South Ocean Holdings Limited
(Registration number 2007/002381/06)
Annual Financial Statements
for the year ended 31 December 2022

South Ocean Holdings Limited

Annual Financial Statements for the year ended 31 December 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Holding company with interest in electrical wire manufacturing and property investment
Directors	Henry KH Pon HL Li A Smith N Lalla DJC Pan (alternate) J van Rensburg WP Basson JH Yeh M Chong LL Chen
Registered office	12 Botha Street Alrode 1451
Business address	16 Botha Street Alrode 1451
Postal address	PO Box 123738 Alrode Gauteng 1451
Bankers	First National Bank, a division of FirstRand Bank Limited
Auditor	PricewaterhouseCoopers Inc.
Secretary	WT Green
Registration number	2007/002381/06
Level of assurance	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.
Preparer	The Annual Financial Statements were internally compiled by: WP Basson CA(SA) Group Chief Financial Officer
Issued	17 March 2023

South Ocean Holdings Limited

Annual Financial Statements for the year ended 31 December 2022

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Audit and Risk Management Committee Report

The Audit and Risk Management Committee is pleased to present its report for the year ended 31 December 2022.

The Audit and Risk Management Committee is a statutory committee of the Board and forms an integral component of the Company's governance framework. The Audit and Risk Management Committee has written terms of reference that deal with its membership, authority and duties. In addition to having specific statutory responsibilities to the shareholders in terms of Section 94 of the Companies Act 71 of 2008 of South Africa, the Audit and Risk Management Committee assists the Board by examining, reviewing and advising on the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information; the risk management process; internal financial controls; external and internal audit functions; and statutory and regulatory compliance.

The Audit and Risk Management Committee has an independent role with accountability to both the Board and Shareholders.

1. Composition

The members of the Audit and Risk Management Committee, during the year were: Ms N Lalla CA(SA) (Independent Non-Executive Chairperson), Mr KH Pon CA(SA) (Independent Non-Executive Director) and Ms M Chong (Independent Non-Executive Director).

The Committee is satisfied that the members have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 of South Africa and Regulation 42 of the Companies Regulation, 2011.

All the members have the required financial and commercial skills and experience to contribute to the Committee's deliberations. The Board is satisfied that the Audit and Risk Management Committee members act independently.

2. Terms of reference

The Audit and Risk Management Committee functions within the scope provided by approved terms of reference which were reviewed and updated during the year. The Audit and Risk Management Committee has acted upon its statutory duties and functions during the year. The Board has assessed and is satisfied with the performance of the Audit and Risk Management Committee and its members and found it to be functioning effectively.

3. Meetings

The Audit and Risk Management Committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The Audit and Risk Management Committee held four scheduled meetings during 2022 and all the members attended the Committee meetings.

The Chief Executive Officer, Chief Financial Officer, certain Board members who are not Audit and Risk Management Committee members and representatives from the external and internal auditors attend the Audit and Risk Management Committee meetings by invitation.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Duties

For the year ended 31 December 2022 the Audit and Risk Management Committee met their objectives and carried out their duties as per the statutory requirements.

Audit and Risk Management Committee Report

5. External auditor

The Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as the independent auditor and Ms S Akoojee as the designated auditor, who is a registered independent auditor, for the year ended 31 December 2022 audit. The appointment of the auditors for the 2023 financial year will be approved at the next Annual General Meeting.

The Committee satisfied itself through enquiry and written independence declaration through the Audit committee document that the external auditor are independent as defined in the Companies Act 71 of 2008 of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought that internal governance processes within PricewaterhouseCoopers Inc. support and demonstrate the claim to independence.

The Audit and Risk Management Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit and Risk Management Committee has considered and pre-approved all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors is maintained.

At the end of each meeting during the year, the Audit and Risk Management Committee provided an opportunity to meet with the external auditors where management was not present, during which no matter of concern was raised by the auditors.

The Audit and Risk Management Committee, reviewed the external auditor's reports and management responses to matters raised.

The Audit and Risk Management Committee has evaluated and is satisfied with the quality and effectiveness of the external auditors.

The Audit and Risk Management Committee has satisfied itself through representations that the external auditors are independent and approved the following fees for work done by them. The fees approved during the year for audit services amounted to R3 240 038 (2021: R2 021 992). Fees approved for non-audit services amounted to R nil (2021: Rnil).

6. Annual Financial Statements and accounting controls

The Audit and Risk Management Committee has :

Reviewed the Annual Financial Statements for the year ended 31 December 2022 and comment on the accounting practices and the effectiveness of the internal controls with regards to:

- the appropriateness and consistent application in the adoption of accounting policies and any changes in accounting policies and practices;
- significant financial estimates based on judgement which are included in the Annual Financial Statements;
- the appropriateness of major adjustments processed at the interim and at yearend;
- the going concern assumption;
- compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act);
- whether the Annual Financial Statements present a balanced and understandable assessment of the Group statements of financial position, statements of financial performance and cash flow statements; and
- the directors' statement included in the Annual Financial Statements, including the statement on effectiveness of the system of internal control.

Audit and Risk Management Committee Report

Reviewed the content of the summary financial information for whether it provides a balanced view.

Following the review of the Annual Financial Statements, the Audit and Risk Management Committee recommend to the Board the approval thereof.

The Audit and Risk Management Committee will review the integrated report and make recommendations to the Board for approval. The Committee will also comment on the state of the internal control environment in the integrated report once it has been prepared.

Audit and Risk Management Committee Report

7. Internal auditors

The Audit and Risk Management Committee has:

- appointed the company's internal auditors for 2022 and 2023;
- satisfied itself with the competence of the internal auditor and adequacy of the internal audit staffing;
- satisfied itself through enquiry that GRIPP Advisory is independent;
- approved the annual riskbased internal audit plan;
- reviewed the internal auditors' assessment of internal controls and confirmed that nothing has come to their attention to indicate any material failure of internal control systems;
- reviewed the internal audit reports and management's response to matters raised;
- reviewed and is satisfied with the quality and effectiveness of the internal audit;
- satisfied itself with the competence of the internal audit firm; and
- satisfied itself with the coordination between internal and external auditors.

8. Legal and regulatory compliance

The Audit and Risk Management Committee reports that, to its knowledge, South Ocean Holdings Limited is in compliance with the legislative provisions and JSE Listing Requirements applicable to its operational environment.

Audit and Risk Management Committee Report

9. Review of financial function and Chief Financial Officer

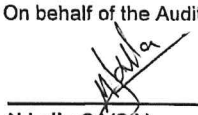
The Audit and Risk Management Committee has reviewed the performance, appropriateness and expertise of the Group Chief Financial Officer and confirms their suitability in terms of the JSE Listing Requirements.

Audit and Risk Management Committee Report

10. Going concern

The Audit and Risk Management Committee has reviewed management's assessment and the key assumptions of the going concern status of the Group. The Audit and Risk Management Committee recommended to the Board, giving due cognisance of the Group's current financial position and cash flows, that the Group is a going concern.Additional text

On behalf of the Audit and Risk Management Committee:



N Lalla CA(SA)
Chairperson: Audit and Risk Management Committee

Johannesburg

Friday, 17 March 2023

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS").

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have reviewed the Company's cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's Annual Financial Statements. The Annual Financial Statements have been examined by the Company's external auditor and their report is presented on pages 17 to 23.

Approval of the Annual Financial Statements

The Annual Financial Statements set out on pages 3 to 16 and 24 to 58, which have been prepared on the going concern basis, were approved by the board of directors on 17 March 2023 and were signed on their behalf by:

Henry KH Pon CA(SA)
Independent Non-Executive Chairperson

A Smith
Chief Executive Officer

CEO and FD responsibility statement

ANNUAL COMPLIANCE CERTIFICATE IN TERMS OF FORM D1 OF THE JOHANNESBURG STOCK EXCHANGE LISTINGS REQUIREMENTS

The directors, whose names are stated below, hereby confirm that:

The annual financial statements set out on pages 24 to 59, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

A Smith
Chief Executive Officer

WP Basson
Financial Director (Group Chief Financial Officer)

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

WT Green
Company Secretary
Johannesburg

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of South Ocean Holdings Limited for the year ended 31 December 2022.

1. Nature of business

South Ocean Holdings Limited ("SOH") is the holding Company of a Group of four main operating subsidiary companies ("Group"): South Ocean Electric Wire Company Proprietary Limited ("SOEW"), and Icembu Cables Propriety Limited, electrical wire manufacturing companies, Icembu Services Propriety Limited, manufacturer of Conduit and Compounding material, and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), a property investment company. It has investments in the following associates i.e. Niehoff Electrical Warehouse Propriety Limited, Global PE Propriety Limited, Mwanga Afrika (Pty) Ltd and Global Pretoria Propriety Limited, outlets for electrical wire. It also has investments in SOH Calibre International Limited, a foreign procurement company..

There have been no material changes to the nature of the group's business from the prior year (2021: none).

2. Financial results

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Company have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period.

The financial position, results of operations and cash flows of the Company are adequately reflected in the attached Annual Financial Statements. For the full view of the Annual Financial Statements of the Company, the user of the Annual Financial Statements should in conjunction with this set, view the set titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2022".

The Company remains vigilant in maintaining all protocols for the safety of all staff members, and business partners alike, whilst continuing to produce and trade during this time.

3. Share capital

Authorised share capital
The authorised share capital amounts to R5 000 000, being 500 000 000 ordinary shares of R0.01 each. There were no changes in the authorised share capital during the year under review (2021: none).

Issued share capital
The issued share capital amounts to R2 032 768 (2021: R2 032 768), being 203 276 794 (2021: 203 276 794) ordinary shares of R0.01 each. There were no changes to the issued share capital during the year under review (2021: none).

4. Special resolutions

At the Annual General Meeting of the Company held on 28 July 2021, shareholders approved the following special resolutions:

Directors' report

Special Resolution Number 1:

Non-executive directors' fees for the financial year ending 31 December 2022 and quarter ending 31 March 2023 and June 2023.

Resolved that the fees, to be paid to the non-executive directors for their services as directors of the Company, for the year ending 31 December 2022 and the quarter ending 31 March 2023 and June 2023 (being two quarters of the fees payable for the year ending 31 December 2022) be approved as follows:

Chairperson	R580 888.00
Deputy Vice-Chairperson	R335 115.00
Non-Executive Director	R193 630.00
Chairperson of the Audit Committee	R290 442.00
Member of the Audit Committee	R 62 751.00
Chairperson of the Remuneration Committee	R 89 308.00
Member of the Remuneration Committee	R 62 751.00
Chairperson of the Social and Ethics Committee	R 89 308.00
Member of the Social and Ethics Committee	R 62 751.00
Chairperson of Special Committees	R3 765.00 per hour
Member of Special Committees	R2 260.00 per hour

The reason for special resolution number 1 is to obtain shareholder approval for the remuneration of each of the non-executive directors of the Company for the financial year ending 31 December 2022 and for the quarters ending 31 March 2023 and 30 June 2023 in accordance with section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarters ending 31 March 2022 and 30 June 2022. The fees payable for the quarter ending 31 March 2023 and 30 June 2023 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarters ending 31 March 2023 and 30 June 2023 at the 2023 Annual General Meeting.

Special Resolution Number 2:

Loans or other financial assistance.

Resolved that the Board of Directors may authorise the Company, in terms of Section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of Directors may deem fit to any related or inter-related companies as defined in terms of Section 2 of the Companies Act, 2008.

The reason and effect of special resolution number 2 is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

5. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise their right to acquire funding as they consider appropriate.

On behalf of the Company, the directors have established credit facilities with financial institutions, for use by the Company and its subsidiary companies.

Directors' report

6. Directorate

The directors in office during the year are as follows:

Directors	Designation	Nationality	Changes
A Smith	Executive	South African	
WP Basson	Executive	South African	
Henry KH Pon	Non-executive Independent	South African	
N Lalla	Non-executive Independent	South African	
HL Li	Non-executive Independent	Taiwanese	
J van Rensburg	Executive	South African	
JH Yeh	Non-executive	Taiwanese	
DJC Pan (alternate)	Non-executive	Brazilian	
CF Chen	Non-executive	Taiwanese	Resigned 28 June 2020
M Chong	Non-executive	Taiwanese	
LL Chen	Non-executive Independent	Taiwanese	
SN Yeh (alternate)	Non-executive Independent	Hong Kong	Resigned 10 March 2021

7. Directors' emoluments

The directors' emoluments are set out in note 23 the Annual Financial Statements.

8. Dividends

Taking into account the earnings performance for the year ended 31 December 2022, notice is hereby given that a dividend of 6 cents per ordinary share was approved by the directors on 15 March 2023, payable to shareholders recorded in the share register of the Company at the close of business on 21 April 2023. A dividend of 9 cents per share was declared in 2021.

In compliance with IAS 10, Events after reporting date, the dividend will only be accounted for in the financial statements for the year ending 31 December 2023.

In compliance with STRATE, the Company determined the following salient dates for payments of the dividend:

Share certificates may not be dematerialised or rematerialized between Wednesday 19 April 2023 and Friday 21 April 2023, both days inclusive.

Last day of trade cum dividend	Tuesday, 18 April 2023
Trading ex dividend commences	Wednesday, 19 April 2023
Record date	Friday, 21 April 2023
Dividend payment date	Monday, 24 April 2023

9. Directors' interests in contracts

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

Directors' report

10. Secretary

The company secretary is Mr WT Green.

Postal address:	P.O. Box 123738 Alrode 1451
Business address:	21 West Street Houghton 2198

11. Directors' interests in shares

The interest of directors in the issued share capital of the Company as at 31 December 2022 was as follows:

Interests in shares

Directors	2022 Indirect	2021 Indirect
J van Rensburg	62 205 447	62 205 447

No shares were traded by any director from 31 December 2021 until the date of this report.

12. Share-based payments

The Company has a long-term incentive plan for identified senior management. Details of the scheme and rights allocated are disclosed in note 11 of the Annual Financial Statements.

13. Management by third and related parties

Neither the business of the Company nor its subsidiaries, nor any part thereof, has been managed by a third person or a company in which a director had an interest during the year under review.

14. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the Annual Financial Statements in note 24.

15. Auditor

PricewaterhouseCoopers Inc. continued in office as auditors for the Company and its subsidiaries for the year ended 31 December 2022.

At the Annual General Meeting, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the Company and to confirm Ms S Akoojee as the designated lead audit partner for the 2023 annual financial year.

16. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements, which would affect the operations of the Company or the results of those operations significantly.

A final dividend of 4 cents per share was approved by the directors on 15 March 2023 in terms of the general authority granted to the directors. Details of the dividend is set out in note 29.

Directors' report

17. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2022, the Company's assets, fairly valued, exceeded its liabilities. Furthermore, management assessed the Company's liquidity forecasts for a period of twelve months. Various scenarios have been considered to test the Company's resilience against operational risks.

Management has concluded that the Company's ability to continue to meet its financial obligations as they fall due is dependent on the Company's ability to continue to improve its performance.

The impact of Covid-19 provides for an opportunity in the market and management will continue to capitalise on available market opportunities, seek new markets, and secure and increase market share. Operationally, these goals will continue to be supported by stringent internal cost-control measures and continual improvements in both efficiencies and capacity.

18. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 of South Africa which indicated that the Company is liquid and solvent.

Independent auditor's report

To the Shareholders of South Ocean Holdings Limited

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of South Ocean Holdings Limited (the Company) as at 31 December 2022, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

South Ocean Holdings Limited's separate financial statements set out on pages 24 to 59 comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

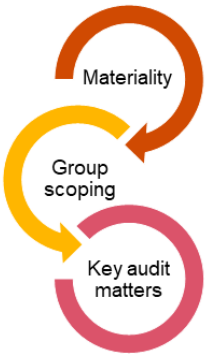
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

	**Overall materiality** • Overall materiality: R3,741,460, which represents 1% of total assets. **Key audit matters** *Separate financial statements:* • Assessment of the impairment of investment in South Ocean Electric Wire Company Proprietary Limited ("SOEW").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall company materiality	R 3,764,160
How we determined it	1% of total assets

Rationale for the materiality benchmark applied	Total assets was chosen as as the benchmark as, in our view, the entity is not a profit driven entity as the profits arise purely on intercompany administrative functions that were performed, as well as investment income from intercompany loans. The entity's purpose is to be the holding company of its subsidiaries, and to perform certain administrative duties for these entities. The users of the financial statements (stakeholders) also see this company as a holding company and the main focus of the entity is the investments in the subsidiaries. A 1% rule of thumb was applied due to the fact that the company is a public interest entity where profit/loss before tax is not considered to be the appropriate benchmark.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, the accounting processes and controls, and the industry in which the company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Assessment of the impairment of investment in South Ocean Electric Wire Company Proprietary Limited ("SOEW') Refer to Note 26: Impairment assessment for details Management identified an impairment indicator which provided evidence that the assets of the SOEW may be impaired as at the reporting date in accordance with International Accounting Standard 36 "Impairment of Assets" ("IAS 36"). Management performed an impairment test to assess the recoverability of the carrying value of the investment in the SOEW subsidiary. A value-in-use calculation was prepared using cash flow projections based on financial budgets approved by	Utilising our valuations expertise, we performed the following audit procedures over management's impairment assessment of the SOEW cash generating unit: ● We evaluated the valuation methodology used by management in their value in use model against the requirements of IFRS 13 "Fair value measurement" ("IFRS 13"). We found management's valuation model to be in line with the IFRS 13 requirements. ● We tested management's cash flow forecast by comparing the key inputs to the approved budget. We found no material discrepancies; ● We assessed the reasonableness of management's budgeting process by comparing the budgeted figures for the current and prior financial years to the actual results for these years. We evaluated any significant differences noted against

management that cover a five-year period, as disclosed in note 5 (Investments in subsidiaries) to the separate financial statements.

Based on the results of management's impairment assessment performed; no impairment charge was recognised as at 31 December 2022.

The impairment assessment is considered to be a matter of most significance to the current year audit due to the significant judgements that are made by management in performing the valuation, specifically in respect of the terminal growth rate, discount rate, revenue growth rates and gross profit margins.

Refer to note 1.12 (Significant judgements and sources of estimation uncertainty) to the separate financial statements for more detail.

underlying support to corroborate explanations obtained from management. We found management's budgeting process to be reasonable;

- We tested management's key assumptions applied for revenue growth and gross profit margins by comparing these to the historical actual average revenue growth rate and gross profit margins for the current and prior financial years. The rates used by management were found to be within an acceptable range and management's assumptions were found to be comparable;
- We tested the mathematical accuracy of management's valuation model by recalculating the value in use and we did not note any discrepancies requiring further consideration;
- We compared the value in use of SOEW to the net asset value of the Company's investment in SOEW and noted no impairment required;
- We independently recalculated the weighted average cost of capital discount rate taking into account independently obtained data such as the cost of debt, risk-free rate, market risk premium, capital structure as well as the beta of comparable companies. Where differences were noted between the respective discount rate, we obtained an understanding of the reasons and incorporated our independently calculated discount rate as part of our sensitivity analysis testing to assess the impact of the differences noted in the discount rate on the valuation results. Management's discount rate was within an acceptable range and there was enough headroom with no further consideration required;
- The terminal growth rate as used by management was compared to the long term inflation rate obtained from independent sources. Where differences were noted between the respective growth rates, we obtained an understanding of the reasons for these differences and incorporated the independently obtained growth rates as part of our sensitivity analysis testing to assess the impact of the differences in the growth rates noted on the valuation results. No material differences were noted; and
- We performed sensitivity analyses on the inputs and assumptions used by management in their valuation model relating to the revenue growth rates, gross

margins, discount rate and terminal growth rate to evaluate the minimum changes in these inputs that would result in a material change to the value in use calculation for both disclosure and measurement purposes. We did not note any aspect requiring further consideration.
- We calculated the value in use using the independently determined discount rate and terminal growth rate as applied to management's forecasts and compared this independently calculated value in use to the value in use calculated by management and noted no material differences.
- We agreed the information disclosed in the financial statements relating to valuation methods used, and the percentages for the key assumptions used in the current and prior year to the work performed as noted above and the prior year audited financial statements.
- In addition, we ensured that the disclosures included in the financial statements were in accordance with the requirements of IAS 36. We did not note any aspect requiring further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "South Ocean Holdings Limited Annual Financial Statements for the year ended 31 December 2022" and "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report, Report of the Audit and Risk Management Committee and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "South Ocean Holdings Integrated Annual Report for the year ended 31 December 2022", which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate 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 that we 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 separate financial statements

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

In preparing the separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate 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 PricewaterhouseCoopers Inc. has been the auditor of South Ocean Holdings Limited for 14 years. Prior to its incorporation, the business of South Ocean Holdings Limited was transacted through South Ocean Electric Wire Company Proprietary Limited , of which PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 32 years.

PricewaterhouseCoopers Inc
PricewaterhouseCoopers Inc.
Director: Saaleha Akoojee
Registered Auditor
Johannesburg, South Africa
17 March 2023

Statement of Financial Position as at 31 December 2022

Figures in Rand thousand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	3	147	26
Right-of-use assets	4	1 941	2 426
Investments in subsidiaries	5	368 324	368 325
Loans to group companies	6	97 459	-
Deferred tax	7	1 211	583
		469 082	**371 360**
Current Assets			
Loans to group companies	6	-	114 497
Trade and other receivables	8	2 804	4 906
Cash and cash equivalents	9	538	733
		3 342	**120 136**
Total Assets		**472 424**	**491 496**
Equity and Liabilities			
Equity			
Share capital	10	1 138 562	1 138 562
Accumulated loss		(678 971)	(661 284)
		459 591	**477 278**
Liabilities			
Non-Current Liabilities			
Lease liabilities	4	1 859	2 387
Share-based payment liabilities	11	2 772	2 573
		4 631	**4 960**
Current Liabilities			
Trade and other payables	12	7 485	8 021
Lease liabilities	4	527	487
Current tax payable		190	750
		8 202	**9 258**
Total Liabilities		**12 833**	**14 218**
Total Equity and Liabilities		**472 424**	**491 496**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	2022	2021
Revenue	13	19 400	20 302
Other operating income	14	15	173
Administration expenses	15	-	(12 153)
Operating expenses	15	(18 634)	(5 069)
Operating profit		**781**	**3 253**
Finance costs	17	(271)	(290)
Profit before taxation		**510**	**2 963**
Tax	18	98	(849)
Profit for the year		**608**	**2 114**
Other comprehensive income		-	-
Total comprehensive income for the year		**608**	**2 114**
Dividend per share (cents)*		**4,00**	**9,00**

The accounting policies on pages 28 to 40 and the notes on pages 41 to 59 form an integral part of the annual financial statements.

* Includes dividend approved after year end. The policy of South Ocean Holdings Limited is to recommend a final dividend to shareholders when the preliminary results for each financial year are released.

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Share premium	Total share capital	Retained earnings (Accumulated loss)	Total equity
Balance at 01 January 2021	**2 033**	**1 136 528**	**1 138 562**	**(657 300)**	**481 262**
Profit for the year	-	-	-	2 114	2 114
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**2 114**	**2 114**
Dividends	-	-	-	(6 098)	(6 098)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(6 098)**	**(6 098)**
Balance at 01 January 2022	**2 033**	**1 136 529**	**1 138 562**	**(661 284)**	**477 278**
Profit for the year	-	-	-	608	608
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**608**	**608**
Dividends	-	-	-	(18 295)	(18 295)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(18 295)**	**(18 295)**
Balance at 31 December 2022	**2 033**	**1 136 529**	**1 138 562**	**(678 971)**	**459 591**
Note	10	10	10		

The accounting policies on pages 28 to 40 and the notes on pages 41 to 59 form an integral part of the annual financial statements.

Statement of Cash Flows

Figures in Rand thousand	Note(s)	2022	2021
Cash flows from operating activities			
Cash flows used in operations	19	11 275	(3 635)
Finance costs	17	(271)	(290)
Tax paid	20	(1 090)	(685)
Net cash from/ (utilised) operating activities		**9 914**	**(4 610)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(150)	(6)
Proceeds from loans to group companies	6	8 824	11 454
Net cash from investing activities		**8 674**	**11 448**
Cash flows used in financing activities			
Dividends paid	30	(18 295)	(6 098)
Repayment of lease liabilities	21	(488)	(450)
Net cash utilised in financing activities		**(18 783)**	**(6 548)**
Total cash and cash equivalents movement for the year		**(195)**	**290**
Cash and cash equivalents at the beginning of the year		733	443
Total cash and cash equivalents at end of the year	9	**538**	**733**

The accounting policies on pages 28 to 40 and the notes on pages 41 to 59 form an integral part of the annual financial statements.

Accounting policies

1. Presentation of the Annual Financial Statements

General Information

South Ocean Holdings Limited ("the Company") is a holding company of a number of subsidiaries whose businesses are involved in the manufacture and distribution of electrical wires and rental of property.

The Company is a public limited company, which is listed on the Johannesburg Stock Exchange and is incorporated in South Africa.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company financial statements have been prepared on historical cost basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Company have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period. The financial statements are presented in South African Rands (R), which is the Company's functional presentation currency.

The preparation of Annual Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Companies accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in note 1.11.

The financial position, results of the operations cash flows of the Company are adequately reflected in the attached Annual Financial Statements. For the full view of the Annual Financial Statements of the Company, the user of the Annual Financial Statements should in conjunction with this set, viewthe set titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2022".

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment comprises the purchase consideration plus any acquisition costs and is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated and capital work-in-progress is depreciated once the asset is available for use. Depreciation on other assets is calculated using the straight-line basis over its estimated useful lives, to the estimated residual value, as follows:

Item	Average useful life
Furniture and fixtures	3-10 years

The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Depreciation is recognised from the date when the assets are available for use.

Accounting policies

1.1 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the statement of comprehensive income.

Where the estimated residual value of an asset is above the carrying value, no depreciation is raised.

1.2 Leases

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

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

Company as lessee

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

Low value assets are defined as any assets with a value of R200 000 or less when new.

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

Lease liability

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

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

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

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 17).

Accounting policies

1.2 Leases (continued)

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

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

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

Right-of-use assets

Right-of-use assets are presented as a separate line item in the statement of financial position.

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

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation using the straight-line method and impairment losses.

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

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.3 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.4 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Accounting policies

1.4 Impairment of non-financial assets (continued)

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.

1.5 Financial instruments

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

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

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost.

Note 25, Financial instruments and risk management, presents the financial instruments held by the Company based on their specific classifications.

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

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

Loans to group companies

Classification

Loans to group companies (note 6), are classified as financial assets subsequently measured at amortised cost.

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

Recognition and measurement

Loans receivable are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in revenue (note 16).

Accounting policies

1.5 Financial instruments (continued)

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss .

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 25).

Impairment

The Company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

Accounting policies

1.5 Financial instruments (continued)

Irrespective of the above analysis, the Company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

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

Accounting policies

1.5 Financial instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is recognised in terms of IFRS 9.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 25).

Trade and other receivables

Classification

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

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Impairment

The Company recognises a loss allowance for expected credit losses on trade and other receivables over 90 days, excluding VAT, deposits and prepayments. The amount of expected credit losses is updated at each reporting date.

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

Accounting policies

1.5 Financial instruments (continued)

Measurement and recognition of expected credit losses

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

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account

Write off policy

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

Credit risk

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 25).

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT, payroll accruals and deposits, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 17).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

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

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 25).

Accounting policies

1.5 Financial instruments (continued)

Cash and cash equivalents

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

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Derecognition

Financial assets

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

Financial liabilities

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

Reclassification

Financial assets

The Company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

Accounting policies

1.6 Employee benefits

Defined contribution plans

The Company operate a number of defined contribution plans. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension or provident fund plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.7 Revenue recognition

The Company recognises revenue from the following major sources:

Revenue from contracts with group companies;

- Management fees

Revenue other than from contracts with customers:

- Interest received;

Management fees

Management fees are recognised from services to subsidiary companies and recognised on a straight-line basis over time at the agreed transaction price. This is considered to be a single performance obligation and no volume or trade discounts are provided in relation to this revenue stream. Amounts are invoiced on 30 day terms in close proximity to when the services are rendered and no significant financing element is deemed to be present as a result.

Interest received

The Company recognises interest earned on interest charged on group loans in revenue as it is earned, using the effective interest method.

1.8 Tax

Current income tax assets and liabilities

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

Accounting policies

1.8 Tax (continued)

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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes income tax liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. Overpayment of current tax 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 taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

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

1.9 Share based payments

Cash-settled share-linked instruments have been granted to certain employees in the Company. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to payment.

The fair value of the instrument granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employees' remuneration in the statement of comprehensive income.

1.10 Provisions

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

Accounting policies

1.10 Provisions (continued)

- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.11 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and judgements that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant estimates and judgements include:

Share-based payments (estimate)

The fair value of employee share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 11 for details on each of the share option schemes).

Impairment of investment in subsidiaries and cash generating units (estimate and judgement)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Company of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. The value-in-use is sensitive to changes in discount rates, growth rates and interest rates. Refer to note 26 for details of impairments recognised, as well as assumptions.

Tax (judgement and estimate)

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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 provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income 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 income tax assets requires the Company 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 Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Incremental borrowing rate (judgement)

To determine the incremental borrowing rate, the Company:

• uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing, and

• makes adjustments specific to the lease.

If a readily observable amortising loan rate is available to the individual lessee which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate.

Accounting policies

1.12 Related party transactions

All subsidiaries, major shareholders and key management personnel of the Company are related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. A list of all transactions with major subsidiaries, major shareholders and key management personnel is included in note 22. All transactions entered into with subsidiaries were on terms no more favourable than those with third parties. There were no other material contracts with related parties.

1.13 Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company financial statements in the period in which the dividends are approved by the Company directors.

1.14 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. .

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company have adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the standard is not material.
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the standard is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the standard is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the standard is not material
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the standard is not material.
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The Company have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory and relevant for the Company's accounting periods beginning on or after 01 January 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
• Initial application of IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact

3. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	524	(377)	147	374	(348)	26

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	26	150	(29)	147

Figures in Rand thousand	2022	2021

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	42	6	(22)	26

Property, plant and equipment encumbered as security

A register containing the information required by Regulation 25(3) of the Companies Regulations is available for inspection at the registered office of the Company.

4. Leases

The Company leases premises at 16 Botha Street, Alrode from Anchor Park Investments 48 (Pty) Ltd. The average lease term is 5 years (2022: 6 years)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	1 941	2 426

Additions (terminations) to right-of-use assets

Buildings	-	138

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below and is included in the total depreciation charge in profit or loss (note 15).

Buildings	485	485

Other disclosures

Interest expense on lease liabilities	218	245
Capital repayment on lease liabilities	488	450
Total cash outflow for leases	706	695

Lease liabilities

Non-current liabilities	1 859	2 387
Current liabilities	527	487
	2 386	**2 874**

The classification of interest on the cash flow statement is driven by the nature of the underlying asset. Interest on leases is thus classified as an operating activity.

Refer to note 25 Financial instruments and financial risk management for details of the maturity analysis of lease liabilities and the liquidity risk exposure and management thereof.

Figures in Rand thousand	2022	2021

5. Investments in subsidiaries

Name of company	Held by	% voting power 2022	% voting power 2021	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
DIrect Interest:							
South Ocean Electric Wire Company Proprietary Limited		100,00 %	100,00 %	100,00 %	100,00 %	670 614	670 615
Anchor Park Investments 48 Proprietary Limited		100,00 %	100,00 %	100,00 %	100,00 %	-	-
SOH Calibre International Proprietary Limited		100,00 %	100,00 %	100,00 %	100,00 %	-	-
Indirect Interest:							
Icembu Holdings Proprietary Limited		70,00 %	- %	70,00 %	- %	-	-
Icembu Services Proprietary Limited		70,00 %	- %	70,00 %	- %	-	-
Icembu Cables Proprietary Limited		70,00 %	- %	70,00 %	- %	-	-
						670 614	670 615
Impairment of investment in subsidiaries		- %	- %	- %	- %	(302 290)	(302 290)
						368 324	368 325

The carrying amount of subsidiaries are shown net of impairment charges. The carrying amount of the investment in South Ocean Electric Wire Company Proprietary Limited and Anchor Park Investments 48 Proprietary Limited were evaluated at year end. No impairments were recognised in the current year (2021 Nil).

Details of interest in subsidiaries are set out in note 24 and details of the impairment assessment is set out in note 26.

Application of consolidation exemption

The annual financial statements presented are not consolidated annual financial statements as the entity qualifies for the consolidation exemption as per IFRS 10 consolidated financial statements.

The exemption is allowed provided that all of the following criteria are complied with:

- The entity is wholly owned or partially owned, where none of the other shareholders' object to the fact that consolidated annual financial statements are not prepared,
- The entity's debt or equity instruments are not traded in a public market,
- The entity did not file, and is not in the process of filing its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market, and
- The entity's ultimate or intermediary parent produces consolidated annual financial statements available for public use which comply with International Financial Reporting Standards.

6. Loans to group companies

Subsidiaries	Basis of accounting		
SOH Calibre International Limited	Amortised cost	306	279
Anchor Park Investments 48 Proprietary Limited	Amortised cost	5 568	9 098
South Ocean Electric Wire Company Proprietary Limited	Amortised cost	91 494	105 045
Icembu Services Proprietary Limited	Amortised cost	91	75
		97 459	**114 497**

The loans to SOH Calibre International Limited, Anchor Park Investments 48 Proprietary Limited and South Ocean Electric Wire Company Proprietary Limited are unsecured with no fixed repayment terms, interest is charged at 8.00% per annum. Interest is not charged on the loan to Icembu Services Proprietary Limited and there is no fixed repayment terms.

The fair value of the loans is disclosed in note 25.

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

6. Loans to group companies (continued)

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

Management has considered the effect of forward looking information, taking into account the cash flow forecast information for the respective entities and have concluded that any potential resulting impact on ECL is not material.

Management has assessed the cash flow forecasts of the counterparties and obtained evidence that they have a strong ability to make payments should they become due and payable.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. The Company does not hold collateral or other credit enhancements against group loans receivable.

Credit loss allowances

In applying the lifetime expected credit loss criteria to group loans receivables, management has assessed that no material credit loss allowance is necessary. The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

2022

Instrument	Basis of loss allowance	Gross Carrying amount	Amortised cost
Loans to subsidiaries			
SOH Calibre international Limited	12 month ECL (not credit impaired)	306	306
Anchor Park Investments 48 Proprietary Limited	12 month (not credit impaired)	5 568	5 568
South Ocean Electric Wire Company Proprietary Limited	12 month ECL (not credit impaired)	91 494	91 494
Icembu Services Proprietary Limited	12 month ECL (not credit impaired)	91	91
		97 459	**97 459**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

6. Loans to group companies (continued)

2021

Instrument	Basis of loss allowance	Gross Carrying amount	Amortised cost
Loans to subsidiaries			
SOH Calibre International Limited	12 month ECL (not credit impaired)	279	279
Anchor Park Investments 48 Proprietary Limited	12 month ECL (not credit impaired)	9 098	9 098
South Ocean Electric Wire Company Proprietary Limited	12 month ECL (not credit impaired)	105 045	105 045
Icembu Services Proprietary Limited	12 month ECL (not credit impaired)	75	75
		114 497	**114 497**

Exposure to currency risk

Loans to subsidiaries

The net carrying amounts, in Rand, of loans to subsidiaries, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Rand amount		
Rand	97 153	114 218
US Dollar	306	279
	97 459	**114 497**

7. Deferred tax

The deferred tax asset and the deferred tax liabilities are calculated on all temporary differences under the liability method using a principal taxation rate of 27% (2020: 28%). Deferred taxation asset and liabilities are offset when the income taxes relate to the same fiscal authority, and there is a legal right to offset at settlement. The amount disclosed in the statement of financial position are analysed as follows:

Deferred tax asset

Provisions	1 211	583
Total deferred tax asset	**1 211**	**583**
Deferred tax asset	1 211	583
Total net deferred tax asset	**1 211**	**583**

Reconciliation of deferred tax (liability) asset

At beginning of year	583	550
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	502	33
At end of year	**1 211**	**583**
Disclosed as		
Non-current assets	1 085	583

Figures in Rand thousand	2022	2021

7. Deferred tax (continued)

Recognition of deferred tax asset

The Company recognises a deferred tax asset when a loss is incurred in either the current or preceding period and the Company expects future taxable profits. Utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

8. Trade and other receivables

Trade receivables	2 387	4
Other receivables	299	4 882
Non-financial instruments:		
South African Revenue Services - VAT receivable	118	-
Prepayments	-	20

Categorisation of trade and other receivables

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

At amortised cost	2 686	4 886
Non-financial instruments	118	20
	2 804	**4 906**

Exposure to credit risk

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

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information, including competition in the industry, volatility of copper prices and demand, and other factors such as industry stability and unemployment levels.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. No loss allowance have been provided for, as the balance relates to intercompany transactions which is fully recoverable.

Fair value of trade and other receivables

Due to the short term nature of trade and other receivables, the carrying amount is considered to be the same as the fair value.

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables are denominated in the following currency.

Rand Amount		
Rand	2 804	4 906

Figures in Rand thousand	2022	2021

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	538	733
	538	**733**

Credit quality of cash at bank

The credit quality of cash at bank that is neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating
Ba 1 (2021:Ba2) - First National Bank. a division of FirstRand Bank Limited

There has been an increase in the credit risk of the bank, however the Company has determined that no expected credit loss is required.

10. Share capital

Authorised		
500 000 000 Ordinary shares of R0.01 each	5 000	5 000
Issued		
203 276 794 Ordinary shares	2 033	2 033
Share premium	1 136 529	1 136 529
	1 138 562	**1 138 562**

11. Share-based payment liabilities

Share Appreciation Rights (SAR) - Long term incentive plan

The Company has a 100% cash-settled Share Appreciation Rights (SAR) plan in place, which has been in place since 2009. The next SAR's were eligible to be exercised in 2022, if not exercised in 2022, they can be exercised in 2023. There was no obligation to pay in 2019 as rights were out of the money and no liability was recognised. The fair value of the rights was calculated using the Black-Scholes Valuation Model. The assumptions used in determining the fair value of each SAR granted as at the end of the respective reporting periods are summarised as follows:

	2022	**2021**
Share price (Volume Weighted Average Price)	R 0,89	R 1.29
Strike price: SOH	R 1,29	R 0,25
Spot price: SOH	R 1,29	R 0,25
Dividend yield	0,00%	0,00%
Volatility	60,00%	60,00%

Expected SAR life : Three years, may be extended at the option of the holder for one more year.

Risk-free rate : Zero coupon perfect fit swap curve from the Bond Exchange of South Africa.

The volatility was determined by applying the equally weighted methodology to the historical share prices of SOH.

Rights granted		
Grant date	1 January 2022	1 January 2021
Grant price : SOH	R0.89	R0.25
Number of units granted	1 563	2 832

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

11. Share-based payment liabilities (continued)

Reconciliation of liability		
Opening balance	2 573	-
Charge/(credit) in statement of comprehensive income	199	2 573
Closing balance	**2 772**	**2 573**
Non-current liabilities	2 772	2 573
	2 772	**2 573**

Reconciliation of units		
Opening balance	7 667	-
Units granted	1 563	7 667
Equity units forfeited	(4 836)	-
Closing balance	4 394	7 667

Units comprise of SOH units.

At year end Rnil (2021: Rnil) shares have vested with an intrinsic value of Rnil (2021: Rnil).

Directors interest in long term incentive plans	**Number of SAR Units**	**Value R'000**
2022		
WP Basson	3 426	2 772
A Smith	969	-
2021	-	-
WP Basson	2 832	2 573

12. Trade and other payables

Financial instruments:		
Trade payables	319	1 239
Accruals	5 635	4 960
Non-financial instruments:		
Payroll accruals	1 531	1 597
South African Revenue Services - VAT payable	-	225
	7 485	**8 021**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	5 954	6 199
Non-financial instruments	1 531	1 822
	7 485	**8 021**

Exposure to currency risk

The trade and other payables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Rand Amount		
Rand	6 507	8 021
	6 507	**8 021**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

12. Trade and other payables (continued)

The carrying amounts of trade and other payables are considered to be the same as their fair values due to the short term nature. Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management.

13. Revenue

Revenue from contracts with customers		
Rendering of services	11 186	11 160
	11 186	**11 160**
Revenue other than from contracts with customers		
Interest received (effective interest rate)	8 214	9 142
	8 214	**9 142**
	19 400	**20 302**

14. Other operating income

Sundry income	15	173

15. Expenses by nature

The total operating expenses are analysed by nature as follows:

Auditor remuneration	1 489	1 444
Depreciation	514	507
Employee benefit expense	10 820	12 238
Insurance - other	216	87
Motor vehicle expenses	169	39
Other expenses	3 900	880
Professional fees	1 210	2 648
Repairs and maintenance	40	1
Secretarial fees	276	233
Claim provision	-	(855)
Total administration and operating expenses	**18 634**	**17 222**

16. Employee benefit expense

Salaries, wages and bonuses	10 820	9 287
Share-based payment expense	199	2 572
Pension and provident fund contributions	431	379
	11 450	**12 238**

The employees of the Company are the members of the following contribution plans:

- Alexander Forbes Access Retirement Fund
- MPF Provident Fund

Number of persons employed at 31 December

Full time	5	5
Part time	7	7
	12	**12**

Figures in Rand thousand	2022	2021

17. Finance costs

Lease liabilities	218	245
Other	53	45
Total finance costs	**271**	**290**

18. Tax

Major components of the tax expense (income)

Current		
Local income tax - current period	530	816
Deferred		
Originating and reversing temporary differences - current period	(628)	33
	(98)	**849**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss) - continuing	510	2 963
Tax at the applicable tax rate of 28% (2021: 28%)	143	830
Tax effect of adjustments on taxable income		
Local income tax - prior period over provision	(116)	-
Local deferred tax - -prior period over provision	(125)	-
Other income	-	258
Charitable donations income	-	(239)
	(98)	**849**

19. Cash generated from operations

Profit before taxation from continuing and discontinued operations	510	2 963
Adjustments for:		
Depreciation	514	507
Non-cash finance income	8 214	(9 142)
Finance costs	271	290
Movements in leasehold property	-	(138)
Share-based payments	1 177	2 572
Changes in working capital:		
Trade and other receivables	2 102	79
Trade and other payables	(1 513)	(766)
	11 275	**(3 635)**

20. Tax paid

Balance at beginning of the year	(750)	(619)
Current tax for the year recognised in profit or loss	(530)	(816)
Balance at end of the year	190	750
	(1 090)	**(685)**

Figures in Rand thousand	2022	2021

21. Net debt reconciliation

Cash and cash equivalents	538	733
Lease liabilities repayable within one year	(527)	(487)
Lease liabilities repayable after one year	(1 859)	(2 387)
Net debt	**(1 848)**	**(2 141)**

Profit or Loss	**Cash and cash equivalents**	**Lease liabilities**	**Total**
			-
Balance at 1 January 2021	443	(3 323)	(2 881)
Cash movements	290	695	985
Interest charged	-	(245)	(245)
Lease liability recognised	-	-	-
Balance at 31 December 2021	733	(2 874)	(2 141)
Cash movements	(195)	706	538
Interest charged	-	(218)	(1 245)
Lease liability terminated	-	-	-
Balance at 31 December 2022	**538**	**2 386**	**(1 848)**

22. Related parties

Relationships

Directors	Henry KH Pon HL Li N Lalla A Smith B Petersen (resigned 12 July 2021) YH Yeh M Chong CF Chen (resigned 27 February 2022) WP Basson DJC Pan (Alternate) SN Yeh (Alternate) (appointed 1 March 2022) J van Rensburg LL Chen (appointed 1 March 2022)
Subsidiaries	Anchor Park Investments 48 Proprietary Limited Icembu Services Proprietary Limited South Ocean Electric Wire Company Proprietary Limited SOH Calibre International Limited Icembu Cables Proprietary Limited

Related party balances

Loan accounts - Owing by related parties		
Anchor Park Investments 48 Proprietary Limited	5 568	9 098
South Ocean Electric Wire Company Proprietary Limited	91 494	105 045
SOH Calibre International Limited	306	279
Icembu Services Proprietary limited	91	75
Amounts included in Trade receivable / (Trade payables) regarding related parties		
South Ocean Electric Wire Company Proprietary Limited	(81)	106
South Ocean Electric Wire Company Proprietary Limited	2 296	-

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

22. Related parties (continued)

Related party transactions

Interest received from related parties		
Anchor Park Investments 48 Proprietary Limited	570	726
South Ocean Electric Wire Company Proprietary Limited	7 580	8 412
Rent paid to related parties		
Anchor Park Investments 48 Proprietary Limited	695	695
Administration fees received from related parties		
South Ocean Electric Wire Company Proprietary Limited	11 160	11 160

23. Directors' and prescribed officers' emoluments

Executive

2022

	Salary	Medical and company contributions	Provident fund	Total
A Smith	4 290	143	255	4 688
WP Basson	2 857	29	110	2 996
	7 147	**172**	**365**	**7 684**

2021

	Salary	Medical group benefit contributions	Provident fund	Expense allowance	Total
A Smith (appointed 1 March 2021)	2 572	109	161	350	3 192
WP Basson	1 937	21	100	-	2 058
	4 509	**130**	**261**	**350**	**5 250**

Figures in Rand thousand	2022	2021

23. Directors' and prescribed officers' emoluments (continued)

Non-executive

2022

	Directors' fees	Total
Henry KH Pon	798	798
HL Li	434	434
N Lalla	573	573
J van Rensburg	194	194
CF Chen (resigned 27 February 2022)	20	20
M Chong	276	276
JH Yeh	220	220
M Chong	-	-
LL Chen (appointed 1 March 2022)	177	177
	2 692	**2 692**

2021

	Directors' fees	Total
Henry KH Pon	908	908
HL Li	464	464
N Lalla	546	546
CF Chen	244	244
J van Rensburg	154	154
B Petersen (resigned 12 July 2021)	44	44
JH Yeh	192	192
M Chong	200	200
	2 752	**2 752**

Directors' interests in share capital

No shares were traded by any director from 31 December 2022 until the date of this report. Refer to note for details of share appreciation rights allocated to the directors during the year.

The interest in the issued share capital of the Company as at 31 December 2022 was as follows:

	Indirect beneficial holding	Total	Consideration received
J Van Rensburg	62 205 447	62 205 447	30.60%

Figures in Rand thousand	2022	2021

24. Interest in subsidiaries

Direct Holdings	Issued share capital and percentage held 2022 %	2021 %	Shares at cost 2022 R'000	Shares at cost 2021 R'000	Loans to 2022 R'000	Loans to 2021 R'000
South Ocean Electric Wire Company Proprietary Limited	100	100	712 165	712 165	91 494	105 045
Anchor Park Investments 48 Proprietary Limited	100	100	-*	-*	5 567	9 098
SOH Calibre International Limited	100	100	-*	-*	-	279
Icembu Holdings Proprietary Limited	100	-	-*	-*	-	-
Indirect Holdings	-	-	-*	-*	-	-
Icembu Services Proprietary Limited	70	100	-*	-*	90	75
Icembu Cables Proprietary Limited	70	-	-*	-*	-	-
			712 165	**712 165**	**97 151**	**114 497**
Less: Dividends received from pre-acquisition profits (prior 2009)			(41 550)	(41 550)	-	-
Less: Impairment South Ocean Electric Wire Company Proprietary Limited			(302 290)	(302 290)	-	-
			365 325	**368 325**	**-**	**-**

* denotes amounts of less than R1 000

All subsidiaries are incorporated and operate in South Africa with the exception of SOH Calibre International Limited which is incorporated in Hong Kong.

All subsidiaries have a year end of 31 December 2022.

25. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2022

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	6	97 459	97 459	97 459
Trade and other receivables	8	2 686	2 686	2 686
Cash and cash equivalents	9	538	538	538
		100 683	**100 683**	**100 683**

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

25. Financial instruments and risk management (continued)

2021

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	6	114 497	114 497	114 497
Trade and other receivables	8	4 886	4 886	4 886
Cash and cash equivalents	9	733	733	733
		120 116	**120 116**	**120 116**

Categories of financial liabilities

2022

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	12	5 954	-	5 954	-
Lease liabilities	4	-	2 386	2 386	-
		5 954	**2 386**	**8 340**	**-**

2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	12	6 198	-	6 198	-
Lease liabilities	4	-	2 874	2 874	-
		6 198	**2 874**	**9 072**	**-**

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The executive directors are involved in the daily operations of the Company, and the necessary decisions regarding capital risk management are made as and when necessary.

The capital structure of the Company consists of equity as disclosed in the statement of financial position.

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk).

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out under policies approved by the Board of Directors.

Credit risk

25. Financial instruments and risk management (continued)

The credit risk arises primarily from the company providing intercompany loans granted to subsidiaries.

The risk gets managed on a group level.

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

		2022			2021		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	6	97 459	-	97 459	114 497	-	114 497
Trade and other receivables	8	2 686	-	2 686	4 886	-	4 886
Cash and cash equivalents	9	538	-	538	733	-	733
		100 683	**-**	**100 683**	**120 116**	**-**	**120 116**

Liquidity risk

The liquidity risk arises from the company providing intercompany loans granted to subsidiaries.

The Company manages liquidity risk by monitoring forecast cash flows.

The table below analyses the Company financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual discounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2022

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**	**Carrying amount**
Non-current liabilities						
Lease liabilities		-	2 386	-	2 386	2 386
Current liabilities						
Trade and other payables	5 954	-	-	-	5 954	5 954
Lease liabilities	527	-	-	-	527	527
		6 481	**2 386**	**-**	**8 867**	**8 867**

2021

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Total**	**Carrying amount**
Non-current liabilities					
Lease liabilities	-	520	2 874	3 394	2 387
Current liabilities					
Trade and other payables	6 199	-	-	6 199	6 199
Lease liabilities	487	-	-	487	487
	6 686	**520**	**2 874**	**10 080**	**9 073**

Figures in Rand thousand	2022	2021

25. Financial instruments and risk management (continued)

Foreign currency risk

The Company does not hedge foreign currency risk.

At 31 December 2022, if the currency had weakened/strengthened against the Hong Kong Dollar by 2.00% (2021: 2.00% HKD) with all other variables held constant, (loss)/profit after tax would have decreased/increased by R42 280 (2021: R27 173), mainly as a result of foreign exchange gains/losses on translation of trade payables and cash and cash equivalents.

Exposure in Rand

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

Hong Kong Dollar exposure:

Current assets:		
Loans to group companies	306	279

Interest rate risk

The Company has significant interest-bearing assets. The Company charges interest at a fixed rate of 8%. Management has assessed that the company is exposed to interest rate risk, however the the risk is not material.

26. Impairment assessment

An impairment assessment was performed to determine if the recoverable amounts of the two cash generating units (“CGU’s”), namely South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited (“Anchor Park”), exceeded the net asset value of the Company included in the Statements of Financial Position. The market capitalisation of the company is lower than its net asset value which was an impairment indicator at group level. This assessment and disclosure was included in the annual financial statements for this purpose.

The following valuation methods were used:

- SOEW CGU - Income approach to calculate the value in use
- Anchor Park CGU - Fair value less costs to sell

The debt of both units was then deducted from the values calculated above to determine the value of the businesses.

The recoverable amount of the SOEW CGU is determined based on the higher of its value-in-use or fair value less costs to sell. Value-in-use calculations are prepared using cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industries in which the companies operate and are materially similar to assumptions of external market sources. The CGU's recoverable amount is most sensitive to the growth rate and gross margin assumptions applied. Management assumed budgeted gross margins and growth rates for the first five years based on past performance and best estimates regarding forecasts taking into account the potential impact of Covid-19 which was considered to be minimal. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective business.

In addition to the assumptions mentioned above, the other key assumptions used for value-in-use calculations are as follows:

Terminal growth rate - (Weighted average growth rate used to extrapolate cash flows into perpetuity) 5.0% (2021: 4.8%)

Discount rate - (Weighted after-tax discount rate applied to the cash flow projections) 17.1% (2021: 16.2%).

Revenue growth rate - (Average growth rate applied to the revenue cash flow projections) 13.38% (2021: 10.5%)

Gross profit rate - (Average growth rate applied to the cash projections) 10.0% (2021: 10.1%)

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

26. Impairment assessment (continued)

The recoverable amount of the Anchor Park CGU is determined based on the higher of its value-in-use or its fair value less costs to sell. The fair value of the properties was determined by management. The value was performed using a single year's cash flow and applying a capitalisation rate which is the ratio between the net operating income produced by the asset and its capital cost. The single year cash flow was calculated using the square meters available for rental multiplied by the expected market rental per square meter and deducting operating expenses using an expected operating expenses ratio in relation to the derived revenues based on the market rental per square meter. All rates used in the calculation was obtained from publicly available rates prepared by a reputable source. The publicly available information includes the necessary adjustments to consider the impact of Covid-19. The calculation represents the open market value of the properties.

A summary of the key assumptions used for fair value calculations are as follows:

Vacancy allowance 3.5% - 5% (2021: 3.5% - 5%).

Capitalisation rate - (weighted average rate used to calculate the market value of the property) 11% - 12% (2021: 11%-12%).

After calculating the value for the individual CGU's the individual results were reduced by the associated debt and these amounts were compared to the carrying value of the investments in the Company's Statement of Financial Position and no impairment was identified and recognised for 2022 (2021: Rnil).

After calculating the individual recoverable amount of the CGU's, and comparing it to the net asset value of each CGU, no impairment were identified and recognised for the Company in 2022 (2021: Rnil)

Notes to the Annual Financial Statements

Figures in Rand thousand	2022	2021

26. Impairment assessment (continued)

Sensitivity analysis

The table below indicates the change in assumption and resultant change in the valuation:

		Expected change in valuation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
SOEW			
Discount rate	1.00%	945 014	1 107 962
Revenue growth rate	2.00%	1 112 772	932 307
Gross profit	1.00%	1 019 657	1 019 657
Terminal growth rate	1.00%	1 059 574	985 872

27. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2022, the Company's assets, fairly valued, exceeded its liabilities. Furthermore, management assessed the Company's liquidity forecasts for a period of twelve months. Various scenarios have been considered to test the Company's resilience against operational risks.

Management has concluded that the Company's ability to continue to meet its financial obligations as they fall due is dependent on the Company's ability to continue to improve its performance.

28. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements.

29. Other NDR

Additional text

30. Dividends per share

Dividends recommended (R'000)	12 197	18 294
Number of shares in issue ('000)	203 277	203 277
Dividend per share (cents)	6,00	9.00

A final dividend of 6 cents per share was approved at the board meeting of the Company held on 15 March 2023. In compliance with IAS 10, 'Events after reporting date', the annual financial statements do not reflect this dividend. This dividend will only be accounted for in the financial statements for the year ending 31 December 2023.