



VEGA STEEL INDUSTRIES (RSA) PROPRIETARY LIMITED
(Registration No. 2009/007501/07)

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

PREPARER

Prepared under the supervision of LH Maharaj

LEVEL OF ASSURANCE

Audited

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Management information

Detailed income statement

The financial statements set out on pages 5 to 16 were approved by the board of directors on 23 April 2019 and signed on their behalf by:

PR SHAH
Director

DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2019.

REVIEW OF ACTIVITIES

The company carries on the business of importing, exporting and trading of steel and alloy castings and related components.

The business and operations of the company continued during the year under review as in the past and we have nothing further to report thereon.

The results of the business and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require any further comment.

EVENTS AFTER THE END OF THE REPORTING PERIOD

No material fact or circumstance has occurred between the accounting date and the date of this report.

STATEMENT OF RESPONSIBILITY

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditor is responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue operation for the foreseeable future.

SHARE CAPITAL

There were no changes to the authorised or issued share capital during the year under review.

During 2018, 34 ordinary shares were issued at R5 000 000.

NON-CURRENT ASSETS

There were no changes in the nature or policy relating to the use of non-current assets during the year under review.

DIVIDENDS

Dividends of R1 200 000 (2018: R4 000 000) were declared and paid to the shareholders during the year under review.

EMPLOYEES

The average number of employees for the year under review was 3.

DIRECTORS

The following directors held office throughout the year under review and to the date of this report:

<i>BK Shah</i>	<i>(Indian)</i>
<i>PR Shah</i>	<i>(Indian)</i>
<i>RA Gilani</i>	<i>(Indian)</i>
<i>HK Patel</i>	<i>(British)</i>

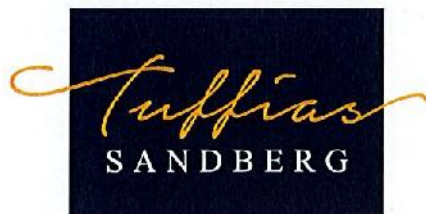
DIRECTORS' REPORT (Continued)

SECRETARY

The company has no secretary.

HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The company is a subsidiary of Vega Industries (Middle East) F.Z.C, a company incorporated in Ajman Free Zone, Ajman, United Arab Emirates and its ultimate holding company is AIA Engineering Limited, a company incorporated in India.



CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
VEGA STEEL INDUSTRIES (RSA) PROPRIETARY LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Vega Steel Industries (RSA) Proprietary Limited set out on pages 5 to 16, which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vega Steel Industries (RSA) Proprietary Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the detailed income statement. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

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Practice No. 906840

Partners: Ryan Feinberg, Paulo Marques, Ashley Muller, Shaun Nurick, Marco Patrizi





Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities 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.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.


SHAUN NURICK
Partner
Registered Auditor

23 April 2019

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019

	Note	2019 R	2018 R
ASSETS			
Non-current assets			
Plant and equipment	2	1 748	6 901
Current assets			
		252 477 378	219 289 234
Inventories	3	150 144 610	90 824 779
Trade and other receivables	4	70 531 991	108 303 233
Loan receivable	5	2 400 000	2 500 000
Cash and cash equivalents		29 400 558	16 282 681
Current tax asset		219	1 378 541
Total assets		252 479 126	219 296 135
EQUITY AND LIABILITIES			
Equity			
		4 453 346	4 558 948
Issued capital	6	5 000 100	5 000 100
Share-based payment reserve	7	-	-
Accumulated losses		(546 754)	(441 152)
Non-current liabilities			
Deferred tax	8	28 146	-
Current liabilities			
Trade and other payables	9	247 997 634	214 737 187
Total equity and liabilities		252 479 126	219 296 135

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share-based payment reserve R	Issued capital R	Retained earnings (accumulated losses) R	Total R
Balance at 31 March 2017	-	100	4 278 956	4 279 056
<i>Loss and total comprehensive loss for the year</i>	-	-	(720 108)	(720 108)
<i>Dividends paid</i>	-	-	(4 000 000)	(4 000 000)
<i>Share-based payment transaction</i>	5 000 000	-	-	5 000 000
<i>Allotment of shares</i>	(5 000 000)	5 000 000	-	-
Balance at 31 March 2018	-	5 000 100	(441 152)	4 558 948
<i>Profit and total comprehensive income for the year</i>	-	-	1 094 398	1 094 398
<i>Dividends paid</i>	-	-	(1 200 000)	(1 200 000)
Balance at 31 March 2019	-	5 000 100	(546 754)	4 453 346

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 R	2018 R
REVENUE	10	392 212 542	306 904 084
COST OF SALES		(388 060 499)	(301 610 516)
GROSS PROFIT		4 152 043	5 293 568
Other income		1 874 844	1 816 755
Operating costs		(4 430 991)	(7 038 893)
PROFIT BEFORE TAX	11	1 595 696	71 430
Tax	12	(501 298)	(791 538)
PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		1 094 398	(720 108)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019 R	2018 R
Net cash flows from operating activities	13 017 877	12 119 117
Profit before tax	1 595 696	71 430
Adjustments for:		
Interest received	(1 874 644)	(1 816 755)
Depreciation	5 153	8 569
Operating loss before working capital changes	(273 795)	(1 736 756)
Working capital changes	11 711 858	17 249 322
Inventories	(59 319 831)	7 613 867
Trade and other receivables	37 771 242	(21 383 794)
Trade and other payables	33 260 447	31 019 249
Cash generated from operations	11 438 063	15 512 566
Interest received	1 874 644	1 816 755
Dividends paid	(1 200 000)	(4 000 000)
Tax refunded (paid)	905 170	(1 210 204)
Net cash flows from investing activities		
Proceeds from share issue	-	5 000 000
Net cash flows from financing activities		
Loan receivable repaid (advanced)	100 000	(21 366 888)
Net increase (decrease) in cash and cash equivalents	13 117 877	(4 247 771)
Cash and cash equivalents at beginning of year	16 282 681	20 530 452
Cash and cash equivalents at end of year	29 400 558	16 282 681

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1 General information**

Vega Steel Industries (RSA) Proprietary Limited is a company incorporated in South Africa.

The address of its registered office and principal place of business is 263 – 265 Kent Avenue, Ferndale, Randburg, 2194.

The principal business of the company is importing, exporting and trading of steel and alloy castings, and related components.

Vega Steel Industries (RSA) Proprietary Limited is a subsidiary of Vega Industries (Middle East) F.Z.C and its ultimate holding company is AIA Engineering Limited.

The financial statements were authorised for issue by the board of directors on 23 April 2019.

1.2 Basis of preparation

The financial statements are prepared on the historical cost basis, except as otherwise indicated in the notes to the financial statements, and incorporate the following principal accounting policies, which except as otherwise indicated, are consistent with those applied in the previous year.

The financial statements have been presented in South African Rand, and all amounts have been rounded to the nearest Rand.

The financial statements are prepared on the going concern basis.

1.3 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

1.4 Plant and equipment

Plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, or for administrative purposes; and
- are expected to be used during more than one year.

Plant and equipment is initially recorded at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on the straight-line method to write off the cost of each asset, to their residual values over their estimated useful lives. The estimated useful lives applicable to each category of plant and equipment are as follows:

Category	Years
Computer equipment	- 3
Furniture and fittings	- 6
Office equipment	- 5

At each reporting date management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

Gains and losses on disposals are recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

1.5 Financial instruments

Financial instruments included on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables and loans receivable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Where necessary, allowance is made for obsolete, slow moving and defective inventories.

1.7 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of the company's business. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Trade and other receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An estimate is made for doubtful receivables based on a review of all outstanding amounts at reporting date. Doubtful debts are impaired and expensed during the year in which they are identified.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less. They are initially recognised at transaction price and subsequently measured at fair value.

1.9 Loans receivable

Loans receivable are initially recognised at transaction price, and are subsequently measured at amortised cost using the effective interest method, less any impairment.

1.10 Share capital and equity

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

1.11 Income Tax**Tax expense**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable income for the year plus under/over provisions in prior periods.

Current 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.

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

1.11 Income Tax (Continued)**Deferred Tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.12 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Most obligations are on normal credit terms and do not bear interest.

Trade and other payables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method. In practice they are usually recognised at the amount of the related invoice.

1.13 Impairment of assets

At each reporting date, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss in operating costs.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss in cost of sales.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss in other income.

1.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Sales of goods are recognised when the goods are delivered to the customer, which then assumes total control over the acquired products, and when there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Other income earned by the company are recognised on the following basis:

- Interest income is recognised on the accrual basis, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

1.15 Foreign currency**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.16 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.17 Operating lease agreements

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Rental expense on operating leases is recognised on a straight-line basis over the term of the relevant lease unless the lease payments are structured to increase in line with expected general inflation in which case the expense is recognised in accordance with the expected payments.

1.18 Employee benefits

Employee benefit costs are recognised in profit or loss as incurred.

1.19 Key sources of estimation uncertainty and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Plant and equipment

Plant and equipment is depreciated on the straight-line method over its useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

Allowance for doubtful debts of trade receivables

An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect amounts due within reasonable time.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

1.19 Key sources of estimation uncertainty and judgements (Continued)

Tax expense

Taxes are a matter of interpretation and subject to changes. Estimations of normal company tax and capital gains tax are based on management's interpretation thereof.

Allowance for obsolete, slow moving and defective inventories

Judgement is required to establish whatever inventory is obsolete, redundant or slow moving and the extent to which cost exceeds net realisable value.

2. PLANT AND EQUIPMENT

2019	Cost 2019 R	Accumulated depreciation 2019 R	Carrying value 2019 R
Computer equipment	56 087	(54 342)	1 745
Furniture and fittings	1 052	(1 049)	3
Office equipment	20 500	(20 500)	-
	<u>77 639</u>	<u>(75 891)</u>	<u>1 748</u>
Details of movement:			
	Carrying value 2018 R	Depreciation 2019 R	Carrying value 2019 R
Computer equipment	6 898	(5 153)	1 745
Furniture and fittings	3	-	3
Office equipment	-	-	-
	<u>6 901</u>	<u>(5 153)</u>	<u>1 748</u>
2018	Cost 2018 R	Accumulated depreciation 2018 R	Carrying value 2018 R
Computer equipment	56 087	(49 189)	6 898
Furniture and fittings	1 052	(1 049)	3
Office equipment	20 500	(20 500)	-
	<u>77 639</u>	<u>(70 738)</u>	<u>6 901</u>
		2019 R	2018 R

3. INVENTORIES

Merchandise	<u>150 144 610</u>	<u>90 824 779</u>
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The total value of inventories measured at net realisable value is R Nil
(2018: R Nil)

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

	2019 R	2018 R
4. TRADE AND OTHER RECEIVABLES		
Trade receivables – third parties	63 981 798	60 563 807
Value Added Tax	4 061 562	7 226 835
Group company current accounts	2 376 409	40 500 891
Others (aggregate of immaterial items)	112 222	11 700
	<u>70 531 991</u>	<u>108 303 233</u>
<i>There was 1 (2018: 2) customers who individually represented more than 10% of the total balance of trade receivables.</i>		
5. LOAN RECEIVABLE		
Shareholder		
T Rutlokoane	<u>2 400 000</u>	<u>2 500 000</u>
<i>Unsecured, interest free with no fixed terms of repayment.</i>		
6. SHARE CAPITAL		
Authorised		
1 000 ordinary shares of R1 each	<u>1 000</u>	<u>1 000</u>
Issued		
134 ordinary shares of R1 each	134	134
Share premium	4 999 966	4 999 966
	<u>5 000 100</u>	<u>5 000 100</u>
7. SHARE-BASED PAYMENT RESERVE		
Equity arising on share-based payment transaction	-	5 000 000
Allotment of shares	-	(5 000 000)
	<u>-</u>	<u>-</u>
8. DEFERRED TAX		
Balance at beginning of year	-	-
Recognised in profit or loss	28 146	-
	<u>28 146</u>	<u>-</u>
Balance at end of year	<u>28 146</u>	<u>-</u>
<i>Comprises prepayments</i>		

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

	2019 R	2018 R
9. TRADE AND OTHER PAYABLES		
Trade payables – third parties	2 571 069	2 144 407
Trade payables – related parties	245 248 663	212 472 780
	<hr/>	<hr/>
Others (aggregate of immaterial items)	247 819 732	214 617 187
	177 902	120 000
	<hr/>	<hr/>
	247 997 634	214 737 187
	<hr/>	<hr/>
10. REVENUE		
Sale of goods	392 212 542	306 904 084
	<hr/>	<hr/>
11. PROFIT BEFORE TAX		
<i>Profit before tax is arrived at after taking into account:</i>		
INCOME		
Interest received	1 874 644	1 816 755
	<hr/>	<hr/>
EXPENSES		
Depreciation	5 153	8 569
Employee costs	1 214 529	1 171 742
Loss on foreign exchange	265 941	114 774
Operating lease payments - property	167 947	153 775
	<hr/>	<hr/>
12. TAX		
South African normal tax		
- current	419 782	791 538
- deferred	28 146	-
Dividend withholding tax	53 370	-
	<hr/>	<hr/>
	501 298	791 538
	<hr/>	<hr/>

There were no significant differences between taxable income and accounting profit during the year under review. In the prior period there were non-deductible expenses of R2 755 491.

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2019 (Continued)

13. RELATED PARTIES

During the year, the company entered into the following transactions, and had the following balances with related parties:

	Purchases/ services from related parties R	Sales to related parties R	Related party creditor R	Related party debtor R
2019				
Vega Industries (Middle East) F.Z.C - Holding company	446 532 382	450 702	245 248 663	-
2018				
Vega Industries (Middle East) F.Z.C - Holding company	291 212 292	-	212 472 780	-

Sales to and purchases from related parties

Sales to and purchases from related parties are determined by management.

Purchases/services from related parties represent the purchase of goods and management fees.

Amounts due from related parties are disclosed in Notes 4 and 5.

14. COMPARATIVE FIGURES

The company has reclassified certain comparative figures which it believes will provide more meaningful disclosure.

Statement of financial position

The company has disclosed Group company current accounts of R40 500 891 under trade and other receivables on the statement of financial position as disclosed in Note 4, whereas in the previous period they were included in loans receivable.

MANAGEMENT INFORMATION

VEGA STEEL INDUSTRIES (RSA) PROPRIETARY LIMITED

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	2019 R	2018 R
REVENUE	392 212 542	306 904 084
COST OF SALES	(388 060 499)	(301 610 516)
<i>Inventory at beginning of the year</i>	(90 824 779)	(98 438 646)
<i>Purchases</i>	(447 380 330)	(293 996 649)
<i>Inventory at end of the year</i>	(538 205 109) 150 144 610	(392 435 295) 90 824 779
GROSS PROFIT	4 152 043	5 293 568
OTHER INCOME	1 874 644	1 816 755
<i>Interest received</i>	1 874 644	1 816 755
	6 026 687	7 110 323
OPERATING COSTS	(4 430 991)	(7 038 893)
<i>Auditors remuneration</i>	152 991	115 040
<i>Bank charges</i>	42 293	31 662
<i>Commission</i>	1 176 638	923 515
<i>Computer expenses</i>	14 870	22 641
<i>Courier and postage</i>	2 726	5 589
<i>Depreciation</i>	5 153	8 569
<i>Donations</i>	2 000	5 000
<i>Foreign exchange losses</i>	265 941	114 774
<i>General expenses</i>	3 433	4 035
<i>Insurance</i>	189 603	315 728
<i>Management fees</i>	1 070 408	1 091 016
<i>Penalties</i>	2 046	4 079
<i>Printing and stationery</i>	511	2 608
<i>Professional fees</i>	79 928	539 869
<i>Rent, electricity and water</i>	167 947	153 775
<i>Salaries and wages</i>	1 214 529	1 171 742
<i>Sales promotion expenses</i>	28 110	-
<i>Share-based expenses</i>	-	2 500 000
<i>Telephone and fax</i>	11 864	25 148
<i>Travelling expenses</i>	-	4 103
PROFIT FOR THE YEAR	1 595 696	71 430