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

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

PREPARER

Prepared by LH Maharaj.

LEVEL OF ASSURANCE

Audited

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The directors' report set out on page 3 and the financial statements set out on pages 5 to 18 were approved by the board of directors on 8 May 2023 and signed on their behalf by:

PR SHAH
Director

Tuffias SANDBERG
CHARTERED ACCOUNTANTS (SA)
REGISTERED AUDITORS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VEGA STEEL INDUSTRIES (RSA) PROPRIETARY LIMITED

Opinion

We have audited the financial statements of Vega Steel Industries (RSA) Proprietary Limited set out on pages 5 to 18, which comprise the statement of financial position as at 31 March 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 14 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on Vega Steel Industries (RSA) Proprietary Limited's future prospects, performance and cashflows. Management have described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Vega Steel Industries (RSA) Proprietary Limited Financial Statements for the year ended 31 March 2023", which includes 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.

Tel: +27 11 524 9700 | Email: info@tsza.co.za
www.tuffiassandberg.co.za | Greenstone Hill Office Park, Building No. 8, Emerald Boulevard, Greenstone Hill Ext 22, Edenvale 1609
Postnet Suite No. 223, Private Bag X10010, Edenvale 1610
Practice No. 906840

Partners: Ryan Feinberg, Paulo Marques, Ashley Muller, Shaun Nurick, Marco Patrizi
Associate: Jamie Schlebusch
Independent member Morison Global

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 Standard 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
Johannesburg

8 May 2023

DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2023.

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

Refer to Note 14 in the attached financial statements.

No other 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.

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 000 000 (2022: R1 200 000) were declared and paid to the shareholders during the year under review.

EMPLOYEES

The average number of employees for the year under review was 2.

DIRECTORS

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

*PR Shah
*RA Gilani
**HK Patel
T Rutlokoane
LH Maharaj

*Indian
**British

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.

8 May 2023

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Note	20232 R	2022 R
ASSETS			
Non-current assets			
Plant and equipment	2	17 356	35 728
Current assets		33 237 522	41 568 848
Inventories	3	17 936 350	27 883 137
Trade and other receivables	4	5 549 491	7 271 623
Loan receivable	5	1 800 000	1 800 000
Cash and cash equivalents		7 951 681	4 614 088
Total assets		33 254 878	41 604 576
EQUITY AND LIABILITIES			
Equity		469 837	2 217 451
Stated capital	6	5 000 100	5 000 100
Accumulated losses		(4 530 263)	(2 782 649)
Non-current liabilities			
Deferred tax	7	-	17 733
Current liabilities		32 785 041	39 369 392
Trade and other payables	8	32 770 459	39 099 919
Current tax liability		14 582	269 473
Total equity and liabilities		33 254 878	41 604 576

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Issued capital R	Accumulated losses R	Total R
Balance at 31 March 2021	5 000 100	(2 052 722)	2 947 378
Profit and total comprehensive income for the year	-	470 073	470 073
Dividends paid	-	(1 200 000)	(1 200 000)
Balance at 31 March 2022	5 000 100	(2 782 649)	2 217 451
Profit and total comprehensive income for the year	-	(747 614)	(747 614)
Dividends paid	-	(1 000 000)	(1 000 000)
Balance at 31 March 2023	5 000 100	(4 530 263)	469 837

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 R	2022 R
REVENUE	9	58 216 927	116 639 561
COST OF SALES		(57 685 220)	(111 919 400)
		531 707	4 720 161
Other income		592 948	427 703
Operating costs		(1 831 345)	(4 360 274)
(LOSS) PROFIT BEFORE TAX	10	(706 690)	787 590
Tax	12	(40 924)	(317 517)
(LOSS) PROFIT AND TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(747 614)	470 073

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	2023 R	2022 R
Net cash flows from operating activities	3 337 593	(6 329 537)
Profit before tax	(706 690)	787 590
Adjustments for:		
Interest received	(592 948)	(285 447)
Depreciation	18 372	17 486
Operating (loss) profit before working capital changes	(1 281 266)	519 629
Working capital changes	5 339 459	(5 924 009)
Inventories	9 946 787	27 357 512
Trade and other receivables	1 722 132	48 091 917
Trade and other payables	(6 329 460)	(81 373 438)
Cash generated from (utilised by) operations	4 058 193	(5 404 380)
Interest received	592 948	285 447
Dividends paid	(1 000 000)	(1 200 000)
Tax paid	(313 548)	(10 604)
Net cash flows from investing activities	-	189 222
Acquisition of plant and equipment	-	(10 778)
Loan receivable repaid	-	200 000
Net increase (decrease) in cash and cash equivalents	3 337 593	(6 140 315)
Cash and cash equivalents at beginning of year	4 614 088	10 754 403
Cash and cash equivalents at end of year	7 951 681	4 614 088

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 8 May 2023.

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 Materiality

International Financial Reporting Standard for Small and Medium-sized Entities is only applicable to material items. Management applies judgement and considers both qualitative and quantitative factors in determining materiality applied in these financial statements.

1.4 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.

1.5 Plant and equipment

Plant and equipment is tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one year.

The cost of an item of 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.

If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and equipment is initially recognised at cost.

Cost includes the purchase price and any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

1.5 Plant and equipment (Continued)

Depreciation is calculated on the straight-line method to write off the cost of each asset, to its residual value over its estimated useful life. 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

The residual value and useful life of each asset is reviewed when there is an indicator of change present since the most recent annual reporting period. If such indicators are present, the company reviews its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The change is accounted for as change in an accounting estimate.

Major components of an item of plant and equipment are depreciated separately over each major component's useful life.

The depreciation charge for each period is recognised in profit or loss unless it is included as part of the cost of an asset.

Gains or losses on the derecognition of an item of plant and equipment are included in profit or loss when the item is derecognised. Gains or losses are calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item on that date.

1.6 Financial instruments

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

The company classifies financial instruments into the following categories:

- *Financial assets measured at amortised cost;*
- *Financial liabilities measured at amortised cost*

Financial instruments included on the statement of financial position include cash and cash equivalents, loans receivable, trade and other receivables and trade and other payables.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.7 Impairment of financial assets

At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

If, in a subsequent period, the amount of an impairment loss reverses, the previously recognised impairment loss is reversed (but not in excess of the amount that would have been determined had no impairment loss been recognised for the financial asset in prior years) and the reversal is recognised in profit or loss in other income.

1.8 Loans receivable

Loans receivable are classified as financial assets measured at amortised cost.

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

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a weighted average basis. Where necessary, allowance is made for damaged, obsolete or declining selling prices of inventories.

1.10 Trade and other receivables

Trade and other receivables are classified as financial assets measured at amortised cost.

Trade receivables are amounts due from customers for goods sold or services rendered 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.

1.11 Cash and cash equivalents

Cash and cash equivalents are classified as financial assets measured at amortised cost.

Cash and cash equivalents include 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 amortised cost.

1.12 Share capital

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.

1.13 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.

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.

1.14 Trade and other payables

Trade and other payables are classified as financial liabilities measured at amortised cost.

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.

1.15 Provisions and contingencies

Liabilities are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the estimate of the amount required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised are recognised in profit or loss.

The present value is determined by using a pre-tax rate that reflects current market assessments of the time value of money, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Contingent assets and contingent liabilities are not recognised. Contingent liabilities are disclosed unless the possibility of an outflow of resources is remote. Contingent assets are only recognised when an inflow of economic benefits is virtually certain.

1.16 Impairment of assets other than financial assets

At each reporting date, plant and equipment is 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.

1.17 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.

Sale of goods comprise the sale of steel and alloy castings to customers in the mining industry.

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.

Interest income is not earned as part of the ordinary course of business and is recognised in other income on the accrual basis, using the effective interest method.

1.18 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.

1.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A lease is classified as a finance lease if it transfers substantially all of 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 – lessee

Operating lease payments are recognised as an expense over the lease term on a straight-line basis 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.

1.20 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 value and useful life 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.

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.

1.20 Key sources of estimation uncertainty and judgements (Continued)

Allowance for obsolete, damaged or declining selling prices of inventories

Judgement is required to establish what inventory is obsolete, damaged or has declining selling prices and to determine the selling price less costs to complete and sell.

Provisions

Provisions are raised based on management estimates using all relevant information available.

2. PLANT AND EQUIPMENT

2023	Cost 2023 R	Accumulated depreciation and impairment 2023 R	Carrying value 2023 R
Computer equipment	111 760	(94 404)	17 356
Furniture and fittings	1 052	(1 052)	-
Office Equipment	20 500	(20 500)	-
	133 312	(115 956)	17 356

Details of movement:	Carrying value 2022 R	Depreciation 2023 R	Carrying value 2023 R
Computer equipment	35 728	(18 372)	17 356
Furniture and fittings	-	-	-
Office Equipment	-	-	-
	35 728	(18 372)	17 356

2022	Cost 2022 R	Accumulated depreciation and impairment 2022 R	Carrying value 2022 R
Computer equipment	111 760	(76 032)	35 728
Furniture and fittings	1 052	(1 052)	-
Office Equipment	20 500	(20 500)	-
	133 312	(97 584)	35 728

	2023 R	2022 R
3. INVENTORIES		
Merchandise	17 936 350	27 883 137
Inventories expensed	57 685 220	111 919 400
4. TRADE AND OTHER RECEIVABLES		
Trade receivables – third parties	4 605 160	4 221 186
VAT	910 557	2 987 103
Others (aggregate of immaterial items)	33 774	63 334
	5 549 491	7 271 623
5. LOAN RECEIVABLE		
Shareholder - T Rutlokoane	1 800 000	1 800 000

Unsecured, interest free with no fixed terms of repayment.

		2023 R	2022 R
6.	**STATED CAPITAL**		
	Authorised		
	1 000 ordinary shares of no par value		
	Issued		
	134 ordinary shares of no par value	5 000 100	5 000 100
7.	**DEFERRED TAX**		
	Balance at beginning of year	17 733	18 946
	Recognised in profit or loss	(17 733)	(1 213)
	Balance at end of year	-	17 733
	Comprises:		
	Prepayments	9 119	17 733
	Unused tax losses	182 271	-
	Valuation allowance	(191 390)	-
		-	17 733
8.	**TRADE AND OTHER PAYABLES**		
	Trade payables – third parties	63 687	5 428 372
	Trade payables – related parties	28 892 684	28 210 847
	Group company current accounts	3 615 704	5 279 415
		32 572 075	38 98 634
	Others (aggregate of immaterial items)	198 384	181 285
		32 770 459	39 099 919
9.	**REVENUE**		
	Sale of goods	58 216 927	116 639 561
10.	**(LOSS) PROFIT BEFORE TAX**		
	(Loss) profit before tax is arrived at after taking into account:		
	INCOME		
	Interest received	592 948	285 447
	Profit on foreign exchange	-	142 256
	EXPENSES		
	Depreciation	18 372	17 486
	Salaries and wages	1 321 656	1 396 608
	Operating lease payments		
	- property	-	112 644

11. DIRECTORS' REMUNERATION

	Basic remuneration R	Other benefits and allowances R	Cash incentives R	Total emoluments R
2023				
Executive director:				
Services provided to the company				
L Maharaj	498 750	36 000	40 850	575 600
T Rutlokoane	-	-	10 000	10 000
L Maharaj	498 750	36 000	50 850	585 600
2022				
Executive director:				
L Maharaj	456 000	43 085	38 000	537 085

12. TAX

	2023 R	2022 R
South African normal tax		
- current tax expense	-	300 456
- under provision prior periods	34 073	-
Deferred - current year movement	(17 733)	(1 213)
Dividend withholding tax	24 584	18 274
	40 924	317 517

Current tax expense has not been recognised as the company has an unused tax loss of R675 079.

There were no significant differences between taxable income and accounting profit during the year under review or the prior period.

13. RELATED PARTIES

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

	Transaction values for the year ended 31 March 2023	Transaction values for the year ended 31 March 2022	Balance outstanding as at 31 March 2023	Balance outstanding as at 31 March 2022
Purchases and payables				
Vega Industries (Middle East) F.Z.C – Holding company	42 780 609	77 108 323	28 892 684	29 556 352
Dividends paid				
Vega Industries (Middle East) F.Z.C – Holding company	746 269	895 522	-	-
T Rutlokoane – Shareholder	253 731	304 478	-	-

Related party transactions are determined by management.
Directors' remuneration has been disclosed in Note 11.

14. SUBSEQUENT EVENTS

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in South Africa and around the world. The situation is constantly evolving and the measures put in place continue to have a significant impact on the economy.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the company's operations as at the date of these financial statements.

MANAGEMENT INFORMATION

VEGA STEEL INDUSTRIES (RSA) PROPRIETARY LIMITED

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	2023 R	2022 R
REVENUE	58 216 927	116 639 561
COST OF SALES	(57 685 220)	(111 919 400)
Inventory at beginning of the year	(27 883 137)	(55 240 649)
Purchases	(47 738 433)	(84 561 888)
	(75 621 570)	(139 802 537)
Inventory at end of the year	17 936 350	27 883 137
	531 707	4 720 161
OTHER INCOME	592 948	427 703
Interest received	592 948	285 447
Profit on foreign exchange	-	142 256
	1 124 655	5 147 864
OTHER EXPENSES	(1 831 345)	(4 360 274)
Auditor's remuneration	110 000	150 000
Bank charges	16 851	37 229
Commission	130 750	306 716
Computer expenses	-	4 395
Courier and postage	-	435
Depreciation	18 372	17 486
General expenses	-	1 812
Insurance	98 197	187 530
Management fees	-	1 443 381
Penalties	2 052	281 137
Professional fees	130 209	409 568
Rent, electricity and water	-	112 644
Salaries and wages	1 321 656	1 396 608
Telephone and fax	3 258	9 691
Travelling expenses	-	1 642
PROFIT BEFORE TAX	(706 690)	787 590