SRF INDUSTEX BELTING PROPRIETARY LIMITED
(Registration Number 2008/014419/07)

Annual Financial Statements
for the year ended 31st March 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Manufacturing of Technical Textiles
Directors	Ashish Bharat Ram Sushil Kapoor Kartikeya Bharat Ram Felix Anand Susainathan Joseph William Barker Jacobus Frederick Ebenhaezer du Plooy
Business address	1 Newbolt Street Korsten Port Elizabeth 6014
Postal address	PO Box 4038 Korsten Port Elizabeth 6014
Holding company	SRF Global B.V incorporated in Netherlands
Ultimate holding company	KAMA Holdings Limited incorporated in India
Bankers	ABSA Bank Limited
Auditors	PricewaterhouseCoopers Inc.
Public Officer	Felix Anand Susainathan
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The Annual Financial Statements were compiled by Felix Anand Susainathan., ACA(India), Finance & IT Manager

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 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 and Companies Act of 2008. The external auditors are engaged to express an independent opinion on the annual financial statements.

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 directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the 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 auditors are 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 auditors and their report is presented on pages 7 to 8.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholder, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements and additional schedules set out on pages 9 to 40, which have been prepared on the going concern basis, were approved by the directors on 05 May 2016 and were signed on its behalf by:

Director

Director

Directors' Report

The directors submit their report for the year ended 31 March 2016.

1. Incorporation

The company was incorporated in South Africa on 14 July 2008 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The company is engaged in manufacturing of technical textiles and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the company was R 26,167,482(2015: R4,392,335), before taxation credits of R 1,351,920 (2015: R42,081). Included in the current year loss is a provision for bad debt expense of R 17,579,325 (2015: Nil) and net foreign exchange losses of R 5,430,438 (2015: R5,934,816).

During the year the directors adopted a policy of revaluation for plant equipment. The assets were revalued on 31 March 2016 following independent valuations.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies 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.

4. Events after the reporting period

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of approval of the annual financial statements.

5. Directors' interest in contracts

No material contracts in which the directors have an interest were entered into in the current year.

6. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

7. Dividends

No dividends were declared or paid to the shareholder during the year.

8. Directors and secretary

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Ashish Bharat Ram	Indian
Kartikeya Bharat Ram	Indian
Sushil Kapoor	Indian
Felix Anand Susainathan	Indian
Joseph William Barker	South African
Jacobus Frederick Ebenhaezer du Plooy	South African

No secretary has been appointed.

9. Public Officer

The Public officer of the company is Felix Anand Susainathan of: Postal address
PO Box : 4038, Korsten, Port Elizabeth 6014

10. Holding company

The company's holding company is SRF Global B.V incorporated in Netherlands.

11. Ultimate holding company

The company's ultimate holding company is KAMA Holdings Limited incorporated in India.

12. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF

SRF Industex Belting Proprietary Limited

We have audited the financial statements of SRF Industex Belting Proprietary Limited set out pages 9 to 38, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SRF Industex Belting Proprietary Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.

Other matter

The supplementary information set out on pages 39 to 40 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Lane
Registered Auditor
Port Elizabeth
6 May 2016

Statement of Financial Position as at 31 March 2016

	Notes	2016 R	2015 R
Assets			
Non-Current Assets			
Property, plant and equipment	6	32,896,162	3,341,177
Deferred tax	7	6,055,454	4,920,254
		38,951,616	**8,261,431**
Current Assets			
Inventories	8	21,273,787	46,930,859
Trade and other receivables	9	30,728,977	50,625,031
Cash and cash equivalents	10	86,710	301,432
		52,089,474	**97,857,322**
Total Assets		**91,041,090**	**106,118,754**
Equity and Liabilities			
Equity			
Share capital	11	13,320,202	13,320,202
Reserves		31,039,790	(307,441)
Retained income		(28,508,886)	(3,693,324)
		15,851,107	**9,319,437**
Liabilities			
Non-Current Liabilities			
Operating lease liability		2,546,770	1,612,274
Retirement benefit obligation	12	3,433,000	3,868,000
		5,979,770	**5,480,274**
Current Liabilities			
Loan from group company	13	24,329,024	26,873,602
Bank Overdraft	10	11,120,178	-
Operating lease liability		4,191,867	6,738,639
Trade and other payables	14	32,115,914	57,706,801
		71,756,984	**91,319,042**
Total Liabilities		**75,189,984**	**96,799,316**
Total Equity and Liabilities		**91,041,090**	**106,118,754**

Statement of Comprehensive Income

	Notes	2016 R	2015 R
Revenue	15	135,990,269	183,333,980
Cost of sales		(128,365,222)	(167,492,863)
Gross profit		**7,625,047**	**15,841,116**
Other income	16	1,796,186	1,877,228
Operating expenses	17	(30,676,853)	(17,902,801)
Operating Loss		**(21,255,619)**	**(184,456)**
Finance income	19	207,348	184,539
Finance costs and foreign exchange	20	(5,119,211)	(4,392,418)
Loss before taxation		**(26,167,482)**	**(4,392,335)**
Income tax credit	21	1,351,920	42,081
Loss for the year		**(24,815,563)**	**(4,350,254)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement on post-retirement obligation		774,000	135,000
Re-Measurement on Fixed Assets		30,789,951	
Taxation related to components of other comprehensive income		(216,720)	(37,800)
Total items that will not be reclassified to profit or loss		31,347,231	97,200
Other comprehensive income for the year net of taxation		31,347,231	97,200
Total comprehensive Profit / (loss) for the year		**6,531,668**	**(4,253,054)**

Statement of Changes in Equity

	Share capital	Remeasurments on Fixed Assets	Remeasurments on post- retirement benefit	Retained income	Total equity
	R	R	R	R	R
Balance at 01 April 2015	**13,320,202**	**-**	**(404,641)**	**656,930**	**13,572,491**
Loss for the year				(4,350,254)	(4,350,254)
Other comprehensive income			97,200		97,200
Total comprehensive (loss) / Income for the year	-	-	97,200	(4,350,254)	(4,253,054)
Balance at 01 April 2016	**13,320,202**	**-**	**(307,441)**	**(3,693,324)**	**9,319,437**
Loss for the year				(24,815,562)	(24,815,562)
Other comprehensive income		30,789,951	557,280		31,347,231
Total comprehensive (loss) / income for the year	-	30,789,951	557,280	(24,815,562)	6,531,669
Balance at 31 March 2016	**13,320,202**	**30,789,951**	**249,839**	**(28,508,886)**	**15,851,106**
Note	**11**				

Statement of Cash Flows

	Notes	2016 R	2015 R
Cash flows from operating activities			
Cash receipts from customers		159,684,608	181,904,679
Cash paid to suppliers and employees		(163,923,978)	(191,566,503)
Cash used by Operations	23	**(4,239,370)**	**(9,661,824)**
Finance income		207,348	184,539
Finance costs and foreign exchange		(183,615)	(443,590)
Tax refund	24	-	338,578
Net cash flows from operating activities		**(4,215,636)**	**(9,582,296)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(570,755)	(1,787,814)
Sale of property, plant and equipment (net)	6	345	753
Government grant received		888,320	1,686,312
Net cash flows from investing activities		**317,910**	**(100,749)**
Cash flows from financing activities			
Loan Received from Group Companies	11	-	10,201,500
Repayment of loans to group companies		(7,434,728)	(3,615,036)
Net cash flows from financing activities		**(7,434,728)**	**6,586,464**
Total cash movement for the year		**(11,332,454)**	**(3,096,582)**
Cash at the beginning of the year		301,432	3,398,014
Total cash and Bank Overdraft at end of the year	10	**(11,031,022)**	**301,432**

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period except for the following:

Revaluation of plant and machinery

At 31 March 2016, the company changed its' accounting policy with respect to the treatment of plant and machinery. The company now recognises the plant and machinery at fair value as determined by independent valuers and not historical cost. Refer to accounting policy 1.2 and note 6 to the financial statements for further details of the revaluation and treatment thereof.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions 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 judgements include:

Trade receivables and other receivables

The company assesses its trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Taxation

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. 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.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

1.2 Property, plant and equipment (Continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment is depreciated on the straight line basis over it's expected useful lives to the estimated residual value.

Plant and machinery is recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation. A revaluation surplus is credited to other reserves in shareholders equity. All other property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average Useful Life
Plant and machinery	10 - 30 Years
Furniture and fixtures	10 - 20 Years
Motor vehicles	5 Years
Office equipment	5 - 10 Years
IT equipment	3 Years

The residual value, useful life and depreciation method of each asset is 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.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. 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. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Increases in the carrying amounts arising on the revaluation of plant and machinery are recognised, net of tax, in other comprehensive income and accumulated reserves in shareholders equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same class of assets are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the assets; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to profit or loss and depreciation based on the assets' original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

1.3 Financial instruments Classification (Continued)
Recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date **–** the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Loan from group company

The loan from the holding company is recognised initially at fair value plus direct transaction costs.

Loans from the holding company are classified as financial liabilities measured at amortised cost.

1.3 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Income tax

Current income tax assets and liabilities

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

Current income 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 provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1.4 Income tax (continued)

Deferred income tax assets and liabilities

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

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

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

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

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.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual receipts are recognised as an operating lease asset. This asset is not discounted.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 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.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.8 Share capital and equity

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

Ordinary shares are classified as equity.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations 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. The company has no further payment obligations once the contributions have been paid.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.
Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds/high quality corporate bonds denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

1.10 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.12 Revenue

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably:
- it is probable that economic benefits associated with the transaction will flow to the company: and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of transaction.

Notes to the Annual Financial Statements

1. New Standards and Interpretations

1.1 Standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments

Following the changes approved by the IASB in July 2014, the company no longer expects any impact from the new classification, measurement and derecognition rules on the company's financial assets and financial liabilities.

The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation

The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses

The company has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.

This standard must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The company has not yet assessed the impact of the new rules.

This standard is mandatory for financial years commencing on or after 1 January 2018.

1. New Standards and Interpretations (Continued)

IFRS 16 – Leases:

IFRS 16, requires lessees to recognise assets and liabilities arising from all leases (with limited exceptions) on the statement of financial position. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

The company has not yet assessed the impact of the new standard.

This standard is mandatory for financial years commencing on or after 1 January 2019.

Other :

There are no other standards, interpretations or amendments that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2016 and 2015 respectively were as follows:

		2016 R	2015 R
Total borrowings			
Loan from group company	13	24,329,024	26,873,602
Bank Overdraft	10	11,120,178	-
Less: Cash and cash equivalents	10	86,710	301,432
Net debt		35,362,492	26,572,170
Total equity		15,851,106	13,572,491
Total capital		**51,213,598**	**40,144,661**
Gearing ratio		**69%**	**66%**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk and price 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.

Liquidity risk

The table below analyses the company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2016	**Less than 1 Year**
Borrowings	24,329,024
Bank Overdraft	11,120,178
Trade and other payables	29,569,144
	65,018,347

At 31 March 2015	**Less than 1 Year**
Borrowings	26,873,602
Trade and other payables	57,706,801
	84,580,403

Interest rate risk

The company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. During 2016, the company's borrowings at variable rate were denominated in US Dollar and SA Rand (2015: US Dollar).

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing and renewal of existing positions. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax profit of a 1% shift would be a maximum increase of R 229,774 (2015: R 221,796) or decrease of R 229,774 (2015: R 221,796), respectively.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Refer to note 4 for financial assets subject to credit risk at year end.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations.

At 31 March 2016, if the currency had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit for the year would have been R 1,270,890 (2015: R 1,899,288) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US Dollar denominated borrowings & trade payables.

At 31 March 2016, if the currency had weakened/strengthened by 5% against the EURO with all other variables held constant, post-tax profit for the year would have been R 3,455 (2015: R 36,143) higher/lower, mainly as a result of foreign exchange gains or losses on translation of EURO denominated payables.

Foreign currency exposure at the end of the reporting period

	2016 R	2015 R
Current assets		
Trade debtors, USD 470,307 (2015: USD 1,493,382)	6,929,504	18,347,854
Trade debtors, Euro Nil (2014: Euro Nil)		
Cash and cash equivalents, Euro 0.65 (2015: Euro 0.65)	11	9
Cash and cash equivalents, USD 4,227 (2014: USD 912)	62,276	11,131
Liabilities		
Loan from SRF Global B.V including interest, USD 1,651,217 (2015: USD 2,201,852)	24,329,024	26,873,602
Trade creditors, GBP 0 (2015: GBP 2,066)	-	37,289
Trade creditors, INR 7,600 (2015: INR 0)	1,693	-
Trade creditors, USD 528,099 (2015: USD 2,393,175)	7,781,012	29,208,696
Trade creditors, EURO 5,722 (2015: EURO 76,195)	95,988	1,003,977
Trade creditors, CHF 6.14 (2015: CHF 1931)	6	24,321
Other payables to SRF Limited, USD 454,415 (2015: USD 288,224)	6,695,350	3,517,774
Trade creditors in Goods-in-Transit USD 232,964 (2015: USD 937,421)	3,488,894	11,516,913

3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	2016 R	2015 R
2016	**Loans and receivables**	**Total**
Trade and other receivables	30,525,905	30,525,905
Cash and cash equivalents	86,710	86,710
	30,612,615	**30,612,615**
2015	**Loans and receivables**	**Total**
Trade and other receivables	50,307,908	50,307,908
Cash and cash equivalents	301,432	301,432
	50,609,340	**50,609,340**

4. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016	**Financial liabilities at amortised cost**	**Total**
Loan from group company	24,329,024	24,329,024
Bank Overdraft	11,120,178	11,120,178
Trade and other payables	27,335,023	27,335,023
	62,784,225	**62,784,225**

2015	**Financial liabilities at amortised cost**	**Total**
Loan from group company	26,873,602	26,873,602
Trade and other payables	54,842,008	54,842,008
	81,715,610	**81,715,610**

5. Property, plant and equipment

	2016			2015		
	Cost / Revaluation	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Plant and machinery	32,693,012	-	32,693,012	7,151,317	(4,503,622)	2,647,695
Furniture and fixtures	5,541	(2,729)	2,812	5,541	(2,157)	3,384
Motor vehicles	332,750	(316,113)	16,638	332,750	(316,113)	16,638
Office equipment	72,004	(65,409)	6,595	72,004	(57,199)	14,806
IT equipment	939,614	(762,510)	177,104	936,057	(576,049)	360,009
Capital work in progress	-	-	-	298,646	-	298,646
Total	**34,042,922**	**(1,146,760)**	**32,896,162**	**8,796,316**	**(5,455,139)**	**3,341,177**

Reconciliation of property, plant and equipment - 2016

	Opening Balance	Additions	Disposals	Transfer	Revaluation	Other Movement	Depreciation	Total
	R	R	R	R	R	R	R	R
Plant and machinery	2,647,695	-	(3,701)	859,146	30,789,951	(888,320)	(711,759)	32,693,012
Furniture and fixtures	3,384	-	-	-	-	-	(572)	2,812
Motor vehicles	16,638	-	-	-	-	-	-	16,638
Office equipment	14,806	-	-	-	-	(1)	(8,210)	6,595
IT equipment	360,009	-	(335)	10,255	-	-	(192,824)	177,104
Capital work in progress	298,646	570,755	-	(869,401)	-	-	-	-
	3,341,177	**570,755**	**(4,036)**	**-**	**30,789,951**	**(888,321)**	**(913,365)**	**32,896,162**
								-

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening Balance	Additions	Disposals	Transfers	Revaluation	Other Movements	Depreciation	Total
	R	R	R	R	R	R	R	R
Plant and machinery	3,211,893	-	-	1,830,312	-	(1,675,239)	(719,273)	2,647,694
Furniture and fixtures	4,443	-	-	-	-	-	(1,058)	3,385
Motor vehicles	16,638	-	-	-	-	-	-	16,638
Office equipment	57,789	-	-	-	-	-	(42,984)	14,806
IT equipment	324,744	-	(8,390)	262,896	-	-	(219,242)	360,008
Capital work in progress	604,040	1,787,814	-	(2,093,208)	-	-	-	298,646
	4,219,547	**1,787,814**	**(8,390)**	**-**	**-**	**(1,675,239)**	**(982,557)**	**3,341,177**

The company received financial assistance from the Industrial Development Corporation of South Africa for the development of the clothing and textiles competitiveness programme - RCF. Historic cost of plant and machinery has been reduced by R 19,053,487 (2014: R18,165,167) in respect of the government grant related to the assets received on or after 1 April 2009.

Plant and Machinery are shown at Fair Value. The remaining Property, plant and equipment is shown at net book value.

An independent valuation of the company's plant and machinery was performed to determine the fair value of the assets as at 31 March 2016. The method used to value these used assets was to determine the best price that the assets would fetch at a publicised auction.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Notes to the Annual Financial Statements

6. Deferred tax

	2016 R	2015 R
Deferred tax asset		
Deferred tax recognised in equity	-	119,560
Assessed loss	7,073,450	1,871,250
Deferred tax not recognised	(7,073,450)	
Provisions	6,762,058	3,745,895
Total deferred tax asset	**6,762,058**	**5,736,705**
Deferred tax liability		
Deferred tax recognised in equity	(97,160)	-
Prepayments	(51,350)	(55,167)
Accelerated capital allowances for tax purposes	(558,094)	(761,284)
Total deferred tax liability	**(706,604)**	**(816,451)**

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

Deferred tax asset	6,762,058	5,736,705
Deferred tax liability	(706,604)	(816,451)
Total net deferred tax asset	**6,055,454**	**4,920,254**

Reconciliation of deferred tax asset		
At beginning of year	4,920,254	4,920,254
Remeasurement on post-retirement benefit	(216,720)	(37,800)
Profit or loss credit	1,351,920	42,081
Assessed Loss for the Current year	7,073,450	1,229,773
Deferred tax not recognised in the current year	(7,073,450)	(1,229,773)
	6,055,454	**4,924,535**

7 Inventories

Raw materials and components	7,112,325	23,470,194
Work in progress	8,924,071	12,218,510
Finished goods	855,759	6,361,730
Production supplies - Tools and spares	4,381,632	4,880,425
	21,273,787	**46,930,859**

Refer to note 18 for Cost of Inventories expensed

	2016 R	2015 R
8 Trade and other receivables		
Trade receivables	47,683,185	49,825,710
Less : Provisions for Doubtful Debts	(17,579,325)	-
Trade receivables (Net)	30,103,860	49,825,710
Prepayments	203,072	317,123
VAT	-	-
Other receivable (Net of Provisions)	422,045	482,197
	30,728,977	**50,625,031**

Fair value of trade and other receivables

Trade and other receivables	30,728,977	50,625,031

The fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables impaired

As of 31 March 2016, trade receivables of R 17,579,325 (2015: Nil) were impaired and provided for. The amount of the provision was R 17,579,325 as of 31 March 2016 (2015: Nil).

As of 31 March 2016, other receivables of R 303,848 (2015: R 303,848) were impaired and provided for. The amount of the provision was R 303,848 as of 31 March 2016 (2015: R 303,848).

The ageing of these receivables is as follows:

Over 12 months	17,883,173	303,848

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	23,799,472	32,277,177
US Dollar	6,929,504	18,347,854
Euro	-	-
	30,728,977	**50,625,031**

10. Cash and cash equivalents

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts:

Cash on hand	24,424	67,712
Bank balances	62,287	233,721
	86,710	**301,432**
Bank Overdraft	(11,120,178)	-
	(11,120,178)	**-**

The company has an unsecured overdraft facility with ABSA Bank.

11. Share capital

Authorised

15,000,000 Ordinary shares of R1 each	15,000,000	15,000,000

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued

Ordinary	13,320,202	13,320,202

All issued shares are fully paid up.

	2016 R	2015 R
12. Retirement benefits		
Balance sheet obligations for:		
Post-employment medical benefits - current	107,000	99,000
Post-employment medical benefits - non current	3,326,000	3,769,000
	3,433,000	**3,868,000**

Provident fund

The company has a provident fund which is governed by the Pensions Fund Act (Act 24 of 1995).

The Alexander Forbes Provident Plan is a defined contribution plan for the permanent salary-earning employees of the company and their dependants. Contributions made by the company are 9.8% (2015: 9.8%) and members contribute 7.8% (2015: 7.8%).
The company has no obligation to cover unfunded benefits.

Contributions towards provident fund for the year ending 31 March 2016 were R 4,341,238 (2015 : R4,301,554).

Post employment medical funds

The defined benefit plan, to which 20 employees belong (2015: 21 employees), consists of Membership of the Sizwe Medical Fund.

The plan is a post-retirement benefit plan. The scheme is valued by an independent actuaries on annual basis using the projected unit credit method. The latest actuarial valuation was obtained as at 31st Mar 2016 from Alexander Forbes Health Proprietary Limited on 4th Apr 2016.

The post retirement medical benefit is applicable as follows:

Members employed before 1 April 1999 are eligible for a retirement subsidy. Eligible members who retired before 1 January 2002 are eligible for a fixed monetary subsidy equal to 50% of their 2002 medical scheme conribution, subject to a maximum of 50% of the corresponding 2002 Affodable option contribution. Members who retired on or after 1 January 2002 are eligible for a fixed monetary subsidy equal to 50% of their medical scheme contribution, subject to a maximum of 50% of the corresponding affordable option contribution, immediately preceding retirement.

The fixed monetary subsidy will not reduce unless it exceeds 100% of the total contribution. The fund has no plan assets.

Responsibility for managing the post-retirement medical liability lies with the board of directors.

Through its post-retirement medical plan, the company is exposed to a number of risks, the most significant risks which are detailed below:

- Inflation: The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for SRF Industex Belting.

12. Retirement benefits (continued)

- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for SRF Industex Belting.

- Perceived inequality by non-eligible employees: The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.

- Administration: Administration of this liability poses a burden to SRF Industex Belting.

- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

The amounts recognised in the statement of financial position are determined as follows:

	2016 R	2015 R
Post-employment benefits	3,433,000	3,868,000

Movements for the year

The movement in the defined benefit obligation over the

Opening balance	3,868,000	3,663,000
Gross expense recognised in statement of comprehensive income	339,000	(340,000)
Remeasurement (gain)	(774,000)	(135,000)
	3,433,000	**3,868,000**

The net amounts recognised in the income statement and comprehensive income are as follows:

Current service cost	110,000	107,000
Interest cost	332,000	336,000
Remeasurement (gains)	(774,000)	(135,000)
Benefits payments	(103,000)	(103,000)
	(435,000)	**205,000**

Key assumptions used

The weighted average duration of the liability as at 31 March 2016 of 15 years.

There is no allowance for early retirement:

We assumed that current in-service members would retire on their current medical scheme option.

Discount rates used	10.40%	8.70%
Assumed health care cost inflation	9.90%	8.40%

12. Retirement benefits (continued)

The effect of a 1% increase/(decrease) in the assumed discount rate on the post-employment benefit obligation is as follows:	**Increase**	**Decrease**
Effect on defined benefit obligation	3,023,000	3,936,000

The effect of a 1 year increase/(decrease) in the expected retirement age on the post-employment benefit obligation is as follows:	**Increase**	**Decrease**
Effect on defined benefit obligation	3,370,000	3,524,000

The effect of a 1% increase/(decrease) in the assumed medical cost trend on the post-retirement benefit obligation is as follows:	**Increase**	**Decrease**
Effect on the aggregate of the current service cost and interest cost	477,000	416,000
Effect on the defined benefit obligation	3,655,000	3,236,000

Expected contributions to the post employment benefit plans for the year ending 31 March 2017 are R 1,127,460 (Expected for 2016 in 2015: R1,091,798).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated when calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

13. Loan from group company	**2016 R**	**2015 R**
Holding company		
SRF Global BV (Netherlands)		
(Interest at 3 months LIBOR rate plus 2.50%) - USD 1,500,000	24,329,024	19,353,893
(Interest at 3 months LIBOR rate plus 3.35%) - USD 600,000	-	7,519,709
	24,329,024	**26,873,602**

The loan is unsecured, has no fixed terms of repayment and bears interest as indicated above, but not exceeding the rate allowed by the South African Reserve Bank (SARB) regulations. The loan is denominated in US dollars, the principal capital outstanding amount is USD 1,500,000 (2015: USD 2,100,000) and interest of USD 151,217 (2015: USD 101,852).

	2016 R	2015 R
14. Trade and other payables		
Trade payables	25,663,756	52,490,148
Accrued leave pay	794,077	1,159,282
VAT Liability	403,508	157,434
Other payables	2,707,803	3,899,937
	29,569,144	**57,706,801**
Fair value of trade and other payables		
Trade payables	25,663,756	52,490,148
Other payables	3,905,388	5,216,653

The fair value of trade and other payables approximate their carrying amount.

The carrying amounts of trade and other payables are

Rand	11,506,200	12,397,833
US Dollar	17,965,256	44,243,382
Pound	-	37,289
Euro	95,988	1,003,977
INR	1,693	
CHF	6	24,321
	29,569,144	**57,706,801**

15. Revenue

Sale of goods - Local	106,504,463	117,129,193
Sale of goods - Export	29,280,939	65,868,781
Sale of goods - Waste	204,866	336,005
	135,990,269	**183,333,980**

16. Other income

Rental income	1,755,543	1,699,384
Miscellaneous Income	39,600	150,567
Profit on sale of assets	1,043	27,278
	1,796,186	**1,877,228**

	2016 R	2015 R
17. Operating (loss) profit		
Operating (loss) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	9,478,096	9,478,096
Profit on sale of property, plant and equipment	1,043	27,278
Depreciation on property, plant and equipment	913,365	982,557
Employee costs	36,432,101	41,324,530

18. Expenses by nature

	2016 R	2015 R
Cost of Material consumed	73,344,713	104,844,436
Direct Expenses excluding Employee cost	20,957,431	23,600,608
Depreciation, amortisation and impairments	913,365	982,557
Employee costs	36,432,101	41,324,530
Transportation expenses	1,709,296	4,585,406
Other expenses	8,105,843	10,058,128
Provision for Doubtful Debts	17,579,325	-
Total cost of sales, distribution costs and administrative expenses	**159,042,074**	**185,395,664**

19. Finance income

	2016 R	2015 R
Bank	207,348	184,539
	207,348	**184,539**

20. Finance costs and foreign exchange differences

	2016 R	2015 R
Interest paid - SRF Limited TTBT	183,615	443,590
Interest Provision	-	82,750
Others	2,446	-
Interest paid - SRF Global B.V, Netherlands	675,285	646,728
Foreign Exchange Losses	4,257,865	3,205,052
	5,119,211	**4,378,120**

21. Income tax expense

Major components of the income tax expense

	2016 R	2015 R
Deferred		
Originating and reversing temporary differences	(1,351,920)	(42,081)

Reconciliation of the income tax expense

Reconciliation between accounting profit and income tax expense.

	2016 R	2015 R
Accounting loss	(26,167,482)	(4,392,335)
Tax at the applicable tax rate of 28% (2015: 28%)	(7,326,895)	(1,229,854)
Tax effect of adjustments on taxable income		
Permanent difference	(84,000)	(42,000)
Assessed Loss not recognised / Reversed	6,058,975	1,229,773
	(1,351,920)	**(42,081)**

	2016 R	2015 R
22. Auditors' remuneration		
Fees	264,059	288,000
Other services	59,913	58,075
	323,972	**346,075**
23. Cash used in operations		
Profit before taxation	(26,167,482)	(4,392,335)
Adjustments for:		
Depreciation and amortisation	913,365	982,557
Loss/(profit) on sale of assets	(1,043)	(27,278)
Unrealised loss on foreign exchange	6,039,398	2,729,764
Finance income	(207,348)	(184,539)
Movements in operating lease assets and accruals	(2,658,075)	(334,610)
Movements in retirement benefit assets and liabilities	339,000	205,000
Movement on unrecognised acturial loss/(gain)	(774,000)	135,000
Finance Cost	183,615	443,590
Foreign interest payable at year end	677,731	729,478
Changes in working capital:		
Inventories	25,657,072	(10,156,762)
Trade and other receivables (Before Provision)	19,896,055	(20,105,221)
Trade and other payables	(28,137,657)	20,313,533
	(4,239,370)	**(9,661,824)**
24. Tax Refund		
Balance at beginning of the year	-	338,578
Balance at end of the year	-	-
	-	**338,578**
25. Commitments		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	9,381,796	9,381,796
- in second to fifth year inclusive	12,118,158	21,499,952
	21,499,954	**30,881,748**
Minimum lease payments due (cash flow)		
- within one year	11,928,566	10,994,070
- in second to fifth year inclusive	16,310,025	28,238,591
	28,238,591	**39,232,661**
Operating Lease smoothing Liability	4,191,867	8,350,913
Accounting charge to be recognised	**24,046,724**	**30,881,748**

Operating lease payments represent rentals payable by the company for the land and buildings. This lease is subject to annual escalation of 8.5%. No contingent rent is payable. The termination date of the lease is 13th Jul 2018.

26. Related parties

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Relationships	
Ultimate holding company	KAMA Holdings Limited
Holding company	SRF Global B.V (Netherlands)
Members of key management	Board of Directors

	2016 R	2015 R
Related party balances		
Loan accounts - Owing (to) by related parties		
SRF Global B.V, (Netherlands)	**(24,329,024)**	**(26,873,602)**
Amounts included in Trade payable regarding related parties		
SRF Limited India - TTBV - Trade payables	(1,693)	(7,421,114)
SRF Limited India - HO - Other payables	(6,695,351)	(3,567,094)
SRF Limited India - TTBT - Trade payables	(7,193,736)	(29,966,525)
SRF Limited India - TTBM - Trade payables	-	(711,208)
SRF Industries Thailand Limited - Trade payables	-	(63,207)
	(13,890,780)	**(41,729,149)**
Amount included in Trade and other receivables		
SRF Limited India - TTBV - Trade receivables	458,846	40,227
SRF Industries Thailand Ltd - Receivable (Nil(2015: $ 4,041)	-	49,320
SRF Limited India - HO - ($ 1,139 (2015 : 1,139 $)	16,782	13,901
	475,628	**103,449**
Related party transactions		
Interest paid to related parties		
SRF Global B.V, Netherlands $ 49,365 (2015: $ 57,765)	675,285	646,728
SRF Limited TTBT $ 18,560 (2015: $ 40,635)	256,365	443,590
	931,650	**1,090,318**
Purchases from related parties		
SRF Limited India TTBV $ 18,252 (2015: $ 2,584,525)	231,167	30,238,948
SRF Limited India TTBV INR 7,600 (2015: INR Nil)	1,795	-
SRF Limited India TTBM $ 58,975 (2015: $ 58,975)	693,765	719,788
SRF Limited India TTBT $ 4,337,710 (2015: $ 4,337,710)	27,474,525	50,751,212
	28,401,252	**81,709,948**
Management fees and reimbursement of expenses		
SRF Limited India HO $162,150 (2015: $ 182,462)	2,253,762	2,079,434
SRF Limited India TTBV $ Nil (2015: $ 7,163)	-	84,644
SRF Industries Thailand $ Nil(2015 : $ 5,179)	-	59,349
	2,253,762	**2,223,427**

27. Directors' emoluments :

Executive :

2016

	Emoluments	**Pension / PF Paid or receivable**	**Total**
Jacobus Frederick Ebenhaezer du Plooy	1,252,785	-	1,252,785
Joseph William Barker	918,678	77,354	996,032
Felix Anand Susainathan	803,168	51,315	854,483
Total	**2,974,630**	**128,669**	**3,103,299**

Non- Executive :

2015	**Service Fees**	**Expense Reimbursement**	**Total**
Francois Charles de Selliers de Moranville	**67,410**	**26,159**	**93,569**

28. Going concern

The annual financial statements have been prepared on the basis of accounting policies 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.

29. Events after the reporting period

No matter which is material to the financial affairs of the company has occurred between the reporting date and the date of approval of the annual financial statements.

Detailed Income Statement

	Notes	2016 R	2015 R
Revenue			
Sale of goods - Local		106,504,463	117,129,193
Sale of goods - Export		29,280,939	65,868,781
Sale of goods - Waste		204,866	336,005
	15	**135,990,269**	**183,333,980**
Cost of sales			
Opening stock		(6,361,730)	(5,607,965)
Purchases		(60,112,409)	(80,153,916)
Cost of manufactured goods		(61,035,323)	(75,369,252)
Closing stock		855,759	6,361,730
		(128,365,222)	**(167,492,863)**
Gross profit		**7,625,047**	**15,841,116**
Other income			
Rental & Other income		1,795,143	1,849,951
Finance income and foreign exchange	19	207,348	184,539
Gains on disposal of assets		1,043	27,278
		2,003,535	**2,061,768**
Expenses (Refer to page 39)		**(30,676,853)**	**(17,902,801)**
Operating (loss) profit	17	**(21,048,271)**	**83**
Finance costs and foreign exchange	20	(5,119,211)	(4,392,418)
(Loss) profit before taxation		**(26,167,482)**	**(4,392,335)**
Income tax credit	21	1,351,920	42,081
(Loss) profit for the year		**(24,815,563)**	**(4,350,254)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

Operating expenses		**2015 R**	**2014 R**
Administration and management fees		(912,063)	(1,222,585)
Advertising		-	(101,125)
Auditors remuneration	22	(323,972)	(286,048)
Bank charges		(74,124)	(107,567)
Cleaning		(45,780)	(369,964)
Commission paid		(499,005)	(1,081,270)
Consulting and professional fees		(231,905)	(305,005)
Depreciation, amortisation and impairments		(913,365)	(921,726)
Employee costs - administration		(2,369,023)	(831,614)
Entertainment		(9,369)	(45,540)
IT expenses		(1,531,691)	(379,376)
Insurance		(1,049,276)	(885,211)
Legal expenses		(41,808)	(116,375)
Loss on exchange differences		(1,172,573)	(1,848,375)
Other expenses		(63,306)	(148,278)
Postage		(94,549)	(277,298)
Printing and stationery		(32,580)	(89,492)
Repairs and maintenance		(663,959)	(1,869,517)
Security		(591,857)	(525,001)
Subscriptions		(113,986)	(92,833)
Telephone and fax		(211,497)	(34,379)
Transport and freight		(1,709,296)	(4,149,600)
Travel - local		(77,959)	(166,130)
Doubtful Debts-Expense		(17,579,325)	
Travel - overseas		(364,585)	(852,240)
		(30,676,853)	**(16,706,549)**