the results presented for the reporting period, except for the abovementioned declaration of dividends.

Going concern

The board has formally considered the going concern assumption for Rolfes and its subsidiaries. The board has no reason to believe that the company and group will not operate as a going concern in the foreseeable future. The board minuted the facts and assumptions used in the assessment of the going concern status of the company and group as at 30 June 2018.

Operating environment and prospects

The economic environment across Southern Africa is expected to remain challenging but we are well positioned with our businesses that are, for the most part, non-cyclical in nature. We have made good progress on the strategic and legacy issues and the foundation has been set for the future to deliver normal results and achieve appropriate returns. While ensuring we focus on our South African businesses, we will be trying to maximise our African revenues through direct exports reducing the risks related to cross border costs, stock holdings and collections. New product ranges continue to be added to the portfolio and we are leveraging off our current capacities in all divisions. The start to the new financial year has met the Board expectations and the group is on track to achieve an improvement on normalised earnings. Prospects in all divisions are positive opportunities in all of our segments. The management teams are well equipped, appropriately incentivised and focused on the strategic imperatives of delivering sustainable earnings and returns on capital employed.

Any forward-looking statements in this announcement have not been reviewed and reported on by the company's auditors.

Approval

The annual financial statements of the group set out on pages 9 to 61 have been approved by the board.

Signed on behalf of the board of directors by: MS Teke and RM Buttle.

AUDIT AND RISK COMMITTEE

report for the year ended 30 June

The audit and risk committee ("the committee") presents its report for the financial year ended 30 June 2018. The committee is a formal committee in terms of the Companies Act. The committee functions within its approved terms of reference and complies with relevant legislation, regulation and governance codes. This report is presented to shareholders in compliance with the requirements of the Companies Act and the King Code of Governance Principles ("King IV").

Composition, meetings and assessment

The committee consists of four independent non-executive directors, MG Mokoka (chairman), SS Mafoyane, MM Dyasi and DM Mncube. These members are suitably skilled directors having recent and relevant financial experience.

The term of the committee is one year and its composition and membership are reviewed annually by the board. The members of the committee were recommended by the board to shareholders and were formally appointed at the AGM on 25 January 2018. The members have been nominated for election at the AGM to be held on 27 November 2018.

Closed sessions are arranged with key relevant parties and private sessions of members are held from time to time to ensure confidential assessments and discussions can occur.

Four meetings were held during the financial year and attendance of current members was as follows:

MG Mokoka (chairman)	4(4)
MM Dyasi	4(4)
SS Mafoyane	4(4)
DM Mncube	4(4)

The chairman of the board and executive directors attend meetings by invitation of the committee, together with the external auditor. In addition, all non-executive directors are welcome to attend meetings by invitation whilst CS Seabrooke and JR Winer are permanent invitees.

The committee's terms of reference prescribe that the effectiveness of the committee, its chairman and individual members is assessed annually.

Roles and responsibilities

The committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of King IV, as well as its additional requirements prescribed by its terms of reference which have been endorsed by the board of directors. Its key areas of responsibilities are to:

- perform its statutory duties as prescribed by the Companies Act, including the assessment of the independence of the external auditors and recommendation to the board for appointment of the external auditors;
- oversee the integrated reporting process and assess disclosures made to all stakeholders, which included the financial statements for the year under review and recommended it to the board for approval;
- oversee and evaluate the governance of risk and related internal control environment, and considered the recommendation of management in respect of the effectiveness of the system of internal controls;
- monitor and assess all internal and external assurance providers;
- obtain assurance from management on the effectiveness of internal controls;
- assess the expertise and experience of the group financial director and the resources within the financial function; and
- recommend the financial statements and integrated annual report for approval by the board.

In order to execute her responsibilities, the chairman of the committee met separately during the course of the year with management, the company secretary and the external auditors.

External auditor appointment and independence

The committee has satisfied itself that the external auditor of the group is independent. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

for the year ended 30 June

In compliance with paragraph 3.84 (g)(ii) of the JSE Listings Requirements, the committee assessed the suitability for re-appointment of KPMG Inc and H Opperman.

The committee has nominated, for election at the AGM, KPMG Inc as the external audit firm and H Opperman, as the designated auditor, for the 2019 financial year.

Financial statements and accounting policies

The committee has assessed the group's accounting policies and the consolidated financial statements for the year ended 30 June 2018 and is satisfied that they are appropriate and comply in all respects with IFRS. The committee supports the opinion of the board and the external auditor with regard to the annual financial statements which have been approved by the board and will be presented to shareholders at the AGM to be held on 27 November 2018. Based on the information and explanations given by management and the external auditors, the committee is of the opinion that the accounting and internal controls, including the internal financial controls, are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and maintaining accountability for the group's assets and liabilities.

Governance of risk

The committee is responsible for overseeing the governance of risk across the group. The risk management framework has been revised and adopted by the board based on the committee's recommendations, and its continued implementation will be managed.

Internal audit

During the 2018 financial year, the executive directors and management provided assurance of strategic, operational and financial risk mitigation and reliability of internal controls in the group. An internal audit function has been established during 2018 financial year and appropriate long-term plans have been made to enhance the role of the internal audit team.

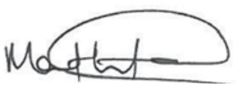
Evaluation of the expertise and experience of the CFO

The committee is satisfied that the expertise and experience of the CFO are appropriate to meet the responsibilities of the position;this is based on the qualifications, experience, continuing professional education and the board's assessment of the financial knowledge of the officer.

Going concern

Based on the results of management's assessment of the solvency and liquidity and the applicability of the going concern assertion as to the affairs of the group, the committee concluded to the board that the company shall be a going concern for the foreseeable future.

The committee is satisfied that it has met the requirements of its terms of reference.



MG Mokoka
Chair of the audit and risk committee

17 September 2018

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL

The directors are responsible for the preparation and integrity of the consolidated financial statements of Rolfes Holdings Limited, which have been prepared in accordance with IFRS, the Companies Act, No 71 of 2008 and the JSE Listings Requirements, under the supervision of the CFO, Mr AP Broodryk CA(SA).

In preparing the consolidated financial statements, the group have used appropriate accounting policies, supported by reasonable and prudent judgement and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the consolidated financial statements fairly present the financial position of the group at 30 June 2018, the results of its operations and cash flows for the year then ended. The directors have considered the group's past results, expected future performance and reasonable changes thereto, and access to its funding, material and other resources, and are of the opinion that the company and the group will continue as a going concern.

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

The directors are of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated 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 group's cash flow forecast for the subsequent year and, in light of this review and the current financial position, they are satisfied that the group have access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated financial statements, which have been prepared on the going concern basis, were approved by the board of directors on 17 September 2018 and are signed on its behalf by:

MS Teke
Chairman

RM Buttle
CEO

COMPANY SECRETARY COMPLIANCE STATEMENT

I certify, that to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission ("CIPC") all such returns as are required of a public company in terms of the Companies Act in respect of the year ended 30 June 2018 and that all such returns appear to be true, correct and up to date.

KWaldeck

K Waldeck
CorpStat Governance Services Proprietary Limited Company secretary

17 September 2018

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Rolfes Holdings Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Rolfes Holdings Limited (the group) set out on pages 9 to 61, which comprise the consolidated statement of financial position at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rolfes Holdings Limited at 30 June 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an opinion on this matter.

IMPAIRMENT OF ASSETS

Refer to notes 2 – property, plant and equipment, 3 – intangible assets and goodwill, 14 – assets and liabilities held for sale and 26 - impairment of assets

The key audit matter	How the matter was addressed in our audit
Cash generating units to which goodwill is allocated, needs to be tested for impairment on an annual basis. Further, assets classified as held for sale should be measured at the lower of its carrying value and fair value less costs of disposal. Management assessed and determined the recoverable amounts of all identified cash generating units and assets classified as held for sale. Based on recent and current performance of the Colour and Water segments, the re-establishment of management teams and planned future business activities and the results of the impairment assessments performed, the board of directors have impaired the goodwill relating to these cash generating units. Further, during June 2018 the board approved a plan to dispose of the remaining properties held in Rolfes PWM Anticor Proprietary Limited, an entity registered in Botswana. Efforts to sell the properties have commenced and management expects the sale to conclude before June 2019. Accordingly, these properties were classified as assets held for sale. Goodwill was impaired by R15,9 million and properties by R2 million. These impairment assessments were based on value-in use calculations using discounted cash flow forecasts and offers to dispose, where applicable.	Our audit procedures in response to the key audit matter included the following: ● Obtained an understanding of management's process of identifying impairment indicators and the performance of impairment assessments; ● Assessed the relevance of the assets allocated to each cash generating unit assessed for impairment; ● In respect of the discounted cash flow models used to determine the recoverable amounts, we: – reviewed management's impairment models for reasonableness and compliance with IAS 36 Impairment of Assets ("IAS 36'); – evaluated the assumptions applied and judgements made to determine the recoverable amount of the cash generating units. This was achieved by comparing the future cash flows to the actual current year results and following up on significant variances identified; – challenged the assumptions applied in calculating the discount rate by comparing to external benchmarks, with the assistance of our valuation specialists, as well as evaluating the accuracy of management discount rate calculations; and – performed sensitivity analyses to evaluate potential impacts of changes in key assumptions to the discounted cash flow models;

IMPAIRMENT OF ASSETS *continued*

The key audit matter	How the matter was addressed in our audit
The key judgements in assessing goodwill and other non-current assets for impairment are the cash flow projections, the perpetual growth rate and the discount rate. The impairment of cash generating units and assets held for sale was considered to be a key audit matter in our audit of the consolidated financial statements due to the judgement required in determining the recoverable amounts.	• In respect of offers to dispose of the properties, we compared the recoverable amounts to subsequent offers received; • Assessed the adequacy of the group's disclosures, including those disclosures relating to the significant accounting judgements and estimates used in determining the recoverable amount in terms of the requirements of IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the Directors' statutory report, the Audit and risk committee report and the Company secretary compliance statement as required by the Companies Act of South Africa and the Directors' statement of responsibility and approval, which we obtained prior to the date of this report, and the Integrated annual report 2018, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated and 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 group'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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Rolfes Holdings Limited for two years.

KPMG Inc
Per **Henning Opperman**
Chartered Accountant (SA)
Registered Auditor
Director

17 September 2018

85 Empire Road
Parktown
2193
Gauteng
South Africa

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June

Consolidated annual financial statements

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets		**356 432**	393 725
Property, plant and equipment	2	**86 612**	104 307
Intangible assets and goodwill	3	**251 688**	269 172
Deferred tax asset	4	**18 132**	20 246
Current assets		**667 216**	591 402
Inventories	5	**334 739**	275 582
Trade and other receivables	6	**250 533**	237 817
Derivative asset	7	**6 454**	—
Cash and cash equivalents	8	**43 148**	71 970
Current tax asset		**10 205**	6 033
		645 079	591 402
Assets classified as held for sale	14	**22 137**	—
Total assets		**1 023 648**	985 127
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9	**207 721**	207 721
Retained earnings		**260 313**	281 778
Share-based payment reserve	10.1	**2 496**	—
Foreign currency translation reserve	10.2	**(1 679)**	(696)
Owners of the parent		**468 851**	488 803
Non-controlling interest	28	**—**	(3 169)
Total equity		**468 851**	485 634
Non-current liabilities		**233 509**	262 900
Interest-bearing liabilities	11	**208 395**	221 652
Deferred tax liability	4	**17 155**	27 526
Provisions	12	**7 959**	13 722
Current liabilities		**321 288**	236 593
Trade and other payables	13	**284 143**	208 881
Derivative liability	7	**—**	780
Interest-bearing liabilities	11	**26 562**	24 040
Current tax liability		**835**	2 892
		311 540	236 593
Liabilities directly associated with assets classified as held for sale	14	**9 748**	—
Total equity and liabilities		**1 023 648**	985 127

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 30 June

Continuing operations	Notes	2018 R'000	2017 R'000
Revenue	15	**1 421 648**	1 437 409
Cost of sales		**(1 132 489)**	(1 138 141)
Gross profit		**289 159**	299 268
Other income	17	**13 988**	13 675
Distribution expenses		**(9 200)**	(8 974)
Marketing expenses		**(4 334)**	(2 529)
Administration expenses		**(32 159)**	(16 747)
Impairments	26	**(19 016)**	(5 996)
Other expenses		**(195 271)**	(163 516)
Share-based payment expense	10.1.3	**(2 496)**	—
Operating profit before interest	16	**40 671**	115 181
Finance income	18	**1 309**	4 915
Finance cost	19	**(29 558)**	(30 772)
Profit before taxation		**12 422**	89 324
Income tax	20	**(12 717)**	(25 533)
(Loss)/Profit from continuing operations		**(295)**	63 791
Discontinued operations			
Loss from discontinued operations, net of tax	27	**(583)**	(53 500)
(Loss)/Profit		**(878)**	10 291
Other comprehensive (loss)/income, net of taxation			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations *	10.2	**(982)**	1 360
Total comprehensive (loss)/income		**(1 860)**	11 651
(Loss)/Profit for the year attributable to:			
Owners of the parent		**1 494**	11 467
Non-controlling interest		**(2 372)**	(1 176)
		(878)	10 291
Total comprehensive (loss)/income attributable to:			
Owners of parent		**512**	12 827
Non-controlling interest		**(2 372)**	(1 176)
		(1 860)	11 651
Earnings and headline earnings per share:			
Group:			
– Earnings (basic) (cents)	21	**0,93**	7,11
– Earnings (diluted) (cents)	21	**0,92**	7,11
– Headline earnings (basic) (cents)	21	**12,24**	20,56
– Headline earnings (diluted) (cents)	21	**12,20**	20,56
Continuing operations:			
– Earnings (basic) (cents)	21	**1,29**	40,28
– Earnings (diluted) (cents)	21	**1,28**	40,28
– Headline earnings (basic) (cents)	21	**12,61**	41,01
– Headline earnings (diluted) (cents)	21	**12,56**	41,01
Discontinued operations:			
– Earnings (basic) (cents)	21	**(0,36)**	(33,17)
– Earnings (diluted) (cents)	21	**(0,36)**	(33,17)
– Headline earnings (basic) (cents)	21	**(0,36)**	(20,45)
– Headline earnings (diluted) (cents)	21	**(0,36)**	(20,45)

** Note that the discontinued operations did not have any transactions that affected the other comprehensive income section, therefore the results are only presented for the continuing operations.*

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June

	Stated capital R'000	Retained earnings R'000	Reserves Share-based payment reserve R'000	Reserves Foreign currency translation reserve R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 June 2016	207 721	288 736	—	(2 057)	(2 502)	491 898
Total comprehensive income for the year	—	11 467	—	1 360	(1 176)	11 651
Dividends paid	—	(16 192)	—	—	—	(16 192)
Acquisition of non-controlling interest	—	(2 233)	—	—	509	(1 724)
Balance at 30 June 2017	**207 721**	**281 778**	**—**	**(697)**	**(3 169)**	**485 633**
Total comprehensive (loss)/income for the year	**—**	**1 494**	**—**	**(982)**	**(2 372)**	**(1 860)**
Share-based payment expense	**—**	**—**	**2 496**	**—**	**—**	**2 496**
Dividends paid	**—**	**(12 919)**	**—**	**—**	**—**	**(12 919)**
Acquisition of non-controlling interest	**—**	**(10 040)**	**—**	**—**	**5 541**	**(4 499)**
Balance at 30 June 2018	**207 721**	**260 313**	**2 496**	**(1 679)**	**—**	**468 851**
More information is disclosed in notes:	9		10.1	10.2		

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

	Notes	2018 R'000	2017 R'000
Cash received from customers		**1 420 170**	1 524 555
Cash paid to suppliers and employees		**(1 355 928)**	(1 400 303)
Cash generated from operations	25.1	**64 242**	124 252
Finance income received		**1 309**	4 987
Finance cost paid		**(29 447)**	(33 383)
Dividends paid		**(12 919)**	(16 192)
Tax paid	25.2	**(26 333)**	(32 450)
Cash generated from operating activities		**(3 148)**	47 214
Additions to plant and equipment	2	**(7 615)**	(9 812)
Additions to intangible assets	3	**(5 852)**	(14 885)
Proceeds from disposal of property, plant and equipment	2, 16	**3 720**	1 379
Decrease in short-term loans advanced		**—**	503
Cash utilised in investing activities		**(9 747)**	(22 815)
Interest-bearing liabilities raised	11	**10 537**	19 442
Interest-bearing liabilities repaid	11	**(20 523)**	(20 462)
Decrease in short-term loans received		**—**	(25)
Purchase of non-controlling interest		**(4 500)**	(1 725)
Cash (outflow) from financing activities		**(14 486)**	(2 770)
Cash movement for the year		**(27 381)**	21 629
Effects of exchange rate fluctuation on cash balances		**(1 441)**	1 943
Cash and cash equivalents – beginning of the year	8	**71 970**	48 398
Cash and cash equivalents – end of the year	8	**43 148**	71 970

Refer to note 27 for the cash flow information relating to the discontinued operations.

The notes on pages 13 to 61 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

1.1 Reporting entity

Rolfes Holdings Limited ("Rolfes" or "the company" or "the group") is a limited company incorporated in the Republic of South Africa. It is furthermore the ultimate parent of the group as well as the listed entity in terms of the JSE main board listing for the Rolfes group. The registered address is First Floor, The Oval West, Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.

The principal activities of the company and its subsidiaries are disclosed in note 28.

Authorisation of the financial statements
The financial statements were approved and authorised for issue by the board of directors on 17 September 2018.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and are prepared in accordance with the requirements of the Companies Act of South Africa.

These consolidated financial statements are presented in Rand. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The financial statements have been prepared on the historical cost basis, except for the measurement of financial assets and financial liabilities, which are measured according to the policies set out in note 1.5 and incorporate the principal accounting policies set out below.

The accounting policies applied are consistent with those followed in the preparation of the financial statements for the year ended 30 June 2017.

Measurement principles

Below follows a summary of key measurement principles which is also contained in each accounting policy in more detail:

Statement of financial position caption	Measurement principle	Statement of financial position caption	Measurement principle
ASSETS		**LIABILITIES**	
Property, plant and equipment	Historical cost, less accumulated depreciation and impairment losses	Borrowings	Amortised cost
Intangible assets	Historical cost, less accumulated amortisation and impairment losses	Deferred tax liabilities	Undiscounted amount measured at the tax rates that have been substantively enacted and are expected to apply to the period when the liability is realised
Goodwill	Historical cost, less impairment losses	Provisions	Present value of settlement amount
Loans receivable	Amortised cost less impairment losses		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *continued*

1.2 Basis of preparation continued

Statement of financial position caption	Measurement principle	Statement of financial position caption	Measurement principle
Deferred tax assets	Undiscounted amount measured at the tax rates that have been substantively enacted and are expected to apply to the period when the asset is realised	Trade and other payables	Amortised cost
Non-current assets held for sale	Lower of carrying amount and fair value, less costs to sell	Current tax liabilities	Amount expected to be paid to tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date
Inventories	Lower of cost or net realisable value		
Trade receivables	Amortised cost, less impairments	Derivative liabilities	Fair value through profit/(loss)
Prepayments	Cost		
Sundry debtors and advances	Amortised cost	Bank overdraft	Amortised cost
Current tax asset	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date	Vendor loan	Amortised cost
Derivative assets	Fair value through profit/(loss)		
Cash and cash equivalents	Amortised cost		

ACCOUNTING POLICIES

1.3 Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company ("its subsidiaries"). Subsidiaries are entities controlled by the group. The group controls an investee when the investor is exposed, or has rights, to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee. Power is achieved through existing rights that give rise to the current ability to direct the relevant activities of the investee.

Income and expenses of subsidiaries acquired or disposed are included in the consolidated statement of profit or loss and other comprehensive income from the date control is obtained up to the date when control cease.

Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1. ACCOUNTING POLICIES *continued*

1.3 Basis of consolidation continued

Subsidiaries continued

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:
- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an equity-accounted investee.

Business combinations

All business combinations are accounted for by applying the acquisition method. The cost of the business combination is the fair values at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued by the group, in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Contingent consideration is included in the cost of the business combination at the fair value determined at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments. The interest of non-controlling shareholders may be measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. When a business combination is achieved in stages, the group's previously held interests in the acquired entity are re-measured to fair value on the date the group attains control and the resulting gain or loss is recognised in profit or loss.

Where the previously held interest was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment. At the acquisition date, the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill in accordance with the group's accounting policy for goodwill. The acquisition date is the date on which the group effectively obtains control of the acquiree. The excess of the fair value of the net identifiable assets and contingent liabilities of the entity acquired over the cost of acquisition results in a bargain purchase which is recognised immediately in profit or loss.

If the initial accounting for business combinations has been determined provisionally, then these provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed as of the date of acquisition that, if known, would have affected the amounts initially recognised. The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum of one year.

Acquisition of non-controlling interest in subsidiary

The cost of the purchase of shares is measured at the aggregate of the fair value of assets given at the date of exchange, liabilities incurred or assumed and the fair value of the equity instruments issued by the group in exchange for shares purchased in a controlled entity with the excess of the cost of the purchase of shares recognised in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Finance income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property represents land and buildings which are owner occupied from a group perspective. Plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Property is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated.

Property, plant and equipment, excluding land, are depreciated on the straight-line basis at rates considered appropriate to reduce carrying amounts to estimated residual values over their estimated useful lives. 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 shall be depreciated separately. Depreciation ceases when residual value equals or exceeds the carrying amount of the specific item of property, plant and equipment.

The useful lives, depreciation method and residual values of the individual items of property, plant and equipment are reviewed on an annual basis and any revision to these are accounted for as a change in accounting estimate in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated average useful lives for the current and comparative years of the classes of assets are as follows:

Furniture and fittings	6 years
Computer equipment	3 years
Rehabilitation asset	Aligned to directly attributable asset
Vehicles	5 years
Plant and equipment	5 to 15 years
Plant buildings (included in plant and equipment)	30 to 50 years
Land	Land is not depreciated

Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:
(a) on disposal; or
(b) when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are not included with revenue, but in other income.

Decommissioning and rehabilitation cost

Decommissioning and rehabilitation costs are recognised when a present legal obligation arises to restore the environment to its previous status or according to stipulated requirements in the mining licence. A decommissioning and rehabilitation provision is recognised at the present value of the estimated obligation and is increased annually with finance charges calculated at market-related discount rates and the unwinding of the provision is recognised in profit or loss.

An asset is recognised at the present value of the estimated rehabilitation obligation to the extent that the obligation is created as a result of anything other than producing inventories and is depreciated in accordance with the policies applicable to equivalent items of property, plant and equipment.

The estimated obligation will be evaluated annually. The effect of any changes to the existing obligation is added to or deducted from the cost of the related asset and depreciated progressively over the remaining useful life of the asset, ie treated as a change in estimate. The effects of discounting are recognised in profit or loss.

1. ACCOUNTING POLICIES *continued*

1.5 Financial instruments

Initial recognition

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

The group recognise a financial asset or a financial liability in their statement of financial position when the group become party to the contractual provisions of the instrument. The group's financial instruments consist primarily of the following instruments and their measurement principles:

Categories of instrument	Initial measurement	Subsequent measurement
Loans and receivables	Fair value plus directly attributable transaction costs	Amortised cost using the effective interest method
Financial assets and liabilities at fair value through profit or loss	Fair value	Fair value
Other financial liabilities	Fair value plus directly attributable transaction costs	Amortised cost using the effective interest method

- Loans and receivables consists of trade and other receivables and cash and cash equivalents
- Financial assets and liabilities at fair value through profit or loss consists of derivative assets and liabilities
- Other financial liabilities consists of interest bearing liabilities and trade and other payables

Fair value

Where financial instruments are recognised at fair value, the instruments are measured at the price that should be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on measurement date.

Fair values have been determined as follows:
- Where market prices are available, these have been used; and
- Where market prices are not available, fair values have been determined using valuation techniques incorporating observable market inputs or discounting expected cash flows at market rates.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and financial liability and of allocating finance income/cost over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

Impairment of non-derivative financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets, measured at amortised cost using the effective interest method, the following objective evidence is considered in determining when an impairment loss has been incurred:
- A breach of contract, such as a default or delinquency in repayments; and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation (such as business rescue).

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. For financial assets measured at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance for credit losses account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.5 Financial instruments continued

Subsequent recoveries of amounts previously impaired are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss.

Derecognition of financial assets

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

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A debt instrument represents a contractual obligation to pay cash or transfer another financial asset. An equity instrument represents the residual interest in the group after all liabilities are settled.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group, comprising ordinary shares, are recorded at the proceeds received, net of direct issue costs.

Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of taxation, from the proceeds.

Treasury shares

Where the company or its subsidiaries purchase the company's equity share capital, the shares are treated as treasury shares. The shares are treated as a deduction from the issued and weighted average number of shares and the amount paid, including any directly attributable incremental external costs net of income taxes relating to the shares, is deducted from share capital in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are subsequently reissued or sold, the amount received, net of any directly attributable incremental transaction costs and the related income tax effects, is recognised as an increase in equity.

Reserves

The foreign currency translation reserve may be reclassified to profit or loss when the underlying subsidiary is derecognised or sold. The share-based payment reserve would not be reclassified to profit and loss.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

1.6 Impairment of non-financial assets

The group assesses at the reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of a unit is less than the carrying amount of collective units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit on the following basis: Impairment losses are first recognised against goodwill and any surplus is recognised against other assets.

1. ACCOUNTING POLICIES *continued*

1.6 Impairment of non-financial assets continued

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit and loss. Impairment losses on goodwill are not reversed.

1.7 Intangible assets

Intangible assets are recognised if 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 recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

1.7.1 Goodwill

Goodwill is capitalised as an intangible asset with any subsequent impairment losses being recognised in profit or loss. Internally generated goodwill is not recognised as an asset.

Goodwill is tested annually at the reporting date for impairment and measured at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

1.7.2 Other intangible assets

Expenditure on research (or on the research phase of an internal project) is recognised in profit or loss when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

The residual value, amortisation period and the amortisation method for intangible assets are reviewed annually.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives and not yet in use are tested for impairment on an annual basis.

The significant intangible assets recognised by the group along with its useful economic life, is as follows:

Intellectual property	15 – 30 years
Computer software	3 years
Development cost	10 – 15 years
Product registration	15 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The inventory nett realisable value adjustment is calculated if there is any indication that the net realisable value of stock items is lower than their original cost price. Adjustments are also raised for obsolete and slow moving stock if there is any uncertainty whether the value will not be fully recovered through the subsequent sale of the stock item.

1.9 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement, are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

1.10 Leases

At inception of an arrangement, the group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the group's incremental borrowing rate.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

The group does not have any finance leases assets.

Operating leases

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. Any contingent rent is expensed in the period it is incurred.

Lease income from operating leases shall be recognised in profit or loss on a straight-line basis over the lease term with an accompanying operating lease asset or liability.

1. ACCOUNTING POLICIES *continued*

1.11 Taxation

Income tax

Income tax expense comprises current and deferred tax

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, directly in equity; or
- a business combination.

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

Current tax assets and liabilities

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

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

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax is recognised in profit or loss, except when it relates to items recognised directly in equity, in which case the deferred tax is recognised in equity.

Dividend withholding tax

Dividend withholding tax is levied on the beneficial owner of the shares when dividends are declared or paid. The tax is withheld by the group and paid over to SARS on behalf of the shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.12 Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions, due to passage of time, is recognised as finance costs in profit or loss.

1.13 Revenue

Sale of goods

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other revenue earned by the group is recognised on the following basis:

Rendering of services

Revenue from the rendering of services will be recognised when the outcome of the transaction involving the service can be estimated reliably.

Monthly services rendered will be recognised on a monthly basis after the service has been performed.

1.14 Other income

Rental income from leasing of property (operating lease)

Rental income is recognised on the accrual basis in accordance with the substance of the relevant agreement.

Finance income

Finance income is recognised in profit or loss using the effective interest method.

1.15 Dividends

Dividend distribution to the group's shareholders is recognised in the statement of changes in equity upon authorisation of a dividend by the board in adherence to the memorandum of incorporation.

1.16 Translation of foreign currencies

Foreign currency transactions

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which the specific group entity operate (their functional currency) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rand at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into Rand at the average exchange rate for the period in which they arise. Foreign currency differences relating to the translation of the assets and liabilities, and the income and expenses of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

1. ACCOUNTING POLICIES *continued*

1.17 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense in profit or loss 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 bonus payments is recognised as an expense in profit or loss when there is a legal or constructive obligation to make such payments as a result of past performance. Bonuses remain at the discretion of the remuneration committee.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense in profit or loss when incurred.

1.18 Earnings per share

The company presents basic and diluted earnings per share for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. In instances when the company does not have any potential ordinary shares, basic and diluted earnings per share would be equal.

1.19 Headline earnings per share

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by the latest circular issued by the South African Institute of Chartered Accountants ("SAICA").

1.20 Events after the reporting period

Should events after the reporting date but prior to authorisation of the financial statements be confirmation of circumstances existing prior to the reporting date, the financial statements will be accordingly adjusted to include the effects of the events. However, should such events not have any bearing on circumstances that existed prior to the reporting date, such events will be disclosed separately in the notes to the financial statements. Such disclosure includes the nature of the event and its estimated financial effects.

1.21 Contingent liabilities

A description of contingent liabilities is disclosed in the financial statements unless the possibility of the outflow of economic benefits is remote. Assessment of the likelihood of the economic outflows taking place is reviewed on a continual basis.

The contingent liabilities are disclosed by providing an estimate of the financial effect as well as any uncertainties in relation to the financial effects and the timing of the economic outflow and/or inflow that may take place.

1.22 Discontinued operation

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal, when the operation meets the criteria to be classified as held-for-sale or when it is decided to abandon a component.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.23 Share-based payments

The grant date fair value of equity settled share-based payment arrangements granted to employees is recognised as an expense, with the corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related services and non-market performance conditions are expected to be met, such that the amount ultimately is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

1.24 Critical accounting estimates and assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Loans and receivables

Allowance for impairment of financial assets

An estimate is made for credit losses based on a review of all outstanding amounts at the reporting date, taking into account the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Credit losses are recognised directly in profit or loss in the year in which they are identified. Refer to note 6.

The directors assess the loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recognised in profit or loss, the directors make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Useful lives of items of property, plant and equipment

Useful lives, depreciation methods, and residual values of items of property, plant and equipment are reviewed annually. For residual values, the estimates are made after taking into account the condition and age of the item if it were at the end of its useful life.

Taxation

Judgement is required in determining the estimate of income tax due to the complexity of legislation and in some cases the availability of information. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax recognised in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Estimated tax loss

The group determines the tax expenses and deferred tax calculation on the estimated tax loss of the individual subsidiaries. The estimated tax loss is calculated in accordance with the South African Revenue Service ("SARS") stipulations, indicated in the Income Tax Act, No 71 of 2008. Once SARS has assessed the company and agrees with the calculation of the estimated assessed loss, SARS grants the company an assessed loss. Should the situation occur that SARS does not agree with the estimated assessed loss, it will be rectified in the first tax expense calculation being performed with clear indication of such an event.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact estimates and may then require a material adjustment to the carrying value of assets.

The group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in note 1.7.1 for goodwill. Determining the recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, including expected future cash flows, projected growth rates and discount rates.

1. ACCOUNTING POLICIES *continued*

1.24 Standards and interpretations that have been issued but are not yet effective at 30 June 2018

The following standards and interpretations have been issued with effective dates subsequent to the financial period under review and have not been early adopted. Only those standards and interpretations which may be relevant to the group are set out below and the assessment of the estimated impact that the initial application will have on the consolidated financial statements are set out below. These will be adopted in the period that these become mandatory:

Standard	Details of amendment	Date effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers*	The FASB and IASB issued their standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. The IASB also issued various clarifications to the standard. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer. *Impact: Management has performed an assessment of the impact of the standard on its financial statements during the year and will complete their detailed assessment before December 2018.* *The most significant impact is expected on the revenue recognition and disclosure of the Water division entities. Some revenue generated in those entities is under a fixed-term contract and also incorporate a solution type sale which has a labour as well as product component. However, the price charged is fixed irrespective of the mix of those components. The long-term contracts are being assessed by management as the requirements of IFRS 15 may have an impact on the timing of revenue recognition.* *Further financial statement disclosures will be updated to ensure compliance with IFRS 15 requirements, including the implications of adoption of the various transition options.* *Based on the outcomes of the detailed assessments the group will determine which transition option to apply.*	1 January 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.24 Standards and interpretations that have been issued but are not yet effective at 30 June 2018 continued

Standard	Details of amendment	Date effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (2014) • Financial liabilities • Derecognition of financial instruments • Financial assets • Impairment of financial assets • General hedge accounting	This IFRS is part of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The IASB has updated IFRS 9 to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, without change, except for financial liabilities that are designated at fair value through profit or loss. IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost and FVOCI. The IASB has also amended IFRS 9 hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addressed inconsistencies in the current IAS 39 model. *Impact: The group holds financial assets and liabilities to earn and settle contractual cash flows. It is expected that these assets and liabilities will continue to be recognised at amortised cost.* *Derivative instruments held to cover liquidity risk are immaterial and expected to continue to be recognised at fair value. The group is still currently quantifying the impact of the change from the "incurred loss" model as required by IAS 39 to the "expected credit loss" model as required by IFRS 9. It is, however, expected that the allowance for credit losses will be recognised earlier. Management is not currently applying hedge accounting.*	1 January 2018

1. ACCOUNTING POLICIES *continued*

1.24 Standards and interpretations that have been issued but are not yet effective at 30 June 2018 continued

Standard	Details of amendment	Date effective for annual periods beginning on or after
Amendments to IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* on sale or contribution of assets	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. *Impact: The impact of the proposed amendment will be evaluated once the IASB's broader review is completed.*	Effective date postponed
Amendments to IFRS 2 *Share- Based Payments*	This amendment clarifies the measurement basis for cash settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. *Impact: No impact expected as scheme is equity-settled.*	1 January 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made, as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. *Impact: No significant impact expected because the group does not have material foreign operations.*	1 January 2018
Amendment to IAS 12 *Income Tax*	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. *Impact: The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.*	1 January 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

1. ACCOUNTING POLICIES *continued*

1.24 Standards and interpretations that have been issued but are not yet effective at 30 June 2018 continued

Standard	Details of amendment	Date effective for annual periods beginning on or after
IFRS 16 *Leases*	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. *Impact: The accounting for leases which will result in the recognition of the obligation and asset for long-term leases, of which the leasing of offices and warehouses is expected to be most material for the group.* *Management will implement revised lease disclosure on adoption of IFRS 16.* *Based on the outcomes of the detailed assessments, the group will determine which transition to apply.*	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about: – judgements made; – assumptions and other estimates used; and – the potential impact of uncertainties that are not reflected. *Impact: No significant impact expected, but the group will comply with once effective.*	1 January 2019

1. ACCOUNTING POLICIES *continued*

1.24 Standards and interpretations that have been issued but are not yet effective at 30 June 2018 continued

Standard	Details of amendment	Date effective for annual periods beginning on or after
Annual improvements 2014 – 2016	• IFRS 12 Disclosure of Interests in Other Entities regarding clarification of the scope of the standard. The amendment clarified that the disclosure requirement of IFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (paragraph B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively. *Impact: When the group has interest in entities classified as held for sale, then the amendment to IFRS 12 will be applied.*	1 January 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Furniture and fittings R'000	Computer equipment R'000	Vehicles R'000	Rehab-ilitations asset R'000	Mining license R'000	Plant and equipment R'000	Total R'000
Group								
– Cost	48 633	5 538	7 676	29 716	4 609	2 106	107 502	205 780
– Accumulated depreciation and impairment	(3 706)	(3 902)	(6 549)	(20 707)	(990)	(69)	(48 263)	(84 186)
Restated carrying amount at June 30 2016	44 927	1 636	1 127	9 009	3 619	2 037	59 239	121 594
Net foreign currency differences	(434)	(30)	(1)	(31)	—	—	(10)	(506)
Additions	1 410	520	1 019	1 248	2 722	528	5 087	12 534
Disposals	—	(1)	(218)	(70)	—	—	(1 814)	(2 103)
Impairment	(3 910)	(23)	(49)	(1 287)	(2 895)	(2 565)	(8 832)	(19 561)
Depreciation	(413)	(398)	(567)	(1 654)	(724)	—	(3 895)	(7 651)
– Cost	49 252	5 881	7 088	29 594	7 331	2 634	108 437	210 217
– Accumulated depreciation and impairment	(7 672)	(4 177)	(5 778)	(22 379)	(4 609)	(2 634)	(58 661)	(105 910)
Carrying amount at 30 June 2017	41 580	1 704	1 310	7 215	2 722	—	49 776	104 307
Net foreign currency differences	**125**	**2**	**2**	**(1)**	**—**	**—**	**2**	**130**
Reclassification to assets held for sale	**(9 510)**	**1**	**13**	**(417)**	**—**	**—**	**(1 749)**	**(11 662)**
Additions	**2 005**	**667**	**1 172**	**760**	**—**	**—**	**3 011**	**7 615**
Disposals	**(1 336)**	**(10)**	**(36)**	**(961)**	**—**	**—**	**(322)**	**(2 665)**
Transfers	**8 845**	**(55)**	**89**	**130**	**—**	**—**	**(9 009)**	**—**
Impairment	**(1 966)**	**—**	**—**	**—**	**—**	**—**	**(398)**	**(2 364)**
Depreciation	**(312)**	**(761)**	**(1 015)**	**(1 985)**	**(272)**	**—**	**(4 404)**	**(8 749)**
– Cost	**39 688**	**5 489**	**6 902**	**18 737**	**2 722**	**—**	**72 129**	**145 667**
– Accumulated depreciation and impairment	**(257)**	**(3 941)**	**(5 367)**	**(13 996)**	**(272)**	**—**	**(35 222)**	**(59 055)**
Carrying amount at 30 June 2018	**39 431**	**1 548**	**1 535**	**4 741**	**2 450**	**—**	**36 907**	**86 612**

During the current year assets were reclassified as held for sale. Refer to below for the breakdown of cost and accumulated depreciation that was reclassified for the respective entities:

Silica	
– Cost	R55,5m
– Accumulated depreciation	R52,2m
Anticor	
– Cost	R9,7m
– Accumulated depreciation	R5,7m

Included in total plant and equipment are assets with the following carrying amounts which have been encumbered as security for repayment of instalment sale liabilities (refer to note 11):

- Vehicles R1,5m (2017: R3,6m)
- Plant and equipment R7,9m (2017: R6,1m)

The directors performed an impairment test on the assets. Refer to notes 14 and 26 for details on these impairments recognised.

The rehabilitation asset relates to underground storage tank rehabilitation, which are still in use for the Chemicals business.

3. INTANGIBLE ASSETS AND GOODWILL

	Intellectual Property R'000	Computer software R'000	Development cost R'000	Product registration R'000	Goodwill R'000	Total R'000
– Cost	27 239	692	35 033	5 772	210 243	278 979
– Accumulated amortisation and impairment	(916)	(263)	(3 845)	(2 616)	(9 548)	(17 188)
Restated carrying amount at 30 June 2016	26 323	429	31 188	3 156	200 695	261 791
Acquisitions	5 581	83	5 644	3 577	—	14 885
Derecognition of intangible assets	(8)	—	—	—	—	(8)
Net foreign currency differences	—	—	—	(78)	—	(78)
Impairment	—	—	—	—	(1 616)	(1 616)
Amortisation	(2 940)	(316)	(2 090)	(458)	—	(5 804)
– Cost	32 820	737	40 647	8 989	210 243	293 436
– Accumulated amortisation and impairment	(3 864)	(541)	(5 905)	(2 790)	(11 164)	(24 264)
Carrying amount at 30 June 2017	28 956	196	34 742	6 199	199 079	269 172
Additions	**—**	**19**	**5 062**	**771**	**—**	**5 852**
Net foreign currency differences	**1**	**—**	**—**	**330**	**—**	**331**
Impairment	**—**	**—**	**—**	**(714)**	**(15 938)**	**(16 652)**
Amortisation	**(2 377)**	**(198)**	**(3 390)**	**(1 050)**	**—**	**(7 015)**
– Cost	**32 812**	**756**	**45 709**	**9 861**	**210 541**	**299 679**
– Accumulated amortisation and impairment	**(6 232)**	**(739)**	**(9 295)**	**(4 325)**	**(27 400)**	**(47 991)**
Carrying amount at 30 June 2018	**26 580**	**17**	**36 414**	**5 536**	**183 141**	**251 688**

Development cost consists of internally developed products within Rolfes Agri. It is amortised on a straight-line basis over a period of 10 to 15 years (fertilisers – 10 years; remedies 15 years).

The intellectual property relating to the Water segment is amortised over a period of 30 years and for the Agri and Chemicals segments over 15 years.

Amortisation is included in operating profit before interest other operating expenses and cost of sales line items, in the statement of profit or loss and other comprehensive income (refer to note 16).

The directors review the intangible assets annually to identify any impairment losses to be recognised. Refer to notes 3.1 and 26 for impairment loss recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

3. INTANGIBLE ASSETS AND GOODWILL *continued*

3.1 Goodwill

Goodwill acquired through business combinations has been allocated to the following significant individual cash-generating units:

	Agri-culture R'000	Food R'000	Chemi-cals R'000	Colour R'000	Water R'000	Silica (dis-continued) R'000	Total R'000
Carrying amount at 30 June 2016	30 967	115 226	36 948	6 713	9 225	1 616	200 695
Impairment	—	—	—	—	—	(1 616)	(1 616)
Carrying amount at 30 June 2017	30 967	115 226	36 948	6 713	9 225	—	199 079
Impairment	**—**	**—**	**—**	**(6 713)**	**(9 225)**	**—**	**(15 938)**
Carrying amount at 30 June 2018	**30 967**	**115 226**	**36 948**	**—**	**—**	**—**	**183 141**

Impairment of goodwill

Goodwill is tested for impairment at each year-end, or if there are indicators during the year that an impairment may be necessary.

The recoverable amount of goodwill for each cash generating unit, as identified above is determined based on value-in-use calculations.

These calculations use cash flow projections based on the 2019 budgeted figures and forecasts for 2020 and 2021 as approved by management, then escalated by 6% per annum for a further 2 years with a perpetual growth rate of 4,5% per annum. These cumulative cash flows were discounted using weighted average cost of capital (WACC).

The WACC of 17,43% used was based on a required rate of return on equity of 21,81% and a cost of debt of 7,2% with a debt leveraging of 30%.

Results of impairment testing	Agri-culture R'000	Food R'000	Chemi-cals R'000	Colour R'000	Water R'000	Silica (dis-continued) R'000	Total R'000
Carrying amount of cash generating units*	180 836	227 890	111 594	41 838	23 780	—	585 938
Recoverable amount	**216 337**	**326 280**	**190 248**	**41 838**	**23 780**	**—**	**798 483**
Excess over carrying value	**35 501**	**98 390**	**78 654**	**—**	**—**	**—**	**212 545**

** The carrying value of the cash generating units excludes cash and property.*

The impairment recognised in 2017 relates to the Silica mining operations that was discontinued.

Based on the current performances of the Colour and Water businesses, the re-establishment of management teams and forecasted trading activities the board decided to impair the goodwill relating to these cash generating segments.

4. DEFERRED TAX (ASSET)/LIABILITY

Deferred tax is calculated in full on temporary differences arising on assets and liabilities using a tax rate of 28%. Movement on the deferred tax account is indicated below:

	2018 R'000	2017 R'000
Opening balance	**7 280**	16 752
Per the income statement	**(8 257)**	(9 471)
Closing balance	**(977)**	7 281
Movement on deferred tax was recognised as follows:		
– In profit or loss	**(8 257)**	(9 471)
	(8 257)	(9 471)

	2018 R'000	2017 R'000
Reconciliation of deferred tax (asset)/liability		
Property, plant and equipment	**12 343**	11 617
Estimated tax loss	**(19 413)**	(14 038)
Capital loss	**—**	(39)
Intangible assets	**14 379**	14 210
Leave pay accrual	**(966)**	(848)
Operating lease smoothing	**(8)**	(17)
Other	**(137)**	55
Provisions	**(7 190)**	(2 434)
Assets held for sale	**996**	—
Impairment of loan	**(981)**	(1 226)
Closing balance	**(977)**	7 280
The closing balance consists of the following:		
Deferred tax liability	**17 155**	27 526
Deferred tax asset	**(18 132)**	(20 246)
	(977)	7 280

There are no time limits on the utilisation of unused tax losses.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which to utilise the deferred tax asset.

The tax losses available for set-off against future taxable income, consist of the following gross amounts in the individual companies:

	2018 R'000	2017 R'000
Recognised:		
Rolfes Colour Pigments International Proprietary Limited	**19 287**	16 963
Rolfes Holdings Limited	**18 669**	28 569
Rolfes Agri Proprietary Limited	**15 949**	—
Absolute Science Proprietary Limited	**624**	—
Rolfes Water Proprietary Limited	**13 493**	2 131
Gallus Technologia Ventersdorp Proprietary Limited	**1 310**	2 474
	69 332	50 137
Unrecognised: Rolfes Silica Proprietary Limited	**20 009**	16 545
	20 009	16 545

The recognised estimated tax losses arose from trading losses and will be utilised in future periods against taxable profit. The unrecognised tax loss relating to Rolfes Silica Proprietary Limited does not expire, but is not expected to be utilised due to the discontinuing of the operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

	2018 R'000	2017 R'000
5. INVENTORIES		
Finished goods	**231 880**	165 932
Raw materials	**36 176**	73 820
Work in progress	**5 068**	3 898
Goods in transit	**64 008**	50 968
Consumable stores	**88**	1 897
Inventory net realisable value adjustment	**(2 481)**	(20 933)
	334 739	275 582
Inventory written off to net realisable value during the year	**21 632**	24 908
The cost of inventories recognised as an expense during the period and included in cost of sales amounted to	**1 056 608**	1 090 891
Inventory reclassified to assets held for sale (refer to note 14)	**10 475**	—

Due to the decision to discontinue the Silica mining operations in the prior financial period, the inventory was written down to the net realisable value of R11m.

No inventories are expected to be sold after more than 12 months.

As security for the funding obtained from Investec Bank Limited, general notarial bond over was registered over inventory owned by the group (refer to note 11).

	2018 '000	2017 '000	2018 R'000	2017 R'000
6. TRADE AND OTHER RECEIVABLES				
Trade receivables			**213 253**	200 395
Foreign trade receivables				
US dollar ("USD")	**1 155**	704	**15 860**	9 165
Euro ("EUR")	**—**	487	**—**	7 214
Zambian kwacha ("ZMK")	**4 066**	3 205	**5 591**	4 582
Botswana pula ("BWP")	**2 218**	1 000	**2 924**	1 278
Romanian lei ("RON")	**1 826**	2 856	**6 279**	9 334
Allowance for credit losses			**(9 961)**	(7 236)
Financial assets			**233 946**	224 732
Prepaid expenses			**804**	902
VAT receivable			**11 804**	7 712
Deposits			**946**	784
Sundry debtors			**2 453**	3 676
Salary advance			**580**	11
			250 533	237 817

6. TRADE AND OTHER RECEIVABLES *continued*

	2018 R'000	2017 R'000
Trade receivables (net of allowances) held by the group amounted to:	**233 945**	224 731
Neither past due nor impaired	**195 289**	191 096
No interest is charged on trade receivables.		
Before accepting any new customers, the group uses credit references, credit history, bank codes and credit rating information to assess the potential customer's credit quality, and credit limits are defined per customer.		
Past due but not impaired	**37 057**	31 889
Included in the group's trade receivables are past due trade receivables at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.		
Ageing of past due but not impaired:		
Past due 1 – 30 days	**19 639**	12 694
Past due 30 – 60 days	**3 922**	8 069
Past due 60+ days	**13 495**	11 126
	37 056	31 889
Analysis of impaired trade receivables:		
Included in the allowance for credit losses are individually impaired trade receivables with a gross value of R11,56 million (2017: R8,98 million).		
The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. All impairment amounts incurred during the year are charged to the income statement and recorded within operating costs.		
Gross value of trade receivables that have been individually impaired	**11 560**	8 982
Less: Impairment loss against these trade receivables	**(9 961)**	(7 236)
	1 599	1 746
Ageing of gross value of trade receivables that have been individually impaired:		
Current	**365**	1 072
Past due 1 – 30 days	**136**	115
Past due 30 – 60 days	**269**	316
Past due 60+ days	**10 790**	7 479
	11 560	8 982
Movement in the allowance for credit losses:		
Balance at the beginning of the year	**7 236**	1 518
Movement in allowance	**3 445**	5 718
Amounts written off as irrecoverable	**(721)**	—
Balance at the end of the year	**9 961**	7 236
Bad debts written-off	**548**	7 754

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to a large and unrelated customer base. Accordingly, the directors believe that there is no further credit allowance required.

The carrying value of trade and other receivables approximates its fair value, due to the short-term nature of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

7. DERIVATIVE ASSET/(LIABILITY)

	2018 R'000	2017 R'000
Foreign exchange contracts liabilities	—	(780)
Foreign exchange contracts assets	6 454	—
	6 454	(780)

The forward exchange contracts will be settled within 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts amounted to:	2018 '000	2017 '000
US dollar ("USD")	**7 996**	3 824
Euro ("EUR")	**803**	265

Further information relating to foreign exchange exposures and policies are provided in note 23.

8. CASH AND CASH EQUIVALENTS

	2018 '000	2017 '000	2018 R'000	2017 R'000
Call account			**8 246**	2 851
Current bank account			**13 576**	61 258
US dollar ("USD") account	**1 305**	319	**17 914**	4 164
Euro ("EUR") account	**32**	974	**511**	1 393
Zambian kwacha ("ZMK") account	**1 201**	56	**1 652**	828
Botswana pula ("BWP")	**13**	462	**18**	590
Romanian lei ("RON") account	**322**	246	**1 108**	807
Petty cash			**123**	79
			43 148	71 970

9. STATED CAPITAL

	2018 R'000	2017 R'000
Authorised		
500 000 000 ordinary shares		
Opening balance 1 July	**207 721**	207 721
Issued	**—**	—
Balance at 30 June	**207 721**	207 721

Fully paid ordinary shares carry one vote per share and rights to dividends.

Subject to meeting the relevant requirements of the Companies Act of 2008, the JSE Listings Requirements and obtaining the necessary JSE approval, the board may be given approval to issue authorised shares through either a special resolution or an ordinary resolution by shareholders.

A special resolution is required in instances of shares being issued to:
- a director, future director, prescribed officer or future prescribed officer of the company; or
- a person related or inter-related to the company or to a director or prescribed officer of the company; or
- a nominee of any person described above.

Furthermore, a special resolution is required in instances where the proposed share issue will have an impact on the voting power of the class of shares being issued, equal to or greater than 30% of the voting power of the class of shares prior to the share issue taking place.

Any proposed issuing of a class of shares require an ordinary resolution from shareholders.

At year end 641 332 (2017: 641 332) ordinary shares in the company was held in treasury by Rolfes Asset Holding Proprietary Limited, a subsidiary within the Group.

The shareholding adheres to the requirements of the JSE Limited and the memorandum of incorporation of the company.

10. RESERVES

Nature and purpose of reserves

10.1 Share-based payments

The share-based payment reserve relates to the IFRS 2 share-based payment expense recognised in equity. This reserve will not recycle to profit or loss.

10.1.1 Rolfes Holdings Conditional Share Plan "CSP"

Shareholders approved the implementation of the CSP at the general meeting held on 10 April 2017.

The purpose of the Rolfes Holdings Limited CSP is to provide selected employees with the opportunity of receiving shares in the company through the awards of conditional rights to shares (either in the form of Performance Shares or Retention Shares) thereby providing participants with the opportunity to share in the success of the group and provide alignment between these participants and shareholders.

Shares are allocated to eligible employees by the remuneration committee after taking executive management's motivations into account. The Remuneration Committee is under no obligation to allocated shares annually, or to allocate shares to all eligible employees or participants each time an allocation is made.

The CSP is equity settled and the IFRS 2 charge is booked to the Statement of Comprehensive income over the vesting period of the grants.

The vesting of performance shares is subject to the fulfilment of 3 year employment and certain performance conditions.

The vesting of retention share is subject only to the fulfilment of 3 year employment conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

10. RESERVES *continued*

10.1 Share-based payments continued

10.1.2 Information regarding awards

Allocation Summary	Performance Shares	Retention Shares	Total
Grant Date	1/12/2017	20/2/2018	
* Grant Date fair value	2,71	2,85	
Number of remaining participants	11	8	
Granted during the year	4 133 584	2 750 000	6 883 584
Outstanding at the end of the year	**4 133 584**	**2 750 000**	**6 883 584**

** Grant date fair value based on the quoted share price on grant date*

10.1.3 Amounts recognised relating to share-based payments

Share-based payment reserve	Performance Shares R'000	Retention Shares R'000	Total R'000
Charged during the year	1 697	799	2 496

10.2 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This reserve will recycle to profit or loss on disposal of the foreign investments.

Other comprehensive income accumulated in reserves, net of tax

	2018 R'000	2017 R'000
Carrying value 1 July	697	2 057
Foreign operations – foreign currency translation differences	982	(1 360)
Carrying value 30 June	**1 679**	**697**

11. INTEREST-BEARING LIABILITIES

	2018 R'000	2017 R'000
Secured	**234 957**	245 692
– Instalment sale agreements	**4 205**	8 796
– Medium-term bank loans	**230 752**	236 896
Short-term portion	**(26 562)**	(24 040)
	208 395	221 652
Instalment sale agreements – secured over motor vehicles	**1 510**	3 556
Instalment sale agreements – secured over plant and equipment	**5 668**	6 141
Instalment sale agreements bear average interest of	**10,98%**	11,65%

11. INTEREST-BEARING LIABILITIES *continued*

	Carrying value 30 June 2018	Effective interest rate %	Months to repay	Last payment	Carrying value 30 June 2017
Holdings Limited for funding purposes	**71 526**	10,96%	39	13/10/2021	90 000
A medium-term working capital facility loan	**155 297**	10,99%	39	13/10/2021	142 673
A bond was registered over the construction of a building in Gaborone, Botswana	**3 930**	8,30%	102	30/8/2024	4 223
Total	**230 753**				236 896

The working capital facility's limit is R225m, consisting of R125m facility against qualifying debtors and R100m facility against qualifying inventory. This is a medium-term facility and is therefore not expected to be repaid in full in the next 12 months.

	2018 R'000	2017 R'000
Total minimum payments		
Total payments		
– Repayments	**249 809**	270 845
– Finance cost	**(14 852)**	(25 153)
Present value	**234 957**	245 692
Payments – up to one year		
– Minimum repayments	**34 155**	33 891
– Finance cost	**(7 593)**	(9 851)
Present value	**26 562**	24 040
Payments – two years and more		
– Minimum repayments	**215 654**	236 954
– Finance cost	**(7 258)**	(15 302)
Present value	**208 396**	221 652

The fair value of the medium-term loans and instalment sale agreements are approximately equal to their carrying value.

As security for the funding obtained from Investec Bank Limited, the following has been granted by the group:
- General notarial bond over inventory owned by the group;
- Cession of debtors' books owned by the group;
- GNB/SNB over plant and equipment (where unencumbered in terms of instalment sales agreement or finance leases) owned by the group;
- First covering mortgage bond over properties;
- Cross guarantees from all wholly owned subsidiary companies;
- Cession of shares and claims of all wholly owned subsidiary companies;
- Cession of bank accounts owned by the group;
- Cession of CGIC policies owned by the group;
- Cession of insurance policies owned by the group;
- Negative pledge from all wholly owned subsidiaries and the company; and
- Subordination of all shareholder loans and claims in the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

	2018 R'000	2017 R'000
12. PROVISIONS		
Rehabilitation provision		
Opening balance	**13 722**	7 548
Provisions (utilised)/raised during the current year	**(2 501)**	5 240
Notional finance charges (continued and discontinued)	**738**	934
Reclassified to liabilities held for sale (refer to note 14)	**(9 000)**	—
Closing balance	**2 959**	13 722
Due after more than a year	**2 959**	13 722
Total rehabilitation provision	**2 959**	13 722

Split of the provision between Silica and Chemicals	R'000	R'000
– Rolfes Silica	**—**	11 000
– Rolfes Chemicals	**2 959**	2 722
Provision for claim		
Opening balance	**—**	—
Provision for claim	**5 000**	—
Closing balance	**5 000**	—
Due after more than a year	**5 000**	—
Total provision for claim	**5 000**	—
Total provisions	**7 959**	13 722

The long-term target inflation rate of 6% and RSA R187 bond rate of 8,7% was used in the calculation of the provision for rehabilitation.

The group is involved in various legal proceedings. In consultation with its legal counsel, management is assessing the outcome of these proceedings on an ongoing basis. On a particular case, based on legal counsel advice, management has decided to provide R5m for a potential claim. This amount may be higher or lower, depending on a ruling by the court.

13. TRADE AND OTHER PAYABLES

	2018 '000	2017 '000	2018 R'000	2017 R'000
Trade payables			**104 338**	119 419
Foreign trade payables				
US dollar ("USD")	**9 387**	4 812	**128 838**	62 819
Euro ("EUR")	**817**	257	**13 104**	3 839
Zambian kwacha ("ZMK")	**411**	—	**566**	—
Romanian lei ("RON")	**751**	—	**2 583**	—
Financial liabilities			**249 429**	186 077
Accruals			**13 577**	13 130
Leave pay accrual			**5 462**	5 010
Bonus accrual			**11 397**	403
Credit cards			**20**	94
VAT payable			**2 816**	2 187
Sundry creditors			**1 442**	1 980
Total trade and other payables			**284 143**	208 881

The carrying value of trade and other payables approximates its fair value, due to the short-term nature of the payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

14. ASSETS AND LIABILITIES HELD FOR SALE

During June 2017, management committed to a plan to discontinue the Rolfes Silica mining business, due to the mine being unprofitable.

Refer to note 27 for the disclosure regarding the discontinued operations.

On 20 February 2018 an agreement was concluded to sell stock, equipment, property and mining rights together with the rehabilitation provision relating to the Rolfes Silica business. Accordingly, the assets and liabilities that forms part of the sale agreement are disclosed as assets and liabilities held for sale. The purchase price amounted R7,5m for the assets and liabilities as well as the settlement value of the interest-bearing liabilities at the date of transfer.

All suspensive conditions have been met for the sale to take place with the exception of the approval from the Department of Mineral Resources for the Section 11 transfer of the mining license. All the required paperwork has been submitted and await final approval. The assets and liabilities were valued at the expected consideration receivable, therefore no further impairments will be required.

During June 2018 the board approved a plan to dispose of the remaining properties held in Rolfes PWM Anticor Proprietary Limited. Efforts to sell the properties have started and a sale is expected before June 2019. An impairment loss of R1,966m was recognised and presented in "other expenses" (refer to note 26). The impairment loss have been applied to reduce the carrying amount of the property held for sale.

As at 30 June 2018, the assets held for sale was stated at fair value less costs to sell and comprised the following assets and liabilities

	Silica R'000	Anticor R'000	**2018 R'000**	2017 R'000
Property, plant and equipment	7 732	3 930	**11 662**	—
Inventories	10 475	—	**10 475**	—
Assets held for sale	18 207	3 930	**22 137**	—
Interest-bearing liabilities	(748)	—	**(748)**	—
Provisions	(9 000)	—	**(9 000)**	—
Liabilities held for sale	(9 748)	—	**(9 748)**	—

The fair value of the assets and liabilities above was based on offers to purchase the assets & liabilities.

15. REVENUE (CONTINUING OPERATIONS)

	2018 R'000	2017 R'000
Revenue arises from the following activities:		
Sale of goods and rendering of services	**1 421 648**	1 437 409
	1 421 648	1 437 409

Refer to note 27 for the revenue from discontinued operations.

16. OPERATING PROFIT BEFORE INTEREST (CONTINUING OPERATIONS)

	Notes	2018 R'000	2017 R'000
Operating profit before interest is arrived at after taking the following items into account:			
Profit on sale of property, plant and equipment		**1 055**	603
Foreign currency transaction gains		**(2 901)**	(936)
Depreciation and amortisation included with cost of sales		**2 660**	2 694
Depreciation and amortisation included with operating expenses		**13 105**	10 760
Depreciation and amortisation		**15 765**	13 454
Legal fees		**3 302**	1 704
Provision for claim		**5 000**	—
Auditor's remuneration		**5 324**	1 117
Research costs expensed and not capitalised		**4 016**	3 778
		17 642	6 599
Impairment of goodwill		**15 938**	1 616
Impairment of Avison loan		**—**	4 380
Impairment of property, plant & equipment and intangible assets		**1 112**	—
Impairment of assets classified as held for sale		**1 966**	—
Impairment 26		**19 016**	5 996
Bad debts		**3 273**	12 964
Donations		**660**	1 225
Insurance		**7 743**	5 911
Repairs and maintenance		**5 797**	3 422
		17 473	23 522
Executive directors' emoluments for services as directors	22.1	**11 432**	7 980
Non-executive directors' emoluments for services as directors	22.1	**1 597**	1 755
Other salaries and wages		**113 486**	92 944
Salaries and wages included in cost of sales		**24 219**	23 640
Contributions to pension and provident funds		**5 545**	5 182
Minimum lease payments under operating leases recognised in profit or loss for the year		**9 318**	8 339
At the end of the reporting period, the group had outstanding commitments for future minimum lease payments under fixed-term operating leases, which fall due as follows:			
Within one year		**7 407**	3 225
In two to five years		**22 466**	546
The material leasing arrangements of the group consist of leasing arrangements for equipment and warehouse space. These arrangements include terms of renewal that vary between one and five years. There are no options to purchase and escalation clauses refer to market rates.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

17. OTHER INCOME

Included in other income is rental income relating to a property owned by the group with a remaining lease period of 9 months, ending on 31 March 2019. The lessee does not have an option to purchase the property at the expiry period. Management is in negotiations with the current tenant on a possible extension of the lease.

	2018 R'000	2017 R'000
Rental income earned by the group from property which is leased out under operating leases amounted to:	**8 592**	9 095
Total future minimum lease income under non-cancellable operating leases for the following periods:		
Not later than one year	**6 823**	8 441
In two to five years	**—**	6 330

18. FINANCE INCOME

	2018 R'000	2017 R'000
Finance income relates to the following items:		
Finance income earned on financial assets, categorised as loans and receivables (including cash and bank balances)	**1 297**	4 758
SARS interest	**12**	157
	1 309	4 915

Refer to note 27 for the finance income and cost attributable to the discontinued operations.

19. FINANCE COST

	2018 R'000	2017 R'000
Finance costs relate to the following items:		
Instalment sale agreements	**849**	2 442
Current account	**274**	1 326
Interest-bearing liabilities	**28 198**	27 004
Rehabilitation provision	**237**	—
	29 558	30 772

20. INCOME TAX (EXPENSE)/BENEFIT

	Group 2018 R'000	Continuing operations 2018 R'000	Discontinued operations 2018 R'000	Group 2017 R'000	Continuing operations 2017 R'000	Discontinued operations 2017 R'000
Current tax:						
– current year	**20 436**	**20 436**	**—**	29 192	30 244	(1 052)
– prior year	**(332)**	**(332)**	**—**	4 477	4 477	—
Deferred tax	**(8 257)**	**(7 387)**	**(870)**	(9 471)	(9 188)	(283)
Total	**11 847**	**12 717**	**(870)**	24 198	25 533	(1 335)
	%	**%**	**%**	%	%	%
Tax rate reconciliation						
• Statutory rate	**28,0**	**28,0**	**28,0**	28,0	28,0	28,0
• Effect of non-allowable expenditure	**14,4**	**12,6**	**—**	3,4	1,7	—
• Effect of exempt income	**—**	**—**	**(1,3)**	—	—	—
• Effect of research and development allowance	**(1,9)**	**(1,7)**	**—**	(2,9)	(1,5)	—
• Effect of different tax rates of subsidiaries operating in other jurisdictions	**6,2**	**5,5**	**—**	(0,1)	—	—
• Effect of share-based payment expense	**6,4**	**5,6**	**—**	—	—	—
• Effect of prior year (overstatement)/understatement	**0,7**	**0,6**	**—**	2,3	0,8	(0,7)
• Effect of deferred tax not recognised	**54,3**	**51,8**	**33,1**	22,5	(0,4)	(24,2)
Effective rate	**108,1**	**102,4**	**59,8**	53,2	28,6	3,1

During the year, the Rolfes Holdings Limited received an additional assessment of R2,7m with interest of R1,1m relating to 2013 tax year of assessment. Management is in consultation with SARS to understand the basis of the additional assessment and resolve this matter as soon as possible. The Group has not provided for the additional assessment and interest due to the uncertainty surrounding the validity of the additional assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

21. EARNINGS PER SHARE

	2018 Group R'000	2018 Continuing operations R'000	2018 Dis-continued operations continued operations R'000	2017 Group R'000	2017 Continuing operations R'000	2017 Dis-continued operations continued R'000
Numerator						
Profit/(loss) for the year attributable to equity holders of the parent	**1 494**	**2 077**	**(583)**	11 467	64 967	(53 500)
Adjusted for:						
(Gain) from sale of property, plant and equipment (net)	**(759)**	**(756)**	**(3)**	(434)	(434)	—
(Gain) from sale of property, plant and equipment (gross)	**(1 054)**	**(1 050)**	**(4)**	(603)	(603)	—
(Gain) from sale of property, plant and equipment (tax)	**295**	**294**	**1**	169	169	—
Loss from sale of property, plant and equipment (net)	**—**	**—**	**—**	962	8	954
Loss from sale of property, plant and equipment (gross)	**—**	**—**	**—**	1 336	11	1 325
Loss from sale of property, plant and equipment (tax)	**—**	**—**	**—**	(374)	(3)	(371)
Impairment property, plant and equipment (gross)	**2 364**	**2 364**	**—**	19 560	—	19 560
Impairment intangible assets and goodwill (gross)	**16 652**	**16 652**	**—**	1 616	1 616	—
Headline earnings	**19 751**	**20 337**	**(586)**	33 171	66 157	(32 986)
Denominator						
Weighted average number of shares used in basic earnings per share and headline earnings per share ('000)	**161 302**	**161 302**	**161 302**	161 302	161 302	161 302
Dilutive shares	**648**	**648**	**648**	—	—	—
Weighted average number of shares used in diluted earnings per share and diluted headline earnings per share ('000)	**161 950**	**161 950**	**161 950**	161 302	161 302	161 302
Earnings per share (cents)						
Basic	**0,93**	**1,29**	**(0,36)**	7,11	40,28	(33,17)
Diluted	**0,92**	**1,28**	**(0,36)**	7,11	40,28	(33,17)
Headline Earnings per share (cents)						
Basic	**12,24**	**12,61**	**(0,36)**	20,56	41,01	(20,45)
Diluted	**12,20**	**12,56**	**(0,36)**	20,56	41,01	(20,45)

22. RELATED PARTIES

	Basic remun-eration/fees R'000	Settle-ment R'000	Bonus/ Incentive R'000	Leave encash-ment/ Other R'000	Car allowance R'000	Fringe benefit petrol R'000	**Total 2018 R'000**	Total 2017 R'000
22.1 DIRECTORS' REMUNERATION								
Executive								
RM Buttle[L]	3 111	—	2 500	—	144	40	**5 795**	322
AP Broodryk&	1 520	—	750	—	80	28	**2 378**	—
L Lynch$	936	1 864	—	374	84	1	**3 259**	4 443
JTT Ferreira#	—	—	—	—	—	—	**—**	3 216
Non-executive								
MM Dyasi	235	—	—	—	—	—	**235**	220
SS Mafoyane	235	—	—	—	—	—	**235**	220
DM Mncube	176	—	—	—	—	—	**176**	165
MG Mokoka	288	—	—	—	—	—	**288**	270
MS Teke	316	—	—	—	—	—	**316**	300
CS Seabrooke**	174	—	—	—	—	—	**174**	41
JR Winer	174	—	—	—	—	—	**174**	165
E van der Merwe*	—	—	—	—	—	—	**—**	124
	7 165	1 864	3 250	374	308	69	**13 030**	9 486

** Resigned 1 April 2017*
*** Appointed 1 April 2017*
 # Resigned 12 May 2017
[L] Appointed 15 May 2017
$ Resigned 16 October 2017
& Appointed 6 November 2017

In terms of the conditional share plan RM Buttle was awarded 1 177 240 performance shares and 500 000 retention shares with a share-based payment expense of R635 375 and AP Broodryk was awarded 706 344 performance and 450 000 retention shares with a share-based payment expense of R428 725.

The directors did not receive remuneration from subsidiaries.

Employment contracts of the individual executive directors all incorporate the same information and restrictions.

The contracts include a restraint of trade paragraph to ensure the group does not incur losses or loss of business due to the resignation of its directors. The contracts do not indicate any term of employment and employment will cease with the resignation or dismissal of the director. The contracts do not specify any age or time period to indicate retirement of directors.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

22.2 Other related party transactions:

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation.

Below is a summary of related party transactions:

	Relationship	**2018 R'000**	2017 R'000
Strategic management fees paid			
MCIH Services Proprietary Limited	Associated to director	**801**	788

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

23. GROUP RISK

The group is exposed, through its operations, to the following financial risks:

- interest rate risk;
- foreign currency risk;
- liquidity risk; and
- credit risk.

Risk management policies recommended by the executive directors are, upon agreement thereto, ratified by the board. Certain risks are managed centrally while others are managed locally, following guidelines communicated by the board. These risk management policies are described in detail in the following paragraphs.

Capital management

Capital is managed through optimising the debt and equity utilisation across the group. This is done to ensure that all entities within the group continue to function on a going concern basis while maximising returns to stakeholders.

The overall group capital management strategy has remained unchanged from the previous financial year. The capital structure of the group consists of debt and equity, as follows:

Debt

- medium to long-term borrowings; and
- bank facilities.

Equity

- share capital;
- reserves; and
- retained earnings.

Gearing ratio

The group's capital structure is reviewed on a bi-annual basis by the board of directors. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

The gearing ratio at reporting date was as follows:

	2018 R'000	2017 R'000
Interest-bearing debt	**234 957**	245 692
Positive cash and cash equivalents	**43 148**	71 970
Net debt	**191 809**	173 722
Equity	**468 851**	485 634
Net debt to equity ratio	**0,41**	0,36

Debt is defined as long and short-term interest-bearing borrowings and bank overdraft. Equity includes all capital and reserves of the group.

The groups bankers requires the group to adhere to certain covenants (debt service cover ratio, total debt to EBITDA and total debt to net asset value) in terms of facilities granted. The covenants are measured on a quarterly basis and the group has complied with all requirements.

23. GROUP RISK *continued*

Below follows details in respect of each class of financial asset and financial liability.

	Fair value hierarchy	2018 R'000	2017 R'000
Categories of financial instruments			
Financial assets – carrying values			
Trade and other receivables		**233 946**	224 732
Derivative asset		**6 454**	—
Cash and cash equivalents		**43 148**	71 970
Fair value			
Trade and other receivables	2	**233 946**	224 732
Derivative asset	2	**6 454**	—
Cash and cash equivalents	2	**43 148**	71 970
Financial liabilities – carrying values			
Interest-bearing liabilities		**208 395**	221 652
Derivative liability		**—**	780
Current portion of interest-bearing liabilities		**26 562**	24 040
Trade and other payables		**249 429**	186 077
Fair value			
Interest-bearing liabilities	2	**208 395**	221 652
Derivative liability	2	**—**	780
Current portion of interest-bearing liabilities	2	**26 562**	24 040
Trade and other payables		**249 429**	186 077

The fair values of financial assets and financial liabilities approximate their carrying values due to the short-term nature of these assets as well as short-term until maturity.

The fair values of financial assets and financial liabilities are determined as follows:

- For financial instruments with standard terms and conditions that are traded in active liquid markets, fair value is determined with reference to quoted market prices; and
- For financial instruments that are not traded in active liquid markets, fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analyses using prices from observable current market transactions and dealer quotes for similar instruments.

Foreign currency forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

At the reporting date there were no significant concentrations of credit risk for financial assets. The carrying amount of financial instruments as reflected above represents the group's maximum exposure to credit risk.

Financial risk management objectives

The group's financial department provides services across the group; coordinates access to domestic and international financial markets; and monitors and manages the financial risks relating to the operations of the group. These risks include market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

23. GROUP RISK *continued*

Financial risk management objectives continued

The group seeks to minimise the effects of these risks by using derivative financial instruments to economically hedge these risk exposures. Compliance with policies and exposure limits is reviewed on a continuous basis. Where the group uses derivative financial instruments it is used for specific transactions. The group does not enter into or trade financial instruments for speculative purposes, including derivative financial instruments.

Market risk

The group's activities expose it primarily to currency risk and interest rate fluctuations.

There has been no change in the group's exposure to market risk or the manner in which it manages and measures market risk.

Foreign currency risk management

The group undertakes transactions denominated in foreign currencies as part of its operations.

The group imports products from Europe and Asia in the currencies below. It is group policy to enter into forward foreign exchange contracts to cover specific foreign currency payments, these future exposures are hedged according to these principles matching the supplier payment terms.

Furthermore, currency risk is managed by negotiating favourable payment terms with foreign suppliers and by actively managing group banking facilities for foreign debt repayments. Where possible, natural hedges are maintained where amounts receivable from foreign customers are matched to amounts payable to foreign suppliers.

The carrying amounts of the group's foreign currency denominated financial assets and financial liabilities at the reporting date, are as follows:

	2018 '000	2017 '000
Foreign currency		
Assets		
US dollar ("USD")	**2 460**	1 023
Euro ("EUR")	**32**	1 461
Zambian kwacha ("ZMK")	**5 267**	3 261
Botswana pula ("BWP")	**2 231**	1 462
Romanian lei ("RON")	**2 148**	3 102
Liabilities		
US dollar ("USD")	**9 387**	4 812
Euro ("EUR")	**817**	257
Zambian kwacha ("ZMK")	**411**	—
Romanian lei ("RON")	**751**	—

23. GROUP RISK *continued*

Foreign currency sensitivity analysis

The table below details the group's sensitivity to the relevant foreign currencies, if assumed that the exposure is uncovered.

The sensitivity analysis is calculated on a net asset/liability exposure basis.

A positive number indicates an increase in profit and other equity for a 10% strengthening in the foreign currency. For a 10% weakening in the foreign currency, there would be an equal and opposite impact on profit and other equity of the group. The same method and assumptions were used in the sensitivity analysis for the prior year.

	2018 '000	2017 '000
Foreign currency		
US dollar ("USD")	**(693)**	(379)
Euro ("EUR")	**(79)**	120
Zambian kwacha ("ZMK")	**486**	326
Botswana pula ("BWP")	**223**	146
Romanian lei ("RON")	**140**	310
Net increase/(decrease) in profit and other equity	**77**	523

Interest rate risk

Utilisation of long-term interest-bearing liabilities is minimised as far as possible in order to limit the exposure to interest rate risk. The group's long-term interest rate is linked to prime.

Cash requirements are managed and monitored in order to limit unnecessary utilisation of overdraft facilities, thereby reducing the group's exposure to cash flow interest rate risk.

Interest rate sensitivity analysis

The group interest rate risk originates mainly interest bearing liabilities. The sensitivity analysis has been performed based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the liability value at the end of the reporting period was the same during the whole year.

A 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the group's profit for the year and equity would decrease by R1,412 million (2017: R1,229 million).

For a 50 basis point strengthening in the interest rate, there would be an equal and opposite impact on the group's profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

23. GROUP RISK *continued*

Credit risk

Financial assets potentially subject to group concentrations of credit risk consist primarily of trade receivables in terms of credit sales, which amounted to R234 million (2017: R225 million).

Group policy is to assess credit risk of new customers before entering into sales agreements. Such assessments take into account local business practices and are factored into a credit risk profile. Credit references, credit history, bank codes and credit rating information are utilised in determining the credit rating of a new credit customer. The credit risk with regard to trade receivables is limited due to the fact that the customer base is spread over a wide variety of small and large receivables. The group does not enter into complex derivatives to manage credit risk. Where appropriate, it is group policy to obtain sufficient collateral as a means of mitigating the risk of financial loss from defaults. Collateral held consist of sureties signed by selected customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Liquidity risk

The group minimises liquidity risk by ensuring it has adequate banking facilities and reserve borrowing capacity with high-quality financial institutions or related companies.

Liquidity risk is managed centrally by the group executive directors. Budgets are set and agreed in advance on an annual basis by the board. This enables suitable anticipation of cash flow requirements. Where an increase in group facilities is required, approval is sought in accordance with authority limits set by the board.

Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities; by continuously monitoring forecast against actual cash flows; and by matching the maturity profiles of financial assets and liabilities.

	2018 R'000	2017 R'000
Derivative and non-derivative maturity analysis – financial liabilities		
Up to 3 months		
Forward exchange contracts	—	780
Trade and other payables	**249 429**	186 079
Loans and borrowings	**6 641**	7 433
3 to 12 months		
Loans and borrowings	**19 922**	16 607
2 to 5 years		
Loans and borrowings	**208 395**	221 652

Price risk

The group is exposed to price risk due to the volatility of commodity prices. These risks are limited by monitoring the market and competitors to identify risks in advance and executing appropriate pricing actions and adjustments in order to mitigate these identified risks.

24. SEGMENT REPORTING

Business segments

The segmental report of the group is based on the information used by the chief operating decision makers, being the executive management. The segmental analysis is presented after taking certain inter-company and inter-segmental transactions into account.

For management purposes the entity is organised on an international basis in six operating divisions, ie Agriculture, Food, Chemicals, Colour, Water and Other. The Silica Mine was previously reported as part of the Water divisions, but has been discontinued during the current financial period. It operates in the mining industry therefore disclosed separately. These divisions are the basis on which the entity reports its primary information.

The main operating activities of the segments are described below:

Agriculture	The Agriculture division manufactures and distributes products that include herbicides, insecticides, fungicides, adjustments, foliar feeds, enriched compost pellets, and soluble fertilisers promoting general plant, root, foliage and soil health.
Food	The Food division imports and distributes chemicals used in the food, beverage, bakery, dairy, pharmaceutical and cosmetics industries.
Chemicals	The Industrial division distributes alkyd resins, additives, leather chemicals products and solutions, solvents, lacquer thinners, surfactants, cleaning solvents, creosotes, waxes and other industrial chemicals.
Colour	The Industrial division manufactures and distributes various organic and inorganic pigments, additives, in-plant and point-of-sale dispersions.
Water	The Water activities involve providing specialised water purification solutions and products to the industrial, agricultural, mining, home and personal care markets.
Silica (discontinued)	The discontinued operation's activities involved the quarrying and processing of pure beneficiated silica for the metallurgical, filtration and construction industries.
Other	The Other segments include the letting of property, plant and equipment as well as the head office functions.

Geographical segments

The group primarily operates in the Southern Africa region.

All inter-group management fees were eliminated in the separate segments to ensure more accurate presentation to the stakeholders regarding the various business segments in the current and prior year presented.

During the current year the segmental report was expanded to give more information to users and is in line with what is reported to key decision makers. The comparatives were accordingly expanded as well.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

24. SEGMENT REPORTING *continued*

The following table provides financial information on the aforementioned segments:

	Agri-culture 2018 R'000	Food 2018 R'000	Chemicals 2018 R'000	Colour 2018 R'000	Water 2018 R'000	Other 2018 R'000	Total (Continu-ing) 2018 R'000	Dis-continued (Silica) 2018 R'000	Total 2018 R'000
Total revenue	285 810	673 108	396 301	104 613	41 944	—	1 501 776	1 307	1 503 083
– External revenue	276 502	656 780	355 410	93 144	39 812	—	1 421 648	1 307	1 422 955
– Inter-segment revenue	9 308	16 328	40 891	11 469	2 132	—	80 128	—	80 128
Gross profit/(loss)	67 080	110 217	77 609	11 642	22 758	(147)	289 159	—	289 159
EBITDA	18 029	64 171	39 918	(5 291)	(7 628)	(33 675)	75 524	(77)	75 447
HEPS adjustments	(714)	(76)	(83)	(5 621)	(5 328)	(6 143)	(17 965)	3	(17 962)
Depreciation & amortisation	(6 353)	(1 192)	(1 386)	(1 386)	(2 300)	(1 775)	(14 392)	(753)	(15 145)
Share-based payment expense	(317)	(319)	(476)	—	(239)	(1 145)	(2 496)	—	(2 496)
PBIT	10 645	62 584	37 973	(12 298)	(15 495)	(42 738)	40 671	(827)	39 844
Total assets	276 479	383 922	198 724	69 313	39 882	34 516	1 002 836	20 812	1 023 648
Total liabilities	60 430	137 646	96 780	8 040	11 227	229 004	543 127	11 670	554 797
NAV	216 049	246 276	101 944	61 273	28 655	(194 488)	459 709	9 142	468 851
Inventories	82 430	127 288	86 306	36 124	3 726	(1 135)	334 739	—	334 739
Trade receivables	45 721	111 506	58 677	17 179	6 162	(5 839)	233 406	638	234 044
Trade payables	(35 872)	(129 510)	(82 021)	(5 198)	(5 355)	8 851	(249 105)	(716)	(249 821)
Net working capital	92 279	109 284	62 962	48 105	4 533	1 877	319 040	(78)	318 962

24. SEGMENT REPORTING *continued*

	Agri-culture 2017 R'000	Food 2017 R'000	Chemicals 2017 R'000	Colour 2017 R'000	Water 2017 R'000	Other 2017 R'000	Total (Continu-ing) 2017 R'000	Dis continued (Silica) 2017 R'000	Total 2017 R'000
Total revenue	293 450	717 019	368 663	88 512	51 255	—	1 518 899	47 628	1 566 527
– External revenue	280 206	700 026	322 675	85 595	48 907	—	1 437 409	47 624	1 485 033
– Inter-segment revenue	13 244	16 993	45 988	2 917	2 348	—	81 490	4	81 494
Gross profit/(loss)	73 546	126 582	63 876	8 132	27 548	(415)	299 269	(14 308)	284 961
EBITDA	25 100	81 816	36 126	(6 696)	5 430	(15 025)	126 751	(27 327)	99 424
HEPS adjustments	441	55	—	107	(11)	(1 616)	(1 024)	(20 885)	(21 909)
Depreciation & amortisation	(5 068)	(384)	(1 138)	(507)	(1 360)	(2 089)	(10 546)	(2 220)	(12 766)
Share-based payment expense	—	—	—	—	—	—	—	—	—
PBIT	20 473	81 487	34 988	(7 096)	4 059	(18 730)	115 181	(50 432)	64 749
Total assets	301 132	340 030	168 974	74 017	56 973	7 416	948 542	36 585	985 127
Total liabilities	73 145	89 987	71 215	11 113	21 167	202 849	469 476	30 017	499 493
NAV	227 987	250 043	97 759	62 904	35 806	(195 433)	479 066	6 568	485 634
Inventories	93 876	85 116	50 134	29 448	7 008	(1 000)	264 582	11 000	275 582
Trade receivables	57 133	104 593	55 912	16 047	12 820	(28 130)	218 375	6 357	224 732
Trade payables	(47 290)	(84 519)	(57 730)	(9 406)	(7 641)	24 526	(182 060)	(3 531)	(185 591)
Net working capital	103 719	105 190	48 316	36 089	12 187	(4 604)	300 897	13 826	314 723

All non-current assets are domiciled in South Africa, except for certain holdings in Botswana, Zambia and eastern Europe.

Information regarding major customers

Revenues from transactions with any single customer do not exceed 10% of revenue per any single reporting segment. Inter-segment transactions are eliminated on presentation of the segment report to present a more feasible segment. All related-party transactions occur at arm's length on the same terms and conditions that are available commercially.

Information regarding geographical areas

Revenues from transactions from any single geographical area outside of South Africa do not exceed 10% of revenue and therefore have not been disclosed separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

25. NOTES TO THE STATEMENT OF CASH FLOW

25.1 Reconciliation of operating profit before interest to cash generated from/(utilised in) operations:

	2018 R'000	2017 R'000
Operating profit before interest (continuing and discontinued operations)	**39 845**	63 818
Adjustments for non-cash items:	**62 843**	68 693
Depreciation and amortisation	**15 764**	13 454
Movement in allowance for credit losses	**3 273**	5 718
Movement in provision for retrenchment cost	**(4 000)**	4 000
Provision for obsolete stock	**1 521**	19 181
Inventory related write-offs	**21 632**	—
Impairment of loan receivable	**—**	4 380
Impairment of property, plant and equipment	**2 364**	19 560
Impairment of intangibles and goodwill	**16 652**	1 616
Movement in leave pay accrual	**434**	1 304
Movement in bonus accrual	**10 994**	(1 046)
(Profit)/loss on disposal of asset	**(1 054)**	732
Changes on rehabilitation provision affecting profit/(loss)	**(2 501)**	2 521
Provision for claim	**5 000**	—
Movement in derivative asset/liability	**(7 236)**	(2 727)
Change in working capital:	**(38 446)**	(8 262)
(Increase)/decrease in inventories	**(92 785)**	41 865
(Increase)/decrease in receivables	**(15 989)**	25 852
Increase/(decrease) in payables	**70 328**	(75 979)
	64 242	124 249

25.2 Taxation paid:

	2018 R'000	2017 R'000
Opening balance: net current tax asset	**3 141**	4 359
Taxation charge for the year	**(20 104)**	(33 668)
Closing balance: current tax asset	**9 370**	3 141
Taxation (paid) during the year	**(26 333)**	(32 450)

26. IMPAIRMENT OF ASSETS

The following impairment losses were recognised during the year.

The basis used to determine the impairment loss on goodwill and other intangible assets is the value in use and for the impairment recognised on property, plant and equipment is the fair value less cost to sell.

Summary tables

Impairments recognised per segment

Segment	**2018 R'000**	2017 R'000
Agriculture		
– Impairment of intangible assets	**714**	4 380
Chemicals		
– Impairment of property, plant and equipment	**111**	—
Colour		
– Impairment of goodwill	**5 639**	—
– Impairment of property, plant and equipment	**287**	—
Water		
– Impairment of goodwill	**9 225**	
– Impairment of property (classified as held for sale)	**1 966**	—
Group		
– Impairment of goodwill (Colour & Water)	**1 074**	1 616
Impairments continuing operations	**19 016**	5 996
Discontinued – Silica		
– Impairment of property, plant and equipment	**—**	19 560
Total impairments	**19 016**	25 556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

27. DISCONTINUED OPERATION

The Silica mining business became unviable due to the reduction of the remaining life of mine and the current economic climate resulting in trading losses being incurred. The potential of restructuring the business was considered but the operating costs compared to the revenue (being a mix of volumes and price) remained uneconomical.

On 9 June 2017, the board resolved to discontinue the operation. The Silica mining business was accordingly separately presented as a discontinued operation.

Results of discontinued operation	Notes	2018 R'000	2017 R'000
Revenue		**1 307**	47 627
Cost of sales		**(1 307)**	(61 935)
Gross loss		**—**	(14 308)
Other income		**270**	(9)
Distribution expenses		**(33)**	(188)
Marketing expenses		**—**	(21)
Administration expenses		**(211)**	(1 896)
Impairment		**—**	(19 560)
Other expenses		**(852)**	(15 382)
Operating loss before interest		**(826)**	(51 364)
Finance income		**—**	73
Finance cost		**(627)**	(3 545)
Loss before taxation		**(1 453)**	(54 836)
Income tax benefit/(expense)	20	**870**	1 336
Loss for the year		**(583)**	(53 500)
Total comprehensive income for the year		**(583)**	(53 500)
Loss for the year attributable to:			
Owners of the parent		**(583)**	(53 500)
Non-controlling interest		**—**	—
		(583)	(53 500)
Earnings and headline earnings per share (cents):	21		
– Earnings (basic and diluted)		**(0,36)**	(33,17)
– Headline earnings (basic and diluted)		**(0,36)**	(20,45)

Cash flow statement for discontinued operations	2018 R'000	2017 R'000
Cash flow utilised in operating activities	**(4 384)**	(3 336)
Cash utilised in/(from) investing activities	**142**	(754)
Cash flow as a result of financing activities	**2 992**	4 819
Cash (shortfall)/surplus for the period	**(1 250)**	729
Cash and cash equivalents – beginning of the period	**1 558**	830
Cash and cash equivalents – end of the period	**308**	1 558

28. INTEREST IN SUBSIDIARIES

Name	Details of operations	Issued share capital R	**Effective holding 2018 %**	Effective holding 2017 %
Rolfes Colour Pigments International	Manufacturing and distribution of resins, dispersions, organic and inorganic pigments, pigments pastes, additives, dyes and water-based pigments dispersions	1 000	**100**	100
Rolfes Chemicals Proprietary Limited	Distribution of drum solvents, lacquer thinners, creosotes, waxes and other speciality chemicals. Also the importation of chemicals and equipment for supply into the water treatment, home care and personal care markets	100	**100**	100
Rolfes Silica Proprietary Limited	The manufacture and distribution of pure beneficiated silica	200 000	**100**	100
Rolfes Asset Holding	Rental of property, plant and equipment	100	**100**	100
Proprietary Limited Rolfes Europe Trading	Dormant	100	**100**	100
Proprietary Limited Rolfes Logistics Proprietary Limited	Distribution of pigments and industrial chemicals throughout the African continent	100	**100**	100
New Heights 390 Proprietary Limited	Property holding company	1000	**100***	100*
AgChem Property Proprietary Limited	Property holding company	100	**100**	100
Amazon Colours Proprietary Limited	Dormant	300	**100***	100*
AgChem Holdings Proprietary Limited	Investment holding company	100	**100**	100
Rolfes Agri Proprietary Limited	Development and manufacturing of high-quality agricultural chemicals	1 000	**100***	100*
Absolute Science Proprietary Limited	Accredited laboratory that provides high-quality analytical data	100	**100***	100*
Gallus Technologia Proprietary Limited	Dormant	100	**100***	100*
Gallus Technologia Ventersdorp Proprietary Limited	Distribution of agricultural chemicals	100	**100***	100*
Ventersdorp Proprietary Limited				
Proprietary Limited				
AgChem Recycling	Dormant	100	**100***	100*

** Indirect*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 June

28. INTEREST IN SUBSIDIARIES *continued*

Name	Details of operations	Issued share capital R	**Effective holding 2018 %**	Effective holding 2017 %
AgroChem Namibia Proprietary Limited (#incorporated in Namibia)	Dormant	100		100*
Tetralon Chemical Consultancy Proprietary Limited	Dormant	4 000	**100**	100
Rolfes Water Proprietary Limited	The business of water purification and treatment as well as manufacturing chemicals to be used in water treatment products and services products and services	142	**100**	70,4
PWM Professional Water Management (Cape) Proprietary Limited	The business of water purification and treatment as well as manufacturing chemicals to be used in water treatment	4 000	**100**	70,4*
Rolfes PWM Anticor Proprietary Limited (#incorporated in Botswana)	The business of water treatment and purification	167	**100**	70,4
AgChem Europe SRL incorporated (# in chemicals Romania)	Development and manufacturing of high-quality agricultural	127 600	**100***	100*

** Indirect*

During the current year, the minority interests in Rolfes Water Proprietary Limited, PWM Professional Water Management (Cape) Proprietary Limited (indirect) and Rolfes PWM Anticor Proprietary Limited was purchased for an amount of R4,5m.

Summarised information is not presented for the subsidiaries where there was an outside shareholder portion as these subsidiaries were not deemed to be material subsidiaries and did not contribute significantly or positively to the profit after tax for the group.

All companies are incorporated in South Africa, except where indicated with a #.

The level of control which the group exercises over subsidiaries is not only attributable to shareholding. Control is strengthened through executive management involvement in operational activities and financial management activities at subsidiary level.

29. EVENTS AFTER THE REPORTING PERIOD

Declaration of dividend

In accordance with Board policy to review dividend payments to shareholders at the end of each reporting period, the Board declared a final gross cash dividend of 4 cents per ordinary share for year ended 30 June 2018. The dividend will be payable to shareholders recorded in the register of the company at the close of business on the record date appearing below.

The number of ordinary shares in issue at the date of this declaration is 161 942 800.

The salient dates applicable to the Final Dividend are as follows:

Declaration date:	Monday, 17 September 2018
Last date to trade cum dividend:	Tuesday, 16 October 2018
Shares commence trading ex-dividend:	Wednesday, 17 October 2018
Record date:	Friday, 19 October 2018
Payment Date:	Monday, 22 October 2018

In accordance with paragraphs 11.17(c)(i) to (x) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The local Dividends Tax rate is 20%;
- The dividends will be paid from cash reserves;
- The gross dividend to be used in determining the Dividends Tax is 4 cents per ordinary share;
- The Dividend Tax to be withheld by the Company is equal to 0,8 cents per ordinary share;
- The gross dividend amount is 4 cents per ordinary share for shareholders exempt from Dividends Tax;
- The net dividend amount is 3,2 cents per ordinary share for shareholders not exempt from Dividends Tax;
- Rolfes Holdings Limited has 161 942 800 ordinary shares in issue (which includes 641 332 treasury shares); and
- Rolfes Holdings Limited's income tax reference number is 9492/089/14/0.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, payment cheques will be posted to certificated shareholders at their risk on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

No share certificates may be dematerialised or rematerialised between Wednesday, 17 October 2018 and Friday, 19 October 2018 both days inclusive.

There are no additional material events, other than those reported in this announcement, that have occurred between 30 June 2018 and the date of this report which may have a material impact on the understanding of this report and the financial information presented. On 17 September 2017, the directors declared a dividend of 4 cents per share.

DEFINITIONS

"BBBEE"	Broad-based black economic empowerment
"the board"	The board of directors of Rolfes Holdings Limited as set out on page 47
"CEO"	Chief executive officer, Rolfes' CEO is Richard Buttle
"the company" or "Rolfes"	Rolfes Holdings Limited listed on the JSE Limited in the Specialty Chemicals sector
"GRI"	Global Reporting Initiative, a best practice benchmark in reporting
"the group"	Rolfes and its subsidiaries
"JSE"	JSE Limited incorporating the JSE Securities Exchange, the main bourse in South Africa
"King IV"	King IV Report on Corporate Governance
"LTIFR"	Lost-time injury frequency rate
"the previous year"	The year ended 30 June 2017
"SENS"	Securities Exchange News Service, the regulatory information dissemination platform for the JSE
"SHEQ"	Safety, Health, Environment and Quality
"the year" or "the year under review"	The year ended 30 June 2018

FINANCIAL DEFINITIONS

"EBITDA"	Earnings before interest, taxation, depreciation and amortisation
"FY"	Financial year, for Rolfes ending 30 June
"HEPS"	Headline earnings per share
"IFRS"	International Financial Reporting Standards
"PAT"	Profit after tax
"PBT"	Profit before tax
"ROI"	Return on investment

CONTACT DETAILS

Directors
MS Teke* (chairman)
SS Mafoyane*# (lead independent director) RM Buttle (chief executive officer)
AP Broodryk (chief financial officer) MM Dyasi*#, DM Mncube*#
MG Mokoka*#, CS Seabrooke*, JR Winer*
** Non-executive*
 # Independent

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