



enX
GROUP



ANNUAL FINANCIAL
STATEMENTS

2021

AUDITED ANNUAL FINANCIAL STATEMENTS

Directors' responsibility statement	1
Chief executive officer and financial director responsibility statement	2
Company secretary compliance statement	2
Independent auditor's report	3
Audit and risk committee report	7
Directors' report	11
Consolidated statement of financial position	15
Consolidated statement of profit or loss and other comprehensive income	16
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Consolidated segmental analysis	20
Notes to the consolidated annual financial statements	22
Company statement of financial position	74
Company statement of profit and loss and other comprehensive income	75
Company statement of changes in equity	76
Company statement of cash flows	77
Notes to the company annual financial statements	78
ANNEXURE	
Annexure A – Interest in principal subsidiaries	87
Annexure B – Shareholders' profiles	89

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 August 2021

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of enX Group Limited ("the issuer" or "the company") and its consolidated subsidiaries ("the group") and the company as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS and its interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides, (as issued by the Accounting Practices Committee) and the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council (FRSC)). The independent external auditor is engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with IFRS, JSE Listings Requirements and Companies Act 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Weaknesses identified by management and directors in the systems of internal control in the prior year have been addressed through revised standards of internal controls. During the year the group decided to conduct more of the internal audit functions inhouse to ensure any newly identified weaknesses are addressed and that the current system of internal control is effective and that standards and policies are adhered to.

The directors have reviewed the group's cash flow forecast for the period to end November 2022 and, in light of this review, the current financial position and the additional considerations documented in the directors report with regards to going concern as well as note 39 in the consolidated annual financial statements, they are satisfied that the group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The consolidated and separate annual financial statements have been audited by the group's external auditor and their report is presented on pages 3 to 6.

PREPARER OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements have been prepared under the supervision of the CFO, Robert Lumb CA(SA).

The financial statements are available on the Group's website www.enxgroup.co.za

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements set out on pages 15 to 72 and pages 73 to 88 respectively, which have been prepared on the going concern basis, were approved by the board of directors on 3 November 2021 and were signed on its behalf by:



A Hannington
Chief Executive Officer



R Lumb
Financial Director

CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR RESPONSIBILITY STATEMENTS

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

- the consolidated and separate annual financial statements set out on pages 15 to 88, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principal 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



A Hannington
Chief Executive Officer



R Lumb
Financial director

COMPANY SECRETARY COMPLIANCE STATEMENT

for the year ended 31 August 2021

In my capacity as company secretary, I hereby confirm that in terms of section 88(2)(e) of the Companies Act, the company has lodged all returns required of a public company in terms of this Act for the year ended 31 August 2021 with the Registrar of Companies and that all these returns are true, correct and up-to-date.



R Cloete
Company secretary

Sandton

3 November 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ENX GROUP LIMITED

REPORT ON THE AUDITED CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of enX Group Limited and its subsidiaries (the Group and Company) set out on pages 15 to 88, which comprise the consolidated and separate statements of financial position as at 31 August 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of enX Group Limited and its subsidiaries as at 31 August 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

No Key Audit matters have been identified for the separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How the matter was addressed in the audit
The accounting treatment and financial statement disclosure relating to the disposal of EIE SA	
<p>The directors initiated a process for the sale of Eqstra Industrial Equipment ("EIE SA") in the current financial year. By 31 August 2021, various processes had been concluded which necessitated the directors to consider whether EIE SA should be recognised under the requirements of <i>IFRS 5: Non-current Asset Held for Sale</i>.</p>	<p>We assessed the design and implementation of controls around the measurement and classification of EIE SA. We concluded that the controls were appropriately designed and implemented.</p> <ul style="list-style-type: none"> • <i>Classification of the business as Held for sale</i> <p>We read the minutes of the board meetings to understand the directors intention and commitment to sell the business.</p>
<p>The application of IFRS 5 required the directors to exercise judgements around the classification, measurement and presentation of the disposal group.</p>	<p>We read agreements to understand the terms of sale as well as suspensive conditions.</p>
<p>The directors made judgements around:</p>	<p>We read the agreements to understand whether there would be a need for significant changes to EIE SA, which would result in the Disposal Group not being available for immediate sale. We concluded that EIE SA was available for immediate sale in its current condition.</p>
<p>Classification as a Disposal Group under IFRS 5: <i>Non-current Asset Held for Sale</i>, with the key judgement being whether the directors were still committed to a plan to sell the business at 31 August 2021, given some of the suspensive conditions that existed at year-end.</p>	<p>We read the agreements to understand whether the sale of EIE SA was probably within 12 months. Based on our reading of the agreements and understanding of the timelines, there was a high probability that the sale would be concluded within 12 months.</p>
<p>The directors have classified EIE SA as a Non Current Asset Held for Sale and discontinued operation under IFRS 5 on 31 August 2021. There is also judgment and complexity applied in the determination of the value of the assets and liabilities on the date of classification, taking into account the requirement that the assets should be recorded at the lower of cost and fair value less cost to sell.</p>	<p>We read minutes of meetings to confirm that the directors had an active programme to locate a buyer and sell EIE SA at a price that is market related.</p> <p>We assessed managements assessment of classifying EIE SA as a Disposal Group in line with the definitions in IFRS 5. We concurred with managements decision to classify the asset as a Disposal Group.</p>
<p>The classification and measurement of EIE SA as a <i>Non-current Asset Held for Sale</i> is a Key Audit Matter as a result of the judgement required by the directors.</p>	<p>We engaged our internal specialists to assess the judgements and conclusions made by management.</p> <p>Based on these, we concurred with managements decision to classify EIE SA as a <i>Non-current Asset Held for Sale</i>.</p>
	<p><i>Measurement of the disposal group in terms of the requirements of IFRS 5.</i></p> <p>We performed substantive procedures on the assets and liabilities of the EIE SA. We concluded that the assets and liabilities were recorded at the lower of cost and fair value less cost to sell.</p>
	<p>We recomputed the impairment charge on the disposal group and confirmed that the disposal group was recorded at the lower of cost and fair value less costs to sell.</p>
	<p><i>Disclosures in the consolidated financial statements:</i></p>
	<p>We have reviewed the disclosures relating to the sale of the EIE SA in the consolidated financial statements and consider these to be in line with the requirements of IFRS 5.</p>

Key audit matter**How the matter was addressed in the audit****The valuation of Maintenance Fund as it relates to maintenance revenue recognised**

Revenue recognised in relation to the maintenance fund in Eqstra has been assessed in terms of IFRS 15: "Revenue from contracts with customers". Detailed consideration is given by management of Eqstra to the accounting for maintenance revenues, because of these being of a longer-term nature and judgement needing to be exercised with regard to revenue recognised in each accounting period.

In addition, management involve the use of an actuarial expert to project future costs to be incurred on the maintenance of the vehicles.

The level of judgement involved in the valuation of the Contract Liability and resulting impact on revenue recognised has been considered to conclude that this is a Key Audit Matter.

We audited the valuation of the IFRS 15: Contract Liabilities by assessing the following:

Assessed the design and implementation of relevant controls over the valuation of the Contract Liability at year-end.

Our actuarial specialists reviewed the key actuarial assumptions employed in the actuarial model and assessed the appropriateness of the model used.

The underlying information used in the actuarial model was agreed to the leasing system and detailed substantive testing was performed on the information to ensure it is materially complete and accurate.

We verified the mathematical accuracy of the formulae used in the model.

We performed detail tests on the maintenance revenue to ensure the occurrence of the revenue was appropriate.

We assessed the presentation and disclosure as it relates to the maintenance fund in the enX Group consolidated financial statements and consider these to be in line with the requirements of IFRS 15 "Revenue from contracts with customers"

We concluded that the valuation of the Contract Liability and the occurrence of the Maintenance Revenue was appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "enX Group Limited Annual Financial Statements for the year ended 31 August 2021", which includes the directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Compliance Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of enX Group Limited for five years.



Deloitte & Touche
Registered Auditor

Per: **Tumellano Lavhengwa**
Partner
3 November 2021

Deloitte & Touche, Registered Auditors, 5 Magwa Crescent
Waterfall City Waterfall (Private Bag X6, Gallo Manor, 2052)

AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 August 2021

Dear Shareholder

The Audit and risk committee (“ARC” or “the committee”) has pleasure to present on behalf of the committee an overview of the activities performed during the financial year ended 31 August 2021. The ARC has reporting responsibilities to both shareholders and the board and is accountable to both.

The committee is constituted as a statutory committee of the group in terms of the Companies Act. Its operations are guided by a formal “Terms of reference” that are in line with the Companies Act and are approved by the board, as and when it is amended. The committee’s activities and constitution are aligned to the King IV Report on Governance. An annual work plan is drawn up to incorporate these obligations and progress is monitored to ensure all these are fulfilled. This process is supported by the audit sub-committees in all operating segments and subsidiaries. These sub-committees meet in terms of formal mandates which deal with issues arising at the operational segment or subsidiary level and are chaired by the group CFO. These committees provide formal feedback to ARC. The committee hence acts for enX Group Limited (“the company”) and its consolidated subsidiaries (“the group”).

MEMBERSHIP

During the course of the year, the membership of the committee comprised solely of independent non-executive directors. The board of enX continues to believe that these members collectively possess the skills and knowledge to oversee and assess the strategies and processes developed and implemented by management to ensure that financial data is materially accurate and internal controls were effective. They are:

- B Ngonyama (Chairman);
- V Jarana; and
- L Molefe

Shareholders voted in favour of these members at the previous AGM and are requested to re-appoint the current members at the next AGM scheduled for 20 January 2022.

All members attended all four meetings held during the year.

In addition to the committee members, the CEO and CFO, internal and external auditors, Chief Investment Officer and relevant senior managers attend ARC meetings by invitation. The company secretary acts as secretary at these meetings.

The committee members conducted a self-assessment of their performance and effectiveness during the year. It was noted that recent changes in the internal audit structure still requires more focus. The committee is, however, satisfied that it has fulfilled its duties as contained in its terms of reference.

OBJECTIVES AND SCOPE

The objectives of the ARC are as follows:

Financial reporting:

- to assist the board in discharging its duties relating to the safeguarding of assets and the operation of adequate systems and controls;
- to monitor and review accounting policies of the group and propose revisions and significant and unusual transactions, estimates and accounting judgements;
- to monitor and review the effectiveness of the internal control environment;
- to provide oversight of the group’s financial reporting controls framework implemented by management as contemplated by the JSE Listings Requirements paragraph 3.84(k), including consideration of reported deficiencies in design and operational effectiveness of internal financial reporting controls and any fraud involving directors if applicable, together with necessary remedial actions instituted;
- to review the appropriateness of the risk appetite of the group;
- to review and monitor the adequacy and effectiveness of the group’s enterprise-wide risk management policies, processes and mitigating strategies;
- to ensure that the company has established appropriate financial reporting procedures and that these procedures are operating;
- to control reporting processes and the preparation of accurate reporting of the annual financial statements in compliance with the applicable legal requirements and accounting standards; and
- to monitor the integrity of the group’s integrated annual reporting and to consider all factors and risks that may impact on the report.

Risk and combined assurance:

- to provide a forum for discussing business risk and control issues and to develop recommendations for consideration by the board; and
- to oversee the application of a combined assurance model to ensure a coordinated approach to all assurance activities.

Internal audit and internal controls:

- to oversee the activities of internal audit and monitor and review the effectiveness of the internal audit function; and
- to approve the internal audit plan and subsequent changes to the plan.

Governance:

- to perform duties which are attributed to it by the Companies Act, the JSE and King IV;
- to monitor the governance of information technology (IT) and the effectiveness of the group’s information systems (further details in the governance section); and
- to evaluate the committee’s effectiveness.

AUDIT AND RISK COMMITTEE REPORT (continued)

for the year ended 31 August 2021

External auditor:

- to nominate the appointment of the independent external auditor to shareholders;
- to review and approve the terms of engagement of the external auditor;
- to approve the external auditor's remuneration;
- to pre-approve all non-audit services in line with the formal policy on non-audit services. Fees for non-audit services amounted to R1.1 million (2020: R2.3 million);
- to assess the external auditor's independence; and
- to assess the effectiveness of the group's external audit function.

The ARC's current year activities including:

- reviewing its terms of reference and work plan to ensure compliance with the relevant provisions of the Companies Act and King IV recommendations with respect to audit committees;
- reviewing reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes;
- reviewing reports from both internal and external auditors detailing concerns arising from their audits and ensured appropriate responses from management;
- formulation of recommendations to the board of directors regarding corrective actions to be taken as a consequence of audit findings;
- reviewing significant judgements and unadjusted differences resulting from the audit;
- review of the company's interim results for the six months ended 28 February 2021 and annual financial statements for the year ended 31 August 2021 taking into account ongoing recommendations made by the JSE's proactive monitoring committee to public issuers. The committee ensured that appropriate actions were taken to apply the recommendations made by the JSE on those matters to the extent required. The committee and company continue to be committed and to practice the highest standards of financial disclosure. The committee has satisfied itself that appropriate financial reporting procedures are in place and operating.
- recommendation of the following publicly disclosed information for adoption by the board:
 - the consolidated and separate annual financial statements for the year ended 31 August 2021;
 - the interim results for the six months ended 28 February 2021; and
 - trading statements and other SENS announcements.

DISCHARGE OF DUTIES FOR THE 2021 FINANCIAL YEAR

In the execution of its statutory duties in terms of the Companies Act, the King Code and in accordance with its terms of reference, the committee effectively discharged its responsibilities and objectives during the past financial year.

EXTERNAL AUDIT

The committee satisfied itself that the appointment of the external auditor has been made in accordance with the provisions of section 22 of the JSE Listings Requirements and that all requisite information in this regard has been received to enable it to arrive at this consensus.

The committee considered the effectiveness, independence and objectivity of the external auditor Deloitte & Touche and Ms T Lavhengwa, in their respective capacities as the company's appointed external audit firm and designated auditor and ensured that the scope of the additional services provided did not impair its independence.

The committee satisfied itself that the external auditor of the group is independent, as defined by the Companies Act.

The ARC, in consultation with executive management, agreed to an audit fee for the 2021 financial year. The fee is considered appropriate for the work conducted. Audit fees are disclosed in note 20 to the consolidated annual financial statements.

A formal procedure and policy are in place to consider the provision of non-audit services by the external auditor. This work is reviewed by the committee. In terms of the policy all fees above R1 million need to be approved by the committee. The committee receives a quarterly update of non-audit fees and is comfortable that the external auditor's independence has not been compromised by the performance of non-audit services.

The committee reviewed and approved the FY2021 external audit plan. The committee met with the designated audit partner, without management present, before meetings and was briefed throughout the year on general matters relating to the auditing and accounting that may impact enX as well of matters concerning the group and the audit process in particular. All matters of concern which were raised, have been appropriately dealt with. The committee confirmed that the external auditor has executed its audit responsibilities in accordance with International Standards on Auditing and had functioned in accordance with its mandate for the 2021 financial year. No matters of concern regarding the performance of the external auditor were noted by the committee.

The ARC reviewed the performance of the external auditor and nominated, for approval at the next AGM, Deloitte & Touche as the external auditor for the 2022 financial year, with Ms T Lavhengwa as the designated auditor. The amendments to the JSE Listings Requirements, effective 15 October 2017, regarding the new auditor accreditation process were also considered. Deloitte & Touche was first appointed designated auditor to enX for the 2017 financial year and Ms Lavhengwa in 2021.

INTERNAL AUDIT

Internal audit is a key assurance component within enX. The internal audit function has been restructured from an outsourced arrangement to an internal function. The function has been set up to report independently from management and has a direct reporting line to the chair of the audit and risk committee with an administrative reporting line to the CFO. As the function is new, the audit and risk committee will consider the effectiveness of internal audit in the following year. A large portion of the 2021 year

plan focused on implementing a structure to support CEO and CFO controls sign off in terms of paragraph 3.84(k) of the JSE Listings Requirements.

The following functions were performed and reported on:

- Evaluating the effectiveness of internal controls over financial reporting and internal controls in general;
- Reviewing the governance of IT within the group;
- Assessing the governance of risk in line with the Combined Assurance Framework; and
- Report findings to management and the committee and monitoring the remediation of all significant deficiencies reported.

The manager in charge of internal audit reports functionally to the chair of the audit and risk committee and administratively to the CFO. The audit and risk committee considered the role and recommended certain improvements regarding the effectiveness of the internal audit function.

The committee has an interest in risk management as a result of its responsibility for internal controls. ARC has therefore also satisfied itself that the level of unmitigated risk, both individually and in totality, are within the risk appetite of the group, and that there is sufficient assurance provided to manage risk and the control environment through both internal and external assurance providers.

ADEQUACY AND FUNCTIONING OF INTERNAL CONTROLS

To meet the group's responsibility to provide reliable financial information, the group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that those transactions are properly authorised and recorded.

ARC received feedback from management on the work rolled out in the current year to support the CEO and Financial director sign off on internal controls, as required by paragraph 3.84(k) of the JSE Listings Requirements. This paragraph requires a statement by the CEO and Financial director to confirm that the internal financial controls been put in place to ensure that material information of the group has been provided to effectively prepare the group's financial statements.

The group has adopted a "Top Down and Bottom Up" approach to internal financial reporting risks and controls whereby material reporting risks and controls at the group's reporting and those in place at underlying businesses, have been identified and documented. Internal financial reporting risks were identified and documented across key reporting processes as well as at an entity level.

ARC is satisfied that the internal financial controls are adequate and effective to assist in compiling the audited consolidated and separate annual financial statements. Where deficiencies in design and operational effectiveness of the internal financial controls have been noted, they have been disclosed to the committee and external auditors, together with the necessary remedial actions instituted.

The committee is satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the audited consolidated and separate annual financial statements for the year ended 31 August 2021.

The group's delegated management remain committed to ongoing improvements ensuring that the control environment remains sound for reliable audited consolidated and separate annual financial statements and safeguarding of the group's assets.

FINANCIAL REPORTING

The committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the group which includes the audited consolidated and separate annual financial statements.

The audit and risk committee, among other matters:

- confirmed the going concern as the basis of preparation of the audited consolidated and separate annual financial statements;
- ensured that the audited consolidated and separate annual financial statements fairly present the financial position of the group and of the company as at the end of the financial year and the results of the operations and cash flows for the financial year;
- considered the basis on which the group and the company, was determined to be a going concern;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditors' audit report and key audit matter included;
- reviewed the representation letter relating to the audited consolidated and separate annual financial statements, which was signed by senior management;
- considered any problems identified and reviewed any legal and tax matters that could have a significant impact on the audited consolidated and separate annual financial statements;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- had unrestricted access to the financial information of the group and assessed whether the group has established appropriate financial reporting procedures at the group and subsidiary levels; and
- was able to satisfy itself that the group has the appropriate financial reporting procedures in terms of the JSE Listings Requirements paragraph 3.84(g).

PRO-ACTIVE MONITORING

The audit and risk committee hereby confirms that the findings contained in the JSE Proactive Monitoring reports from 2011 to 2020, thematic reviews, common findings reports, and the JSE and IASB COVID-19 letters and documents were taken into account when preparing the audited consolidated and separate annual financial statements, as well as the preliminary summarised audited consolidated financial statements for the year ended 31 August 2021.

AUDIT AND RISK COMMITTEE REPORT (continued)

for the year ended 31 August 2021

TECHNOLOGY AND INFORMATION GOVERNANCE

The board mandated the committee to provide oversight over technology and information (IT) governance. As such, the committee oversaw the implementation and review of all relevant IT governance mandates, policies, processes and control frameworks while ensuring compliance with the standards adopted by the group.

In order to assist the committee, in the discharge of its duties in respect of IT governance, an IT steering committee is mandated with the executive oversight of IT governance. The steering committee ensures that the IT strategy supports the business goals and objectives as well as the sustainability objectives of the group. The steering committee is responsible for the implementation of, and measurement against, the IT governance framework and other related initiatives, in conjunction with the other existing oversight bodies.

WHISTLE-BLOWING

ARC received quarterly updates on any tip-offs received through the whistle-blowing process. Reports received and investigated did not reveal any malpractice relating to accounting practices, internal controls, internal audit function or the content of the group's financial statements.

REVIEW OF CFO AND FINANCIAL FUNCTION

As required by the JSE Listings Requirements, the committee has satisfied itself that the CFO, Mr. Robert Lumb has the appropriate expertise and experience to fulfil his role and responsibilities. In addition, ARC satisfied itself that the composition, experience and skill set of the finance function met the group's requirements.

KEY AUDIT MATTERS AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The audit and risk committee has considered the key audit matters as outlined in the external auditors' report. These matters have been covered in the significant areas of judgement below.

In arriving at the figures disclosed in the audited consolidated and separate annual financial statements, there are many areas where judgement is required. These are outlined in note 1.17 - Critical accounting judgements, estimates and assumptions to the audited consolidated and separate annual financial statements. The committee has considered the quantum of the assets and liabilities on the consolidated statement of financial position and other items that require significant judgement.

The following items were considered:

- Impairment of intangible assets;
- Residual values of leasing assets;
- Recoverability of deferred tax assets in respect of future taxable profits;
- Impairment of assets;
- Revenue recognition on vehicle maintenance plans; and
- The accounting treatment and financial statement disclosure surrounding disposal group held for sale and discontinued operations.

Key areas of estimates and uncertainty relate to:

- Valuation of contract liability and the maintenance revenue recognition; and
- Disposal of EIE SA.

In making its assessment in each of the above areas, the audit and risk committee questioned senior management and examined the external auditors' report in arriving at their conclusions. ARC reviewed the disclosures, considered the procedures undertaken by the senior management and were satisfied that sufficiently robust processes were followed with regards to the judgements relating to the above items.

QUALITY OF EARNINGS

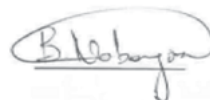
The reconciliation of the attributable profits to headline earnings is outlined in note 24 – Earnings per share.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The ARC has reviewed the consolidated and separate annual financial statements for the year ended 31 August 2021, which comply, in all material aspects, with the requirements of the Companies Act, King IV and IFRS. The committee evaluated the significant estimates and judgements as reporting decisions. Based on documents presented and recommendation to the committee, the committee supported the going concern basis of accounting and concluded that it is appropriate. The committee has therefore recommended the consolidated and separate annual financial statements of enX for the year ended 31 August 2021, as set out on pages 15 to 88, for approval to the board. The board has subsequently approved these annual financial statements, which will be available for discussion at the forthcoming AGM.

CONCLUSION

After considering the above, the ARC is of the opinion that it has appropriately addressed its responsibilities in terms of its charter, internal controls, financial accounting controls and stakeholder reporting.



B Ngonyama
Chair of the audit and risk committee

3 November 2021
Sandton

DIRECTORS' REPORT

for the year ended 31 August 2021

The directors present their report, which forms part of the consolidated and separate financial statements of enX for the year ended 31 August 2021.

NATURE OF BUSINESS

enX is a South African based holding company with a selected international presence in the continent. Through its subsidiaries it operates as a diverse business in the general industrial sector. The company listed on the JSE in 2007.

enX provides quality branded capital equipment and value-added services, power, fuel and chemical products to a broad range of economic sectors in South Africa and sub-Saharan Africa. The group provides long and short-term leases and rentals to a broad range of mainly blue-chip customers. Value is created for clients by providing equipment and services which is critical to their operations, whilst creating value for enX through its ability to extract optimal value from each revenue-generating and trading asset at each point in its lifecycle.

The group comprises the following segments:

- enX Equipment (New Way Power and Austro);
- enX Fleet (Eqstra); and
- enX Petrochemicals (AG Lubricants, WAG and WAG Chemicals).

Discontinued operations comprise EIE SA and Impact Handling (UK).

FINANCIAL PERFORMANCE

The consolidated and separate annual financial results for the year ended 31 August 2021 are set out in detail on pages 15 to 88.

enX recorded a strong recovery in profitability for the year ended 31 August 2021 compared to the prior year, despite the continued impact of COVID-19 related restrictions and unrest that hampered operations in July 2021. This translated into headline profit per share from continuing operations of 91 cents (2020: headline loss of 23 cents per share) based on the weighted average number of shares in issue during the year.

During the financial year the group disposed of its investment in Impact Handling, its United Kingdom operations, which was previously part of the Equipment segment. The business unit was classified as an asset held for sale and discontinued operation in terms of IFRS 5 with effect from 1 February 2021 and was disposed of on 14 June 2021.

EIE SA which was also previously part of the Equipment segment and provides distribution, rental and value-added services for industrial and material handling equipment in South Africa and other African countries, was classified as an asset held for sale and discontinued operation in terms of IFRS 5 with effect from 31 August 2021.

During the 2021 financial year:

- Operating profit on continuing operations before impairments of goodwill, intangible assets and PPE and adjustments on deferred vendor loan was R341.6 million (2020: R110.4 million), up significantly, positively impacted by a recovery in activity as COVID-19 related restrictions eased together with the non-reoccurrence of one-off expenditure in 2020 stemming from the pandemic. Due to the Board's decision to divest of its equity ownership in Eqstra to Bidvest during the 2019 financial year, Eqstra was required to be recorded as an asset held for sale as at the end of August 2019. As required by IFRS 5, enX was required to cease depreciation and amortisation

and assess the carrying value of the assets held for sale in terms of the transaction value. Consequently, depreciation and amortisation of R65.9 million (after tax: R47.4 million) from 15 July 2019 to 31 August 2019, which related to the 2019 financial year was reinstated during the second half of the 2020 financial year end when the Eqstra discontinued operation was reclassified to a continuing operation when the transaction did not become effective. Operating profit on continuing operations before impairments of goodwill, intangible assets and PPE and adjustments on deferred vendor loans was up 94% year on year after adjusting for the impact of the catch-up depreciation.

Equipment

New Way Power continued to be impacted by a challenging construction industry environment amidst more stable supply of power from Eskom and a continued complete shutdown of the events industry caused by the pandemic, which uses short-term rental of generators. Revenue for the year ended 31 August 2021 was R319 million (2020: R276 million), up 16% partially due to the completion of a power solution for a large data centre installation, but with margin pressures arising from a price sensitive market. Loss before tax was R37 million (2020: loss of R31 million). The business unit added renewable solutions to its revenue stream during July 2021. Significant improvements in the management of working capital during the financial year were realised.

Austro showed recovery. Revenue for the year ended 31 August 2021 was R124 million (2020: R107 million), up 16%. Profit before tax was R2 million (2020: loss of R20 million), a significant improvement compared to the prior year supported by the easing of COVID-19 related restrictions and cost reductions. Good cash flows were generated during the year through enhanced working capital management.

Fleet

Eqstra revenue for the year ended 31 August 2021 decreased to R1.769 billion (2020: R1.860 billion), a decrease of 5%. While vehicle rental units at the end of August 2021 were 3% up on the prior year with the easing of COVID-19 related restrictions, used vehicle units were down on last year due to lower average replacement business. Margins from the sale of used vehicles were, however, significantly higher than expected. Eqstra profit before tax on a like for like basis was R108 million (2020: R16 million), a significant increase mainly due to the growth in the rental fleet and non-reoccurrence of one-off charges in 2020 relating to the pandemic. Profitability was negatively impacted in the 2021 year by R4.5 million of unamortised bank structuring fees from the previous bank financing arrangements, which were fully written off following the refinancing of Eqstra.

Petrochemicals

AG Lubricants revenue increased to R908 million (2020: R778 million), an increase of 17% mainly due to higher volumes coupled by a significant increase in the price of base oils. Including share of profits from Zestcor, profit before tax was R68 million (2020: R31 million), significantly up on last year due to higher volumes, a more profitable mix of product and lower manufacturing overheads compared to the same period last year.

WAG revenue increased to R1.259 billion (2020: R896 million), up 41% on the prior year. Profit before tax was R43 million (2020: R32 million) supported by higher demand from mining, industrial and packaging manufacturing customers, new business growth coupled with lower overhead.

DIRECTORS' REPORT (continued)

for the year ended 31 August 2021

Discontinued operations

Impact Handling (UK)

During November 2020, the board decided to proceed with the divestment of one of the enX businesses.

Shareholders are referred to the SENS announcement dated 15 April 2021 announcing the disposal of **Impact Handling (UK)**. As detailed in the SENS announcement, enX Leasing Investments, a wholly owned subsidiary of enX, had entered into a Share Purchase Agreement (SPA) with Aprolis Holding SAS (the purchaser), a subsidiary of Monnoyeur SAS, for the disposal of 100% of the issued share capital of Impact Handling (UK). The disposal represented an attractive opportunity to monetarise its investment at a valuation that the board believed fairly reflected the prospects and cash flows of the business and at a higher value that was incorporated in the enX share price. Shareholder approval was obtained in a General Meeting on 1 June 2021 as required in terms of a category 1 transaction in terms of the JSE Listing Requirements. The disposal became effective on 14 June 2021 for £33 million, being the maximum purchase price as agreed in the SPA. Total proceeds net of UK based transaction fees and management exit bonuses was £31.4 million, which was received in two tranches before 31 August 2021. In line with IFRS 5, Impact Handling (UK) was reported as an asset held for sale and discontinued operation from 1 February 2021. The loss on disposal of the discontinued operation of R32.8 million has been reflected.

Impact Handling (UK) revenue and profit after tax, including profit on disposal, for the period 1 September 2020 to 14 June 2021, the date of disposal was R1.231 billion and R170.6 million respectively. Depreciation and amortisation that ceased as a result of Impact Handling (UK) being classified as a held for sale asset from 1 February 2021 until the effective date of the transaction on 14 June 2021 amounted to R113 million (after tax: R91 million).

EIE SA

Shareholders are also referred to the SENS announcement dated 30 September 2021 announcing the disposal of EIE SA to CFAO Holdings South Africa ("CFAO South Africa"), subject to shareholder approval. Binding Heads of Terms have been signed by enX and CFAO South Africa, whereby enX will dispose of its equity ownership in EIE SA for R700 million, subject to typical leakage adjustments between 31 December 2020 and closure of the transaction.

EIE SA was designated as an asset held for sale and discontinued operations with effect from 31 August 2021. In terms of IFRS 5, enX was required to assess the carrying value of the asset held for sale in terms of the transaction value. This resulted in enX impairing the held for sale asset by R108 million.

South African forklift market recovered with total units based on purchases made from the OEMs for the year ended 31 August 2021 increasing significantly compared to the prior year. EIE SA revenue for the year ended 31 August 2021 was R2.111 billion (2020: R1.890 billion), up 12%. Aftermarket revenue and pre-owned unit sales remained strong, but the new equipment market remained under pressure with a higher-than-normal new equipment sales going into the rental fleet rather than a cash sale. Operating margins were in line with last year. With the non-reoccurrence of one-off charges within EIE SA

in 2020 stemming from the pandemic and lower depreciation charges on the fleet, profit before tax increased to R84 million (2020: R5 million). Profit before tax was negatively impacted by R4.5 million of unamortised bank structuring fees from the previous bank financing arrangements, which was written off in full following the refinancing of EIE SA in December 2020.

LITIGATION

The board is not aware of any material litigation that could have a material impact on the consolidated and separate annual financial statements as at 31 August 2020. No material contingent liabilities, other than group bank guarantees exist.

DIVIDENDS

In line with the group policy to reinvest for growth, no material dividends were declared and paid during the year under review. No dividend was paid to minority shareholders during the year (2020: R1.4 million).

STATED CAPITAL

The number of ordinary shares in issue and authorised at 31 August 2021 were unchanged from prior year at 182 312 650 and 1 000 000 0000 respectively.

Details of the authorised and issued share capital of the company appear in note 14 of the consolidated annual financial statements.

TREASURY SHARES:

The following treasury shares are held by wholly-owned subsidiaries of enX:

- K2016224128 South Africa Proprietary Limited, an enX subsidiary, holds a total of 375 873 (2020: 375 873) enX shares as part of an approved forfeiture share plan as incentive for key employees. None of these shares had been allocated to employees at present; and
- enX Corporation Limited, an enX subsidiary holds 570 014 (2020: 570 014) enX shares following the unbundling in 2016.

The directors have a general authority to issue the company's unissued shares which authority is valid until the next AGM.

Details of these long-term incentive schemes appear in note 38 of the consolidated annual financial statements.

SPECIAL RESOLUTIONS

At the company's AGM held on 12 February 2021 shareholders approved:

- increase in non-executive directors' fees;
- increase in non-executive directors' committee fees;
- financial assistance in terms of section 44 of the Companies Act; and
- financial assistance in terms of section 45 of the Companies Act.

Subsidiary companies passed special resolutions in terms of sections 44 and 45 of the Act. No other special resolutions were passed during the year that might be significant to members in their appreciation of the state of affairs of the group.

SHAREHOLDER SPREAD

Details of shareholder categories are set out in Annexure B of the annual financial statements.

DIRECTORS

The board of directors during the period under review:

	Appointment date	Nature of directorship
AJ Hannington*	13 August 2020	Executive – CEO
RA Lumb	1 March 2020	Executive – CFO
P Baloyi	1 January 2014	Non-executive
WH Chapman	3 July 2020	Non-executive
OA Mabandla#	2 June 2021	Executive
V Jarana	3 September 2020	Lead non-executive
ZK Matthews	3 July 2020	Independent non-executive
L Molefe	21 October 2016	Independent non-executive
B Ngonyama	19 July 2019	Independent non-executive

* AJ Hannington was appointed non-executive director on 3 July 2020 and CEO on 13 August 2020.

OA Mabandla was appointed as non-executive director on 3 July 2020 and with his function changing to executive director on 2 June 2021.

There were no further changes to the board of directors during the current financial year.

According to the company's MOI, at the forthcoming AGM, shareholders will be asked to re-appoint L. Molefe and B. Ngonyama as directors, who retire by rotation and are eligible for re-election.

SERVICE CONTRACTS OF EXECUTIVE DIRECTORS

Executive directors retire from their positions and from the board (as executive directors) at the age of 65. Though normal retirement age is 65 years for executive directors, the company's retirement policy makes provision to extend the working relationship beyond the normal retirement age. The executive directors are subject to a three to six calendar months' written notice under their existing employment contracts.

DIRECTORS' INTERESTS

The shareholdings of the directors in the ordinary shares of the company at 31 August 2021 appear in the shareholders profile Annexure B of the annual financial statements. Directors' beneficial shareholdings did not individually exceed 10% of the company's issued share capital.

CORPORATE GOVERNANCE

The enX board affirms its commitment to the principles and cornerstones of sound governance. These are done within the predetermined parameters of risk management and control in accordance with South African accepted corporate practice.

The board and management continuously review and enhance the systems of control and governance to ensure that the business is managed ethically and in line with internationally accepted standards of best practice. Refer to the detailed corporate governance report in the annual integrated report.

Audit and risk committee

In terms of section 94(7) of the Companies Act, the committee discharged all of its delegated functions in terms of its mandate, the Companies Act and the JSE Listings Requirements. At the AGM scheduled for 20 January 2022, shareholders will be requested to approve, B Ngonyama (as chair), V Jarana and L Molefe as audit committee members, as recommended by the board.

Further details on the committee's role and function can be found in the audit and risk committee report.

Social and ethics committee

In terms of section 72(4) of the Companies Act, the committee discharged all of its delegated functions in terms of its mandate, the Companies Act and the JSE Listings Requirements. At the AGM scheduled for 20 January 2022, the chair of the committee will be available to report on the social and ethics committee's activities.

BORROWING POWERS

In terms of the provisions of section 19 of the Companies Act, read with the MOI, the company has unlimited borrowing powers. Any borrowings by the group are subject to the enX treasury policy read with the various bank covenants.

The group's total net interest-bearing liabilities (including disposal group held for sale net interest-bearing liabilities) decreased to R2.909 billion (2020: R5.197 billion), primarily due to the disposal of Impact Handling (UK).

EIE SA and Eqstra

New funding arrangements with bank lenders achieved financial closed during December 2020, whereby both EIE SA and Eqstra businesses raised their own independent ring-fenced funding facilities. The proceeds were used to repay all existing bank borrowings and all debt capital market instruments were redeemed. The refinance resulted in a significant extension of maturities for EIE SA and Eqstra with the first maturity at Eqstra arising in December 2022. Furthermore, there are material undrawn facilities for both businesses to meet existing requirements and fund growth. Negotiations are underway with the lenders to Eqstra to reduce Eqstra's cost of funding and extend maturities by applying a portion of the proceeds from the sale of Impact Handling (UK) to reduce debt.

enX Trading

The South African, businesses continued to retain their own dedicated banking facilities. The composition of the facilities evolved during December 2020 with the term loan being fully repaid, while the limit on our revolving credit facility was reduced by R30 million to R45 million. The general banking facility of R150 million, together with the indirect facility of R80 million remains. The maturity of the revolving credit facility of R45 million was extended to 31 August 2022. During 2021, an additional R50 million facility was raised in respect of WAG Chemicals, to finance growth in this operation. We believe these facilities provide adequate liquidity for these businesses to trade and grow.

DIRECTORS' REPORT (continued)

for the year ended 31 August 2021

Liquidity

Liquidity in all our businesses remains robust with well managed working capital. All financial covenants for the measurement periods covered by this report have been met.

EXTERNAL AUDITOR

It was Deloitte & Touche's fifth year as external auditor of enX and its subsidiaries. At the AGM scheduled for 20 January 2022, shareholders will be requested to re-appoint Deloitte & Touche as external auditor for the 2022 financial year, with Ms T Lavhengwa as the designated auditor. The auditor's business and postal address appear on page inside back cover.

SUBSIDIARY COMPANIES

Details of principal subsidiary companies appear in Annexure A of the annual financial statements.

PROPERTY

The register of land and buildings is available for inspection at the company's registered office during its business hours.

GOING CONCERN

The consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors believe that the group and company have adequate resources to continue as a going concern for the foreseeable future. This assessment was based on available facilities and detailed future cash flow forecasts for the next 12 months. Based on this assessment it is considered appropriate to adopt the going-concern basis in preparing the consolidated and separate annual financial statements. The directors have satisfied themselves that the group and company are in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. Refer to note 39 for further details.

The board considered the solvency and liquidity of the group and the company and is satisfied that the group and company are solvent and liquid at the date of this report.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

Shareholders are referred to the SENS announcement dated 30 September 2021 announcing the disposal of EIE SA to CFAO South Africa, subject to shareholder approval. Binding Heads of Terms have been signed by enX and CFAO South Africa, whereby enX will dispose of its equity ownership in the EIE SA group for R700 million. Refer to note 40 for further detail.

The board is not aware of any other matter or circumstance arising since the end of the reporting period which significantly affects the financial position of the group and company as at 31 August 2021 or the results of its operations or cash flows for the year, which are not dealt with in the annual financial statements.

ANNUAL GENERAL MEETING

The company's AGM will be held at Peresec Boardroom, 9th Floor, Katherine Towers, 1 Park Lane, Wierda Valley, Gauteng on 20 January 2022 at 9.00. The notice of the AGM will be available on the company website www.enxgroup.co.za on or about 20 November 2021.

COMPANY SECRETARY AND REGISTERED OFFICE

The company secretary is Acorim Proprietary Limited, represented by R Cloete.

The board as a whole, and the individual directors, have unrestricted access to the advice and services of the company secretary, who provides guidance to the board and to the directors with regard to how their responsibilities are to be discharged.

Acorim (Pty) Ltd is an independent company secretarial and corporate governance advisory service provider and is represented by R Cloete. The board is satisfied with the expertise, experience, competence and qualifications of the company secretary and confirms that the relationship between the board and the company secretary remains at arm's length.

The governance report containing further details of their function, will be included in the integrated report, to be published post the release of the financial statements.

Shareholders, employees and investors are encouraged to communicate recommendations or instructions to the board, the company secretary or the CEO.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

	Notes	31 August 2021 R'000	31 August 2020 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right of use assets	2	259 561	621 446
Leasing assets	3	2 769 789	6 087 417
Goodwill	4	–	92 461
Intangible assets	5	33 375	73 308
Investment in associate	6	103 852	70 916
Unlisted investments and loans	7	851	9 175
Deferred taxation	8	18 412	60 050
Trade and other receivables	9	–	4 624
Current assets		2 334 733	3 592 610
Trade and other receivables	9	810 665	1 062 507
Inventories	10	665 356	1 622 021
Derivative financial instruments	11	32	2 372
Taxation receivable		2 663	19 801
Bank and cash balances	12	856 017	885 909
Disposal group held for sale	13	2 794 679	–
Total assets		8 315 252	10 612 007
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	14	3 134 092	3 134 092
Other reserves	15	(733 554)	(595 867)
Accumulated profit/(loss)		224 597	(75 261)
Equity attributable to equity holders of the parent		2 625 135	2 462 964
Non-controlling interests		36 815	34 483
Non-current liabilities		2 046 164	4 159 009
Interest-bearing liabilities	16	1 700 071	3 620 250
Lease liabilities	31	93 415	95 741
Employee benefits	38	1 179	5 090
Deferred taxation	8	251 499	437 928
Current liabilities		1 493 253	3 955 551
Interest-bearing liabilities	16	359 556	2 241 028
Deferred vendor consideration	17	–	33 895
Lease liabilities	31	30 584	115 675
Trade, other payables and provisions	18	1 082 828	1 534 706
Derivative financial instruments	11	1 054	1 520
Taxation payable		19 231	23 350
Bank overdrafts	12	–	5 377
Liabilities associated with disposal group held for sale	13	2 113 885	–
Total equity and liabilities		8 315 252	10 612 007

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the years ended

	Notes	31 August 2021 R'000	Restated** 31 August 2020 R'000
Continuing operations			
Revenue	19	4 334 591	3 867 230
Cost of sales	20	(2 934 691)	(2 632 370)
Gross profit		1 399 900	1 234 860
Expected credit losses		28 384	(29 375)
Operating expenses	20	(1 086 675)	(1 095 037)
Operating profit before items listed below		341 609	110 448
Impairment of goodwill, intangible assets and property, plant and equipment	2, 4, 5	(1 721)	(318 170)
Adjustment on deferred vendor consideration		–	(30 688)
Operating profit before net finance costs and earnings from associate		339 888	(238 410)
Net finance costs	22	(151 757)	(195 999)
Interest received		6 902	13 678
Interest expense		(158 659)	(209 677)
Share of profits from associate	6	32 936	11 711
Profit/(loss) before taxation		221 067	(422 698)
Taxation	23	(55 593)	102 011
Profit/(loss) after taxation		165 474	(320 687)
<i>Attributable to:</i>			
Equity holders of the parent		163 142	(320 226)
Non-controlling interests		2 332	(461)
Net profit/(loss) after taxation		165 474	(320 687)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	21	136 716	(192 243)
Net profit/(loss) after taxation		302 190	(512 930)
<i>Attributable to:</i>			
Equity holders of the parent		299 858	(512 469)
Continuing operations		163 142	(320 226)
Discontinued operations		136 716	(192 243)
Non-controlling interests		2 332	(461)
Net profit/(loss) after taxation		302 190	(512 930)
<i>Other comprehensive income/(loss) net of taxation:</i>			
Profit/(loss) after taxation		302 190	(512 930)
Items that may be reclassified subsequently to profit or loss:			
– Foreign currency translation reserve	15	(95 870)	102 941
Total comprehensive income/(loss)		206 320	(409 989)
<i>Attributable to:</i>			
Equity holders of the parent		203 988	(409 528)
Non-controlling interests		2 332	(461)
Total comprehensive income/(loss)		206 320	(409 989)

	Notes	31 August 2021 R'000	Restated** 31 August 2020 R'000
Profit/(loss) per share from continuing operations			
Basic earnings/(loss) per share (cents)		90.0	(176.9)
Diluted earnings/(loss) per share (cents)		90.0	(176.9)
Profit/(loss) per share from discontinued operations			
Basic earnings/(loss) per share (cents)		75.4	(106.2)
Diluted earnings/(loss) per share (cents)		75.4	(106.2)

* During the year the group entered into an agreement with Aprolis Holdings SAS to divest its ownership in Impact Handling. This divestment was effective from 14 June 2021 and resulted in Impact handling being recognised as a discontinued operation in 2021. Furthermore during the year the group entered into an agreement with CFA0 to divest its ownership in EIE SA. This resulted in EIE SA being recognised as a discontinued operation as at 31 August 2021. Therefore the statement of profit or loss and other comprehensive income for 2020 has been represented in accordance with IFRS 5 to take into account the two disposals. Refer to note 1.20.

The consolidated statement of profit or loss presented for the year ending 31 August 2020 erroneously presented items of income and expense as a hybrid of function and nature. The consolidated statement of profit or loss has been restated to present items of income and expense by their function as IAS 1 Presentation of Financial Statements requires that these items be presented by either their function or by their nature. The comparatives have accordingly been restated and the operating profit or loss before taxation as presented in the segmental report. In addition, IAS 1 Presentation of Financial Statements requires expected loss allowances to be presented on the face of the statement of profit or loss. The comparatives have been restated to reflect such disclosure. This has no impact on the net loss reported in the comparative year and the resulting earnings measures.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended

	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Equity attributable to equity holders of the parent R'000	Non- controlling interests R'000	Total equity R'000
Balances as at 1 September 2019	3 117 031	(684 860)	437 208	2 869 379	36 375	2 905 754
Transfer from treasury shares to issued shares	17 061	–	–	17 061	–	17 061
Profit for the year	–	–	(512 469)	(512 469)	(461)	(512 930)
Other comprehensive income for the year	–	102 941	–	102 941	–	102 941
Vesting of share based payment	–	(13 948)	–	(13 948)	–	(13 948)
Dividends paid to minority shareholders	–	–	–	–	(1 431)	(1 431)
Balances as at 31 August 2020	3 134 092	(595 867)	(75 261)	2 462 964	34 483	2 497 447
Profit for the year	–	–	299 858	299 858	2 332	302 190
Other comprehensive income for the year	–	(95 870)	–	(95 870)	–	(95 870)
Reclassification of reserves on disposal of subsidiary	–	(41 518)	–	(41 518)	–	(41 518)
Share-based payment settlement	–	(299)	–	(299)	–	(299)
Balances as at 31 August 2021	3 134 092	(733 554)	224 597	2 625 135	36 815	2 661 950

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended

	Notes	31 August 2021 R'000	31 August 2020 R'000
Cash flows from operating activities		2 345 119	1 995 525
Cash generated from operations	25	2 680 421	2 470 873
Interest received	26	9 323	13 945
Interest paid	26	(307 717)	(417 032)
Taxation paid	27	(36 908)	(72 261)
Cash flows from investing activities		(1 341 710)	(1 771 570)
Additions to property, plant and equipment	2	(56 120)	(36 465)
Additions to leasing assets	3	(1 733 498)	(1 737 911)
Additions to intangible assets	5	(24 639)	(14 783)
Proceeds on disposal of property, plant and equipment	28	10 857	15 300
Acquisition of business	29	(12 947)	–
Net proceeds on disposal of subsidiary	30	474 637	–
Cash from unlisted investments and loans		–	2 289
Cash flows from financing activities		(1 005 191)	243 311
Proceeds from interest-bearing liabilities		3 360 712	693 550
Repayment of interest-bearing liabilities		(4 322 382)	(395 927)
Deferred vendor consideration paid		(30 319)	–
Repayment of lease liabilities		(13 202)	(52 881)
Dividends paid to minority shareholders		–	(1 431)
Net (decrease)/increase in cash and cash equivalents		(1 782)	467 266
Effects of exchange rate changes on cash and cash equivalents		(27 019)	(13 237)
Cash and cash equivalents at beginning of year		880 532	426 503
Cash and cash equivalents at end of year		851 731	880 532
<i>Cash and cash equivalents consist of:</i>			
Bank and cash balances	12	866 653	885 909
Bank overdrafts	12	(14 922)	(5 377)
		851 731	880 532

CONSOLIDATED SEGMENTAL ANALYSIS

for the years ended

	EQUIPMENT ⁽³⁾		FLEET		PETROCHEMICALS		GROUP, FINANCING AND CONSOLIDATION		TOTAL	
	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020	31 August 2021	31 August 2020
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue⁽¹⁾	443 245	3 721 188	1 768 842	1 859 651	2 167 438	1 674 032	(44 934)	(48 762)	4 334 591	7 206 109
– South Africa	443 245	2 270 242	1 612 668	1 699 154	2 005 630	1 505 131	2 996	–	4 064 539	5 474 527
– Rest of world	–	1 448 496	136 318	137 246	145 687	146 870	–	–	282 005	1 732 612
– Intercompany	–	2 450	19 856	23 251	16 121	22 031	(47 930)	(48 762)	(11 953)	(1 030)
EBITDA⁽²⁾	(6 061)	1 060 700	760 413	742 456	116 704	93 160	(460 163)	(641 532)	410 893	1 254 784
Depreciation and amortisation ⁽⁴⁾	(22 445)	(808 160)	(510 551)	(594 558)	(17 427)	(16 670)	479 418	(27 414)	(71 005)	(1 446 802)
Earnings/(loss) before interest and taxation⁽⁵⁾	(28 506)	252 540	249 862	147 898	99 277	76 490	19 255	(668 946)	339 888	(192 018)
– South Africa	(28 506)	159 915	204 507	114 776	90 362	62 135	19 255	(668 946)	285 618	(332 119)
– Rest of world	–	92 625	45 355	33 122	8 915	14 355	–	–	54 270	140 101
Net finance costs	(6 592)	(222 373)	(125 565)	(177 122)	(20 104)	(23 510)	504	13 653	(151 757)	(409 352)
Interest income	1 719	1 446	10 224	17 081	1 407	2 914	(6 448)	(7 496)	6 902	13 945
Interest expense	(8 311)	(223 819)	(135 789)	(194 203)	(21 511)	(26 424)	6 952	21 149	(158 659)	(423 297)
Share of profits from associates	–	–	–	–	32 936	11 711	–	–	32 936	11 711
Profit/(loss) before taxation	(35 098)	30 167	124 297	(29 224)	112 109	64 691	19 759	(655 293)	221 067	(589 659)
Total assets	311 877	5 864 824	3 255 128	3 116 518	1 441 564	1 055 791	3 306 683	574 874	8 315 252	10 612 007
– Goodwill and intangible assets	806	87 931	30 498	20 773	2 071	1 842	–	55 223	33 375	165 769
– Leasing assets	508	3 351 653	2 769 280	2 731 600	–	–	1	4 164	2 769 789	6 087 417
– Investment in associate	–	–	–	–	103 852	70 916	–	–	103 852	70 916
– Inventories	116 865	1 158 887	18 411	26 787	530 080	436 347	–	–	665 356	1 622 021
– Trade, other receivables and derivative financial assets	67 232	567 216	217 646	175 782	508 095	316 489	17 724	10 016	810 697	1 069 503
– Other assets	126 466	699 137	219 293	161 576	297 466	230 197	494 279	505 471	1 137 504	1 596 381
Disposal group held for sale	–	–	–	–	–	–	2 794 679	–	2 794 679	–
Total liabilities	122 094	4 491 506	2 267 571	2 382 940	1 042 476	734 154	2 221 161	505 960	5 653 302	8 114 560
– Interest-bearing liabilities and overdraft	64	3 408 566	1 680 362	1 779 350	307 982	251 783	71 219	426 956	2 059 627	5 866 655
– Deferred vendor consideration	–	–	–	–	–	33 895	–	–	–	33 895
– Trade, other payables, provisions and derivatives	71 582	768 252	312 991	332 703	675 243	424 989	23 012	8 762	1 082 828	1 534 706
– Other liabilities	50 448	314 688	274 218	270 887	59 251	23 487	13 045	70 242	396 962	679 304
Liabilities associated with disposal group held for sale	–	–	–	–	–	–	2 113 885	–	2 113 885	–
Capital expenditure net of proceeds	5 528	991 503	830 278	772 380	1 574	13 560	185	11 716	837 565	1 789 159
Number of employees	256	1 754	466	379	168	135	9	7	899	2 275
GEOGRAPHICAL SEGMENTATION										
Total assets	311 877	5 864 824	3 255 128	3 116 518	1 441 564	1 055 791	3 306 683	574 874	8 315 252	10 612 007
– South Africa	311 877	3 521 093	2 797 541	2 659 772	1 370 050	1 007 104	3 306 683	574 874	7 786 151	7 762 843
– Rest of world	–	2 343 731	457 587	456 746	71 514	48 687	–	–	529 101	2 849 164
Total liabilities	122 094	4 491 506	2 267 571	2 382 940	1 042 476	734 154	2 221 161	505 960	5 653 302	8 114 560
– South Africa	122 094	2 650 009	2 098 133	2 204 326	1 010 521	724 693	2 221 161	505 960	5 451 909	6 084 988
– Rest of world	–	1 841 497	169 438	178 614	31 955	9 461	–	–	201 393	2 029 572

Notes:

(1) No single customer exceeds 10% of group revenue.

(2) Excludes intercompany management fees.

(3) Impact Handling (UK) was disposed of during the current year and EIE SA is held for sale as at 31 August 2021 and therefore these businesses no longer form part of the Equipment segmental analysis in the current year. The statement of profit or loss and other comprehensive income for 2021 has been re-represented in accordance with IFRS 5. The comparative numbers in the segment have not been re-represented and still include Impact Handling (UK) and EIE SA, therefore the August 2020 segment includes continuing and discontinued operations. As these businesses no longer form part of the Equipment segmental analysis in the current year the assets and liabilities associated with the disposal group have been included as part of the group, financing and consolidation.

(4) Total depreciation and amortisation includes depreciation disclosed as part of cost of sales.

(5) Earnings/(loss) before interest and taxation include impairments of goodwill, intangible assets and property of R1.7 million (2020:R544.1 million). In addition, (loss)/earnings before interest and taxation includes a write off of debt restructuring costs of R4.5 million (2020: Nil). The 2020 results also includes an adjustment on deferred vendor consideration of R30.7 million which is nil in the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2021

1. PRINCIPAL ACCOUNTING POLICIES

The consolidated annual financial statements are prepared in compliance with JSE Listings Requirements, IFRS and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC) that are relevant to its operations and have been effective for the annual reporting period ending 31 August 2021, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act 71 of 2008, as amended. The annual financial statements were approved for issue by the board of directors on 3 November 2021 and will be tabled at the annual general meeting of shareholders on 20 January 2022. These accounting policies are consistent with the previous year.

1.1 Basis of preparation

The consolidated and separate annual financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments at fair value (refer to note 1.9).

1.2 Standards and interpretations not yet effective or relevant

At the date of authorisation of the financial statements of the group and company for the year ended 31 August 2021, the following Standards and Interpretations were in issue but not yet effective:

Standards and interpretations	Annual periods beginning on or after
<i>Issued and effective</i>	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Amendment to IFRS 16	1 Apr 2021
<i>Issued but not yet effective</i>	
Amendments to IAS 16	1 January 2022
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	1 January 2022
Amendments to IFRS 3 (May 2020)	1 January 2022
Amendments to IAS 37 (May 2020)	1 January 2022
IFRS 17	1 January 2023
Amendments to IAS 1	1 January 2023
Amendments to IFRS 4	1 January 2023
Amendments to IAS 12	1 January 2023
Amendments to IAS 8	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023

The remainder of the new standards and interpretations applicable for the 2021 financial year are not considered to have a material impact on financial reporting.

1.3 Interest in subsidiaries

Subsidiary companies and other controlled entities

The group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The company records its investment in subsidiaries at cost less any impairment charges. These interests include any inter-group loans receivable which represent by nature a further investment in subsidiaries.

1.4 Associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

Associates are accounted for using the equity method. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of profit or loss and other comprehensive income of the associate. The company records its investment in associates at cost less any impairment charges.

1.5 Property, plant, equipment, right of use assets and leasing assets

Property, plant and equipment and leasing assets are stated at historical cost, less accumulated depreciation and impairment losses.

Property, plant and equipment and leasing assets are initially recognised at cost. Transaction costs are included in the initial measurement.

Subsequent costs are recognised to the extent that it is probable that the future economic benefits which are associated with them will flow to the entity and the cost can be measured reliably.

Items of property, plant and equipment and leasing assets are depreciated to their residual values, on a component basis (where applicable), on a straight-line basis over their estimated useful lives, commencing from the date they are available for use. The depreciation is calculated and charged to the statement of comprehensive income over the following periods:

Item	Average useful life
Plant and equipment	3 – 10 years
Office equipment	3 – 5 years
Computer equipment	3 years
Motor vehicles	3 – 10 years
Leasehold improvements	Lesser of useful life or period of lease
Buildings	Up to 20 years
Leasing assets (vehicles and forklifts)	3 – 10 years
Right of use assets	Lesser of useful life or period of lease

The average lease term in the group ranges from two to eight years.

The residual value, is re-assessed at each year-end together with the useful life of the asset.

Carrying amounts of property, plant and equipment and leasing assets are reduced to their recoverable amounts where these are lower than the carrying amounts. The expected future cash flows attributable to such assets are considered in determining the recoverable amounts. If the recoverable amount is lower than the carrying amount, it is impaired in the statement of profit or loss and comprehensive income.

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets, fairly valued, on the acquisition date of the subsidiary. Goodwill is stated at cost less accumulated impairments.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to profit or loss in the period of acquisition.

Goodwill is allocated to CGUs for the purpose of impairment testing.

The carrying amount of goodwill is assessed at each reporting period, or when deemed necessary. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired.

1.7 Intangible assets other than goodwill

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Assessments that the useful lives are indefinite are undertaken annually.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specification to which it relates. All other expenditure is recognised in profit or loss.

Intangible assets with finite useful lives are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives. Amortisation is disclosed as part of depreciation and amortisation on the statement of comprehensive income. The estimated useful lives for the current period are as follows:

Item	Useful life
Supplier and distributorship agreements	20 years
Trade names	20 years
Computer software	2 – 8 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

At the end of each reporting period, or when deemed necessary, the carrying amount is compared to the recoverable amount and as such is tested for any indication of impairment. Where there is an impairment, this will be recorded against the carrying value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

1.8 Inventories

Inventory comprises raw materials, finished goods, vehicles, consumables and work-in-progress.

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

Vehicles	Specific cost
Spares, accessories and finished goods	Weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Work-in-progress includes production costs and overheads directly attributable to the production of goods; and interest expenses are excluded.

Allowances for inventory that is slow-moving and/or obsolete are made. The provision for inventory obsolescence is based on a physical count and inspection of stock items which is performed at least annually and takes into account the age, condition and usage rates of the inventory. Any inventory that is physically identified as damaged is written off when discovered.

The amount of any write-down of inventories to net realisable value and all losses of inventories are charged to the statement of profit or loss and comprehensive income in the period the write-down or loss is incurred. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories through the statement of comprehensive income in the period in which the reversal occurs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

1.9 Financial instruments

Classification and subsequent measurement

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument based on the business model and the contractual cashflows associated with the instrument.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through OCI and fair value through profit or loss (FVTPL). Amortised cost and FVTPL are relevant to the group.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile,
- matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

1.9 Financial instruments continued

Trade and other receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method and reduced by the expected credit losses ("ECL"). The group has applied the simplified model determining the lifetime expected credit losses of trade receivables as there is no significant financing component. ECL have been considered in detail as part of the impairment of financial assets. Other receivables include deposits, sundry debtors, claims and recoverables.

Financial instruments are carried at amortised cost and where the effect of the time value of money is not considered to be material, discounting is not applied as the carrying value approximates the fair value.

Impairment of financial assets

An assessment is made at each reporting date whether there is any objective evidence that trade, loans and other receivables are impaired. The group applies the simplified approach to calculate the ECL of trade receivables and contract assets. The rates used in the provision matrix are based on days past due and debt written off.

For all other financial assets classified at amortised cost as well as issued loan commitments, the general approach has been applied to calculate the ECL. The ECL is calculated by considering the consequences and probabilities of possible defaults only for the next twelve months.

Trade payables and interest bearing liabilities

Trade payables and interest bearing liabilities are initially recognised at fair value and are subsequently measured at their amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost which approximates fair value. Cash and cash equivalents comprise cash balances and call deposits.

Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are recognised at fair value through profit or loss. These instruments are analysed between current and non-current assets and liabilities, depending on when they are expected to mature. If an instrument is expected to mature within one year from the reporting date it is considered to be current, if the terms of an instruments resulting in the instrument maturing in more than one year from the reporting date it will be recognised as non-current.

Fair value movements are recognised immediately in the statement of comprehensive income.

Fair value calculations

Fair values for unquoted equity instruments are estimated using applicable fair value models. If a quoted bid price is not available for dated instruments, the fair value is determined using pricing models or discounted cash flow techniques. Refer to the "other investments and loans note" and the "derivative financial instruments note" for additional details.

Derecognition

A financial asset is derecognised when its contractual rights to the cash flow from the financial asset expire, or if it transfers the asset together with its contractual rights to receive the cash flows of the financial assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.10 Leases

The group as lessor (IFRS 16)

Finance leases

Amounts due under finance leases are treated as installment credit agreements.

Operating leases

Income is recognised in the statement of comprehensive income over the period of the lease term on a straight line basis.

Income is recognised in the statement of comprehensive income over the period of the lease term on the straight line basis. Assets leased under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the group applies IFRS 15 to allocate the consideration under the contract to each component.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

1.10 LEASES *continued*

The group as lessee (IFRS 16)

The group assesses whether a contract is or contains a lease, at inception of the contract. When the group leases an asset a 'right of use asset' is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right of use asset is initially measured at cost, being the present value of the lease payments payable, plus any initial direct costs incurred in entering the lease and dismantling costs, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses

Right of use assets are disclosed as part of property, plant and equipment. Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are discounted using the incremental borrowing rates of the applicable group entity. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- amounts expected to be payable by the lessee under residual value guarantees. Lease liabilities are disclosed as part of borrowings.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when:

- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);
- the group's assessment of the lease term changes;
- lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the right of use asset.

The weighted average incremental borrowing rate applied to the group's lease liabilities recognised in the statement of financial position was within the following range of 9.69% to 11.44%.

In terms of IFRS 16 the group has elected not to recognise right of use assets and liabilities for short term leases less than twelve months or low value assets which is in accordance with the standard. Lease are considered to be low value when they are below R80 000.

1.11 Revenue recognition

Fleet

Sale of capital goods

Revenue comprises the net invoiced amount of goods supplied and services rendered to customers, excluding value-added tax. Revenue from the sale of capital goods includes the sale of used vehicles. The performance obligation is satisfied when the vehicles are delivered to the customer. When the goods have been delivered to the customer and control has passed, revenue is recognised at that point in time. The transaction price is based on the cost of the goods sold increased by a margin.

Leasing rentals

Revenue from leasing rentals is recognised as the customer consumes the product.

The consideration recognised monthly is based on a fixed monthly amount for the financing of the vehicle over the contract term and a fixed monthly amount for the admin fees. The admin fees are for clerical performance within the month of billing and therefore the admin fee is recognised at a point in time. The admin fee is a separately billed component and is easily determined. The monthly rental of the vehicle is based on the asset value, the contract interest rate, and a residual value and is therefore easily determined.

Maintenance revenue

Revenue from vehicle maintenance plans is recognised over the period of the maintenance plan to the extent of the value of parts and services provided.

The performance obligations that need to be met in line with the vehicle maintenance plan include the provision of maintenance services to the customer over the agreed contract period and the administration of the contract during the contract period.

1.11 Revenue recognition continued

The provision of the vehicle services are performed over time, therefore the revenue is recognised over time as the customer consumes the benefit of the maintenance based on the input method using the terms of the agreement and the expected costs associated with the maintenance. As a result of the fact that lease arrangements span periods of 48 months to 60 months, an actuarial valuation process is employed to determine the extent of the maintenance revenues to be recognised each year. The admin fees are billed upfront for initiation of the contract and therefore recognised at point in time.

Value added products

Revenue for value added product services are based on master agreements in place with customers and revenues are recognised as the services are provided.

The performance obligations that need to be met in order to recognise the revenue is the provision of the value added product services to the customer over the contract period.

The billing of the value added products is determined by the cost being rebilled with a margin. The admin fee is a separately billed component and is easily determined based on the clerical activities performed within the month.

Discontinued operations (EIE SA and Impact Handling (UK))

New and pre-owned revenue

Revenue comprises the net invoiced amount of goods supplied excluding value-added tax. Revenue from the sale of goods includes the sale of new and pre-owned forklifts.

The performance obligation is satisfied when the goods are delivered to the customer. When the goods have been delivered to the customer, the control has passed, and the revenue is recognised at that point in time. The transaction price is based on the cost of the goods sold increased by a margin.

Leasing revenue

Revenue from leasing assets is recognised over the period of the contract to the extent of the value of the forklift provided.

The performance obligation that needs to be met is the provision of a forklift to the customer over the lease period.

The leasing of the forklifts is performed over time; therefore, the revenue is recognised over time. The consideration recognised monthly is based on a agreed contract, with either a fixed or fluctuating interest rate. The monthly rental of the forklift is based on the asset value, over the period of the contract, using the contract interest rate, down to a residual value and is therefore easily determined.

Maintenance revenue

Revenue from maintenance contracts is recognised over the period of the maintenance contract in line with the value of the contract.

The performance obligation that needs to be met in line with the maintenance contract includes the provision of maintenance services to the customer as stipulated in the contract, over the contract period. Due to the nature of these agreements there is limited judgement required to determine the revenue recognised.

Service revenue

The provision of services is performed over time; therefore, the revenue is recognised over time as the customer consumes the benefit of the services provided.

The performance obligation that needs to be met is the provision services to the customer as stipulated in the service contract, over the contract period. The nature of these agreements is short term and therefore there is limited judgement required to determine the revenue recognised.

Parts revenue

Revenue comprises the net invoiced amount of parts supplied excluding value-added tax.

The performance obligation required to recognise the revenue from the sale of parts is the supply or delivery of the parts to the customer. When the parts have been delivered or supplied to the customer, the control has passed, and the revenue can be recognised at that point in time.

Petrochemicals

Sale of goods and consumables

Revenue from the sale of goods and consumables includes the sale of lubricants, rubber, polyethylene, polystyrene and other chemical products. The inventory needs to be delivered to the customer in order for the performance obligation to be met and the revenue recognised. The transaction price is based on the cost of the inventory sold increased by a margin.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

1.11 Revenue recognition continued

Equipment (New Way Power)

Sale of capital goods

Revenue comprises the net invoiced amount of goods supplied and services rendered to customers, excluding value-added tax. Revenue from the sale of capital goods includes the sale of generators and engines. The performance obligation is satisfied when the goods are delivered to the customer. When the goods have been delivered to the customer the control has passed and the revenue can be recognised at that point in time. The transaction price is based on the cost of the goods sold increased by a margin.

Generator service and maintenance

Revenue from generator service and maintenance recognised based on the services rendered and the performance obligations that need to be met include the maintenance services to be provided to the customer as requested by the customer. The transaction price is based on the rate per hour for labour to perform such maintenance.

Leasing rental

Revenue from generator rentals is recognised over the period of the agreement to the extent of the value of the generator provided.

The performance obligations that need to be met include the provision of generators to the customer over the agreed contract period and the administration of the contract during the contract period.

The leasing of the generator is performed over time; therefore, the revenue is recognised over time. The revenue recognised is based on the monthly rental which is based on the asset value, for the period of the contract, using the contractual interest rate, and applying a residual value and is therefore easily determined.

Equipment (Austro)

Sale of goods and consumables

Revenue from the sale of goods and consumables includes the sale of various wood equipment products and parts. The inventory needs to be delivered to the customer in order for the performance obligation to be met and the revenue recognised. The transaction price is based on the cost of the inventory sold increased by a margin.

1.12 Finance costs

Borrowing costs are recognised as an expense charged to the statement of comprehensive income in the period in which they are incurred, except to the extent in which interest paid meets the criteria for capitalisation against a qualifying asset, in which case it is capitalised as part of the cost of the asset.

1.13 Taxation

Current taxation

The charge for current taxation is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Taxation is calculated using rates that have been enacted or substantively enacted at the statement of financial position date. To the extent that the current taxation is unpaid, a liability is recognised and if a refund is due at the year-end an asset is raised.

Deferred tax

Deferred taxation is calculated at the taxation rates enacted or substantially enacted at statement of financial position date and are expected to apply when the related deferred taxation asset is realised or deferred liability is settled and is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation is raised on all temporary differences, other than the initial recognition of goodwill, and of assets or liabilities in transactions other than business combinations which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred taxation is provided for on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group is able to and intends to settle its current tax assets and liabilities on a net basis.

1.14 Impairment of assets

The carrying amount of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount is estimated at least annually for all goodwill and intangible assets with an indefinite useful life. The recoverable amount of an asset is calculated as the higher of its value in use or its fair value less cost to sell.

In assessing the value-in-use, the expected future cash flows from the cash generating unit ("CGU") or assets are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For impairment calculation purposes, goodwill is allocated to the CGUs expected to benefit from the business combination.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Where the recoverable amount of an individual asset cannot be determined, the recoverable amount of the CGU to which the asset belongs is determined. An impairment loss on a CGU will be allocated first to goodwill and then to the other assets in the CGU unit on a proportionate basis.

A previously recognised impairment loss is reversed if the recoverable amount of the asset increases as a result of a change in the estimate used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. An impairment loss in respect of goodwill is not reversed.

1.15 Operating segments

Operating segments have been identified using the management approach as required by IFRS 8 (*Operating Segments*) in terms of which segment classification is determined according to the basis on which management presents operating results to the Chief operating decision maker (CoDM) which is considered to be the executive directors, on a quarterly basis.

The principal segments have been identified on a primary basis by business segment and on a secondary basis by significant geographical area in which the group operates.

Segment revenue reflects both sales to external parties and intergroup transactions across segments. The segment result is presented as segment profits or losses for the year. Segment profit represents the profit before taxation earned by each segment without allocation of central administration costs.

Segment operating assets and liabilities are only those items that can be specifically identified within a particular segment.

Consistent account policies are adopted across the segments.

1.16 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand, which is the group and company's presentation and the company's functional currency.

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction dates.

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translations are credited to, or charged against, the statement of comprehensive income.

Foreign subsidiaries

Once-off items in the statement of comprehensive income and statement of cash flows of foreign subsidiaries expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period.

Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date.

All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the group or the foreign entity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at the reporting date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

1.17 Management judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income or expenses. Actual results may differ from these judgements, estimates and assumptions. There are not considered to be any significant judgements which need to be made in applying the group's accounting policies or IFRS.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates revised. The accounting estimates that give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below:

Significant estimates

Certain accounting areas have been identified as involving significant estimates:

Residual values of leasing assets

Leasing assets are depreciated over their useful life taking into account residual values. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In re-assessing residual values, factors such as leasing contract terms, maintenance programmes, future market conditions, the remaining life of the asset and projected disposal values are taken into account.

Deferred taxation assets

Deferred taxation assets are raised only to the extent that it is probable that future taxable income will be available against which the deferred taxation asset can be used. A deferred taxation asset of R30.4 million (2020: R94.3 million) was raised based on tax losses available for set-off against future taxable income. Management has projected future taxable income for those businesses which have available tax losses based on budgets approved by the board of directors. The budgets forecast limited growth and the period over which tax losses can be recovered has been limited to 5 years.

The carrying amount of the deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred taxation asset to be utilised. Unrecognised deferred taxation assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred taxation asset to be recovered. Please refer to note 8 for additional details around these estimates.

Impairment of assets

Goodwill is considered for impairment at least annually. Property, plant and equipment and leasing assets are considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

Intangible assets

Intangibles are assessed for impairment if impairment indicators are considered to exist with regard to the specific intangible asset. In testing the recoverable amount of indefinite life intangible assets, future cash flows, the expected useful lives and appropriate discount rates are used as key management estimates.

Revenue recognition on vehicle maintenance plans

Revenue from vehicle maintenance plans is based on an actuarial calculation performed by an external party and revenue is recognised on the basis of a gross profit model over the life of the maintenance contract. Based on the actuarial valuation a combination of valuation methods are applied in order to derive the best estimate of the future costs. Consideration is given in determining future maintenance costs to the class of the vehicle, the make of the vehicle, the age of the vehicle, the actual costs incurred, the expected future costs and the term of the contract. Onerous contracts are provided for where costs are estimated to be above expected revenues. There is potential volatility in the revenue recognised in future years as cost curves are updated. This model will be considered to be the most appropriate basis on which to determine maintenance revenues to be recognised.

Assets held for sale and discontinued operations

In determining whether the value of a business unit is recovered principally through a sale transaction rather than continuing use the sale must be highly probable and the asset or disposal group are available for immediate sale in its present condition. In line with this management believes the EIE SA corporate transaction to be highly probable as management has the intent to realise the value of EIE SA through the sale of the business to CFAO South Africa and the successful execution of the various conditions precedent to the sale the non-binding offer from CFAO South Africa was considered highly probable at 31 August 2021. Subsequent events have confirmed these judgements to be appropriate. As such EIE SA has been classified as held for sale from 31 August 2021.

1.18 Share-based payments

The following group share-related incentive plans exist:

Cash settled share-based payment plan

The share appreciation rights plan is accounted for as a cash-settled share-based payment plan. The plan is recognised at the fair value of the obligations due, in the statement of financial position, over the vesting period up to and including settlement date with a corresponding charge to the statement of comprehensive income. The liability is re-measured at each reporting date, using the Black-Scholes model to reflect the revised value of the notional enX shares at reporting date, adjusted for changes in assumptions including management's estimate of the number of notional enX shares that will ultimately vest. Changes in the fair value are recognised through the statement of comprehensive income.

Equity-settled share-based payment plan

The Forfeitable Share Plan (FSP) which will be equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant using the Binomial Model. The fair value determined at the grant date of the equity-settled share-based payment is charged through the statement of comprehensive income on the straight-line basis over the vesting period. The charge takes into account the best estimate of the number of shares that are expected to vest. Non-market conditions such as time-based vesting conditions and non-market performance conditions are included in the assumptions for the number of options that are expected to vest.

The shares awarded under the FSP are issued or purchased in the open market and held in an escrow account. These escrow shares are treated as treasury shares. At each reporting date, the entity revises its estimates on the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, through the statement of comprehensive income.

1.19 Related party disclosure

We define key management personnel and prescribed officers as the directors of enX and those individuals with significant influence over financial and operating decisions of the group.

1.20 Disposal group held for sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and the fair value less costs to sell.

An entity shall disclose a single amount in the statement of comprehensive income comprising the total of the post-tax profit or loss of discontinued operations, and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

1.21 Business combinations

Business combinations are accounted for in accordance with the acquisition method of accounting. Subsidiaries are consolidated from the dates on which the group acquires effective control of the entity. They are deconsolidated from the date control ceases.

The cost of an acquisition is measured as the fair value of assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Transaction costs are charged to the statement of comprehensive income expensed in terms of IFRS.

Investments in subsidiaries are accounted for at cost in the company accounts. The carrying amount of these investments are reviewed annually and written down for impairment where considered necessary. An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

The group treats transactions with non-controlling interest holders as transactions with equity holders of the group. Disposals to non-controlling interest holders that do not result in the loss of control result in gains and losses for the group that are recorded directly in the statement of changes in equity. The difference between any consideration paid and the relevant share of the net asset value acquired from non-controlling interest holders is recorded directly in the statement of changes in equity.

Intra-group transactions, balances and unrealised gains or losses on transactions are eliminated on consolidation.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

1.22 Restatements

Consolidated statement of profit or loss

The consolidated statement of profit or loss presented for the year ending 31 August 2020 erroneously presented items of income and expense as a hybrid of function and nature. The consolidated statement of profit or loss has been restated to present items of income and expense by their function as IAS 1 Presentation of Financial Statements requires that these items be presented by either their function or by their nature. The comparatives have accordingly been restated and the operating profit or loss before taxation as presented in the segmental report. In addition, IAS 1 Presentation of Financial Statements requires expected loss allowances to be presented on the face of the statement of profit or loss. The comparatives have been restated to reflect such disclosure.

The above restatement has had no impact on the net loss reported in the comparative year and the resulting earnings measures.

Discontinued operations

During the year, the group entered into an agreement with Aporlis Holdings SAS to divest its ownership in Impact Handling (UK). This divestment was effective from 14 June 2021 and resulted in Impact Handling (UK) being recognised as a discontinued operation in 2021. Furthermore during the year the group entered into an agreement with CFAO South Africa to divest its ownership in EIE SA. This resulted in EIE SA being recognised as a discontinued operation as at 31 August 2021. Therefore, the statement of profit or loss and other comprehensive income for 2020 has been represented in accordance with IFRS 5 to take into account the two disposals.

Impact of restatements and representations on the prior year consolidated statement of profit or loss

The table below presents the impact of the restatements on prior years consolidated statement of profit or loss detailed above.

	31 August 2020 R'000 As reported	Reclassification of line items on the consolidated statement of profit or loss	31 August 2020 R'000 Restated total operations*
Revenue	7 206 109	–	7 206 109
Net operating expenses	(5 411 346)	5 411 346	–
Cost of sales	–	(4 833 524)	(4 833 524)
Gross profit	–	2 372 585	2 372 585
Profit from operations before depreciation and amortisation	1 794 763	(1 794 763)	–
Depreciation and amortisation	(1 429 536)	1 429 536	–
(Loss)/profit on disposal of property, plant and equipment	6 410	(6 410)	–
IFRS 2 charges	(2 547)	2 547	–
Foreign exchange losses	12 660	(12 660)	–
Expected credit losses	–	(42 818)	(42 818)
Operating expenses	–	(1 948 017)	(1 948 017)
Operating profit before impairments and deferred consideration adjustments	381 750	–	381 750

* The for the details of the discontinued operation in the prior year please refer to note 21.

	Plant and equipment R'000	Motor vehicles R'000	Computer and office equipment R'000	Property and leasehold improvements R'000	Total R'000
2. PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS					
As at 31 August 2021					
Cost	287 713	78 671	12 054	176 833	555 271
Accumulated depreciation and impairments	(140 343)	(65 205)	(11 062)	(79 100)	(295 710)
Net carrying value of owned and right-of-use assets	147 370	13 466	992	97 733	259 561
Owned assets					
Cost	212 346	39 920	12 054	56 062	320 382
Accumulated depreciation and impairments	(132 422)	(26 454)	(11 062)	(17 791)	(187 729)
Net carrying value	79 924	13 466	992	38 271	132 653
Movement summary					
Carrying value at the beginning of the year	107 058	44 546	23 945	233 933	409 482
Acquired through business combinations	218	1 405	87	–	1 710
Additions	6 957	9 349	7 455	3 672	27 433
Disposals	(70)	(1 401)	(124)	(5 845)	(7 440)
Depreciation – allocated to cost of sales	(10 065)	(126)	–	–	(10 191)
Depreciation – included in operating expenses	(10 327)	(9 009)	(7 401)	(5 953)	(32 690)
Transfer (to)/from leasing assets	(104)	92	–	–	(12)
Impairment	(1 721)	–	–	–	(1 721)
Currency adjustments	(1 070)	(3 568)	(1 892)	(6 380)	(12 910)
Disposal of subsidiary	(8 055)	(22 443)	(13 739)	(37 150)	(81 387)
Reclassification to disposal group held for sale	(2 897)	(5 379)	(7 339)	(144 006)	(159 621)
Carrying value at the end of the year	79 924	13 466	992	38 271	132 653
Right-of-use assets					
Cost	75 367	38 751	–	120 771	234 889
Accumulated depreciation and impairments	(7 921)	(38 751)	–	(61 309)	(107 981)
Net carrying value	67 446	–	–	59 462	126 908
Movement summary					
Carrying value at the beginning of the year	64 784	73 138	–	74 042	211 964
Additions	7 240	299	–	21 148	28 687
Depreciation – allocated to cost of sales	–	–	–	(7 786)	(7 786)
Depreciation – included in operating expenses	(4 578)	(1 412)	–	(23 884)	(29 874)
Currency adjustments	–	(8 525)	–	–	(8 525)
Disposal of subsidiary	–	(51 491)	–	–	(51 491)
Reclassification to disposal group held for sale	–	(12 009)	–	(4 058)	(16 067)
Carrying value at the end of the year	67 446	–	–	59 462	126 908
Total carrying value at the end of the year of owned and right of use assets	147 370	13 466	992	97 733	259 561

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

2. PROPERTY, PLANT, EQUIPMENT AND RIGHT OF USE ASSETS *continued*

	Plant and equipment R'000	Motor vehicles R'000	Computer and office equipment R'000	Property and leasehold improvements R'000	Total R'000
As at 31 August 2020					
Cost	358 834	219 414	136 452	394 546	1 109 246
Accumulated depreciation and impairments	(186 992)	(101 730)	(112 507)	(86 571)	(487 800)
Net carrying value at 31 August 2020 of owned and right-of-use assets	171 842	117 684	23 945	307 975	621 446
Owned assets					
Cost	290 707	117 462	136 452	290 865	835 486
Accumulated depreciation and impairments	(183 649)	(72 916)	(112 507)	(56 932)	(426 004)
Net carrying value	107 058	44 546	23 945	233 933	409 482
Movement summary					
Carrying value at the beginning of the year	120 062	47 956	22 172	235 107	425 296
Additions	10 962	10 363	11 532	3 608	36 465
Disposals	(2 538)	(1 674)	(476)	(4 202)	(8 890)
Depreciation – allocated to cost of sales	(8 775)	(705)	–	–	(9 480)
Depreciation – included in operating expenses	(14 298)	(17 673)	(11 886)	(9 797)	(53 654)
Transfer from leasing assets	(5)	1 245	–	–	1 240
Impairment	–	–	–	(1 031)	(1 031)
Currency adjustments	1 650	5 034	2 603	10 248	19 536
Carrying value at 31 August 2020	107 058	44 546	23 945	233 933	409 482
Right-of-use assets					
Cost	68 127	101 952	–	103 681	273 760
Accumulated depreciation and impairments	(3 343)	(28 814)	–	(29 639)	(61 796)
Net carrying value	64 784	73 138	–	74 042	211 964
Carrying value at the beginning of the year	–	–	–	–	–
Additions due to adoption of IFRS 16	68 127	69 289	–	101 166	238 582
Carrying value as at 1 September 2020	68 127	69 289	–	101 166	238 582
Movement summary					
Net book value at beginning of year	68 127	69 289	–	101 166	238 582
Additions	–	23 200	–	2 515	25 715
Disposals	–	–	–	–	–
Depreciation – allocated to cost of sales	–	–	–	(7 786)	(7 786)
Depreciation – included in operating expenses	(3 343)	(27 022)	–	(21 853)	(52 218)
Currency adjustments	–	7 671	–	–	7 671
Carrying value at 31 August 2020	64 784	73 138	–	74 042	211 964
Total carrying value at 31 August 2020 of owned and right-of-use assets	171 842	117 125	23 945	308 534	621 446

A register of property, plant and equipment is available for inspection at the registered office of the company.

Motor vehicles and equipment in the United Kingdom are no longer held as security as the subsidiary has been disposed of (2020: R32.2 million of motor vehicles and equipment were encumbered to secure long-term debt (refer to note 16 Interest-bearing liabilities)).

Property, plant and equipment in Fleet with a carrying value of R46.3 million (2020: R Nil), have been encumbered to secure long-term debt (refer to note 16 Interest-bearing liabilities).

The management assumptions around useful lives and residual values are disclosed in the accounting policy notes (refer to note 1.5 Property, plant, equipment, right of use assets and leasing assets)

	2021 R'000	2020 R'000
3. LEASING ASSETS		
Cost	4 390 386	9 311 772
Accumulated depreciation	(1 620 597)	(3 224 355)
Net carrying value	2 769 789	6 087 417
Movement summary		
Carrying value at the beginning of the year	6 087 417	5 937 005
Additions	1 733 498	1 737 911
Depreciation – allocated to cost of sales	(1 031 853)	(1 270 759)
Transfer to inventories	(539 922)	(589 820)
Transfer to property, plant and equipment	12	(1 240)
Currency adjustments	(206 381)	274 411
Impairment	(4 818)	(91)
Disposal of subsidiary (note 30)	(1 316 090)	–
Reclassification to disposal group held for sale (note 13)	(1 952 074)	–
Carrying value at the end of the year	2 769 789	6 087 417

Leased assets in the United Kingdom are no longer held as security as the subsidiary has been disposed of (2020: R1 435 million of leasing assets were encumbered to secure interest-bearing liabilities (refer to note 16)).

Leased assets in Fleet with a carrying value of R 2 769.3 million (2020: R1 435 million), have been encumbered to secure interest-bearing liabilities (refer to note 16).

Leasing assets comprise of both motor vehicles and equipment. The net carrying value of motor vehicles is R2 769.8 million (2020: R2 736.6 million), the net carry value of equipment is R Nil as the equipment is held by EIE SA which is part of disposal group held for sale in the current year (2020: R3 350 million, held by EIE SA and Impact Handling (UK)).

	2021 R'000	2020 R'000
4. GOODWILL		
Cost	690 190	782 651
Accumulated impairments	(690 190)	(690 190)
Net carrying value	–	92 461
Arising on acquisition of:		
Discontinued operations	–	92 461
– EIE SA	–	–
– Impact Handling (UK)	–	92 461
Closing net carrying value	–	92 461
Movement summary		
Carrying value at the beginning of the year	92 461	390 810
Acquired through business combinations (note 29)	278	–
Disposal of Impact Handling UK (note 30)	(84 890)	–
Impairment – EIE SA CGU	–	(133 901)
Impairment – Eqstra Fleet Management CGU	–	(181 589)
Currency adjustment	(7 571)	17 141
Reclassification to disposal group held for sale (note 13)	(278)	–
Carrying value at the end of the year	–	92 461

Impairment review

In accordance with IAS 36 Impairment of assets, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

4. GOODWILL *continued*

The opening goodwill balance related to Impact Handling (UK) which was disposed during the current year as part of the transaction with Aprolis Holding SAS. Prior to the reclassification of Impact Handling (UK) to an asset held for sale and a discontinued operation in terms of IRFS 5 the an impairment assessment was performed and no impairment was identified. In addition, during the current year, EIE SA acquired one company resulting in additional goodwill in EIE SA of R278 thousand. This goodwill arose as a result of the expected synergies and costs savings in expanding the EIE SA operations. This forms part of the EIE SA that is currently being divested to CFAO South Africa. These transactions resulted in the carrying value of goodwill for the group being R Nil as at 31 August 2021.

In the prior year, there were impairments with respect to both EIE SA and Fleet's goodwill which was as a result of the poor results achieved by the businesses due to the decline in the market due to COVID-19, weak economic conditions and certain operational factors. For full details on the impairments raised please refer to the prior year audited financial statements.

5. INTANGIBLE ASSETS

	Supplier and distributorship agreements – subject to amortisation R'000	Supplier and distributorship agreements – with indefinite useful lives R'000	Trademarks R'000	Computer software R'000	Total R'000
As at 31 August 2021					
Cost	323 552	138 210	10 390	132 398	604 550
Accumulated amortisation and impairments	(323 552)	(138 210)	(10 390)	(99 023)	(571 175)
Net carrying value	–	–	–	33 375	33 375
Estimated useful life of the intangibles	3 – 20 years	indefinite	20 years	3 - 10 years	–
Movement summary					
Carrying value at the beginning of the year	49 718	–	–	23 590	73 308
Additions	–	–	–	24 639	24 639
Amortisation for the year	(3 302)	–	–	(14 535)	(17 837)
Disposal of subsidiary (note 30)	(41 127)	–	–	–	(41 127)
Currency adjustments	(5 289)	–	–	(54)	(5 343)
Reclassification to disposal group held for sale (note 13)	–	–	–	(265)	(265)
Carrying value at the end of the year	–	–	–	33 375	33 375
As at 31 August 2020					
Cost*	323 552	138 210	10 390	110 275	582 427
Accumulated amortisation and impairments	(273 834)	(138 210)	(10 390)	(86 685)	(509 119)
Net carrying value	49 718	–	–	23 590	73 308
Estimated useful life of the intangibles	3 – 20 years	indefinite	20 years	3 - 10 years	–
Movement summary					
Carrying value at the beginning of the year	216 746	87 344	5 152	23 432	332 674
Acquired through business combinations (refer to note 27)	–	–	–	–	–
Additions	–	–	–	14 783	14 783
Amortisation for the year	(38 229)	–	(71)	(14 605)	(52 905)
Impairment	(135 161)	(87 344)	(5 085)	–	(227 590)
Currency adjustments	6 362	–	4	(20)	6 346
Carrying value at the end of the year	49 718	–	–	23 590	73 308

*The total cost of the prior year intangible assets has been updated as it did not cast correctly in the prior year.

Other information

The supplier and distributorship agreements with indefinite useful lives relate to the Petrochemicals segment. These agreements provide the companies with the right to distribute product, being lubricants and forklifts, in South Africa and certain other African countries. These intangible assets have been fully impaired in 2020 resulting in a R Nil carrying value in the current year.

5. INTANGIBLE ASSETS *continued*

In accordance with IAS 36 impairment of assets, intangible assets with indefinite useful lives are reviewed annually for impairment, or more frequently if there is an indication that the goodwill or intangible assets might be impaired.

In the prior year there were impairments with respect to supplier and distribution agreements and trademarks. For full details on the impairments raised please refer to the prior year audited financial statements.

	2021 R'000	2020 R'000
6. INVESTMENT IN ASSOCIATE		
Shares at cost	52 994	52 994
Associate investment – on acquisition: Net asset value	9 036	9 036
Associate investment – on acquisition: Goodwill	43 958	43 958
Equity accounted profit		
Share of profit from associate:		
– Prior years	17 922	6 211
– Current year	32 936	11 711
Carrying value	103 852	70 916

No dividends were received from Zestcor during the current or prior year.

On 31 May 2018 enX acquired a 37% interest in Zestcor for R41 million. The final value of the investment in associate is contingent on the terms of the sale agreement, refer to note 17. The investment has been accounted for on the equity accounting method. Income from Zestcor has been included in the statement of profit or loss and other comprehensive income from 1 June 2018.

On 31 May 2018 when enX acquired a 37% interest in Zestcor an amount of R44.0 million was raised as goodwill on acquisition. This goodwill arose as a result of the expected synergies and costs savings in the procurement of lubricants in the petrochemicals segment. The pre-tax rate used to discount the forecast cash flows was 21.7% (2020: 21.8%). The recoverable amount of 37% of the Zestcor CGU was determined to be R210.9 million (2020:R131.5 million).

Key assumptions applied in the value in use calculations

The following assumptions were applied in all of the value in use calculations above:

- Asset values were based on the carrying amounts for the financial year.
- Future expected profits were estimated using historical information and approved budgets extending over five years.
- Revenue growth and gross margins were based on historical performance and known future prospects.
- Operating costs were assumed to grow in line with current inflation rates.
- Cash flows were extended into perpetuity as management has no reason to believe that the group will not continue past the budget period.
- The terminal values have been calculated by dividing the terminal year free cash flows by the pre-tax discount rate less the in-perpetuity growth rate which has been limited to CPI.
- The recoverable amounts are compared to the carrying amounts of the CGUs to determine whether goodwill impairment is required.

Change in key assumptions and conclusion

For the goodwill amount, a sensitivity analysis was performed on the discount rates and terminal growth rates. The results indicated that sufficient headroom (value in use over the carrying value) for Zestcor existed to absorb a reasonable change in either the discount rate or the terminal growth rate or a combination thereof. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of Zestcor would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

	Enterprise value*	Pre-tax discount rate		Terminal growth rate	
	Aug 2021 R'000	Actual rate %	Break-even rate %	Actual rate %	Breakeven rate %
Sensitivity to discount rate and growth rate					
Zestcor	181 695	21.7	24.0	4.0	1.4

** Enterprise value is determined to be the net operating assets of 37% of the CGU and the interest bearing debt at 37%.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

6. INVESTMENT IN ASSOCIATE *continued*

	Country of Incorporation	Ownership Percentage		Investment carrying value	
		2021 %	2020 %	2021 R'000	2020 R'000
Zestcor	RSA	37	37	103 852	70 916

SUMMARISED FINANCIAL INFORMATION OF ZESTCOR

Summarised statement of financial position	Current assets R'000	Non-current assets R'000	Total assets R'000	Current liabilities R'000	Non-current liabilities R'000	Capital and reserves R'000	Total equity and liabilities R'000
31 August 2021							
Zestcor	602 861	826	603 687	448 245	–	155 442	603 687
31 August 2020							
Zestcor	231 536	281	231 817	155 390	10 000	66 427	231 817

Summarised statement of profit or loss and other comprehensive income for the year	Revenue R'000	Profit after tax R'000	Total comprehensive income R'000
2021			
Zestcor	1 047 728	89 016	89 016
2020			
Zestcor	485 916	31 651	31 651

	2021 R'000	2020 R'000
7. UNLISTED INVESTMENTS AND LOANS		
Investments		
Unlisted investments at fair value	540	5 314
Loans		
Other loans – Matase	–	2
Other loans – Zestcor	–	3 700
Finance lease receivables	311	159
Total carrying value	851	9 175
Movement summary		
Balance at the beginning of the year	9 175	12 769
Fair value adjustments through profit or loss	(2 507)	(1 305)
Zestcor loan settlement	(3 700)	–
Other movements	(2 117)	(2 289)
Balance at the end of the year	851	9 175
Disclosed as:		
– Non-current assets	851	9 175
	851	9 175
<i>The above are categorised as follows:</i>		
– Loans and receivables	311	2
– Financial assets held at fair value	540	9 173
	851	9 175
Maturity analysis		
Maturing after one year but within five years	851	9 175

Unlisted investments and loans are stated at their approximate fair value.

7. UNLISTED INVESTMENTS AND LOANS *continued*

Fair value hierarchy disclosures

Valuation methodology

Level 1 – Valuations with reference to quoted prices in an active market:

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis. There are no level 1 financial instruments in the current year.

Level 2 – Valuations based on observable and unobservable inputs include:

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as a quoted price for similar assets or liabilities in an active market; a quoted price for identical or similar assets or liabilities in inactive markets; a valuation model using observable inputs; and a valuation model using inputs derived from/corroborated by observable market data.

The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contract rates to the equivalent year-end market foreign exchange rates.

Level 3 – Valuations based on unobservable inputs include:

The unlisted investments are level 3 financial instruments. Level 3 instruments are valued using various business-related inputs which are not based on observable market data.

Unlisted investments are valued based on operational performance of the entities which is considered to be appropriate taking into account that the investments are very insignificant to the group.

The table below shows the group's financial assets and liabilities that are recognised and subsequently measured at fair value, analysed by valuation technique.

	Level 2 R'000	Level 3 R'000	Fair value R'000
31 August 2021			
Financial assets			
Unlisted investments and loans	–	851	851
Designated as fair value through profit and loss – Derivative financial assets (note 11)	32	–	32
	32	851	883
Financial liabilities			
Designated as fair value through profit and loss – Derivative financial liabilities (note 11)	1 054	–	1 054
	1 054	–	1 054
31 August 2020			
Financial assets			
Unlisted investments and loans	–	9 175	9 175
Designated as fair value through profit and loss – Derivative financial assets (note 11)	2 372	–	2 372
	2 372	9 175	11 547
Financial liabilities			
Designated as fair value through profit and loss – Derivative financial liabilities (note 11)	1 520	–	1 520
	1 520	–	1 520

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
8. DEFERRED TAXATION		
The balance consists of:		
Property, plant and equipment and right of use assets	(15 951)	(41 280)
Leasing assets	(341 566)	(536 925)
Intangible assets	(1 341)	(15 514)
Inventories	12 453	19 225
Trade and other receivables	6 726	20 867
Trade, other payables and provisions	73 034	91 465
Other	3 090	(10 045)
Tax losses	30 468	94 329
Total carrying amount	(233 087)	(377 878)
Movement summary		
Balance at the beginning of the year	(377 878)	(475 314)
Acquired through business combinations (note 29)	147	–
Deferred tax recognised in equity	–	(10 018)
Currency adjustments	(9 482)	938
Temporary differences for the year	(58 721)	106 516
Disposal of subsidiary (note 30)	84 238	–
Reclassification to disposal group held for sale (note 13)	128 609	–
Balance at the end of the year	(233 087)	(377 878)
<i>Disclosed as:</i>		
Deferred taxation – non-current assets	18 412	60 050
Deferred taxation – non-current liabilities	(251 499)	(437 928)
	(233 087)	(377 878)
Tax losses		
Total taxation losses available for set off against future profits	558 413	796 066
Taxation losses not recognised due to unpredictability of future taxable income	449 598	459 178
Taxation losses recognised available for set off against future profits	108 815	336 888
Deferred tax assets recognised in respect of such taxation losses	30 468	94 329

Deferred taxation assets are raised only to the extent that it is probable that future taxable income will be available against which the deferred taxation asset can be used. A deferred taxation asset of R30.5 million (2020: R94.3 million) was raised based on tax losses available for set-off against future taxable income. None of the tax losses expire. Management has projected future taxable income for those businesses which have available tax losses based on budgets approved by the board of directors. The budgets forecast limited growth in a conservative model and the period over which tax losses can be recovered has been limited to five years. The group remains confident of its ability to generate future taxable income and thus judgement is applied with regard to the timing of the utilisation of the deferred taxation assets.

During the current year deferred tax assets of R10.2 million were derecognised (2020: R17.6 million).

	2021 R'000	2020 R'000
9. TRADE AND OTHER RECEIVABLES		
Gross trade receivables	691 975	1 006 810
Impairment allowance raised against trade receivables	(46 390)	(99 076)
Net trade receivables	645 585	907 734
Prepayments	19 294	52 240
Value added taxation	45 074	28 444
Finance lease receivables	239	91
Sundry debtors, claims, recoverables and other receivables	98 813	69 538
Deposits	1 660	9 084
Total carrying amount	810 665	1 067 131
Disclosed as:		
Trade and other receivables – non-current	–	4 624
Trade and other receivables – current	810 665	1 062 507
	810 665	1 067 131
Amounts included in disposal group held for sale (note 13)	269 294	–
There is a cession of the gross trade receivables of R512.4million (2020: R341.2 million). This is a pledge of collateral against the banking facilities. Refer to note 16.		
Trade receivables are stated at amortised cost less impairment allowances which is considered to approximate their fair value due to their short-term maturity. The long-term portion is stated at amortised cost. Refer to note 35.		
Movement in impairment allowance raised against receivables		
Balance at the beginning of the year	99 076	64 826
Impairment allowance raised during the year	783	76 803
Impairment allowance utilised during the year	(38 036)	(42 553)
Disposal of subsidiary (note 30)	(1 358)	–
Reclassification to disposal group held for sale (note 13)	(14 075)	–
Balance at the end of the year	46 390	99 076
Basis of raising impairment allowances against receivables		
The recoverability of trade and other receivables is continuously reviewed on an individual basis. Credit limits are continuously monitored through payment history checks and industry information.		
An assessment is made at each reporting date whether there is any objective evidence that trade and other receivables are impaired. The group applies the simplified approach to calculate the expected credit loss (“ECL”) of trade receivables. The rates used in the ECL provision matrix are based on days past due and debt written off. Further information regarding credit risk and credit risk management is detailed in note 35.		
The considerations taken into account in determining whether there are any adjustments required for future information with regards to the ECL include the expected rate of inflation as well as the expected future economic conditions of the markets impacting the debtors book.		
Related credit exposure and enhancements		
Maximum exposure to credit losses of trade and other receivables	746 058	986 356
<i>Credit risk mitigated through:</i>		
Credit Insurance	(229 029)	(369 290)
Residual exposure	517 029	617 066

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
10. INVENTORIES		
Raw materials	–	34 266
New vehicles, forklifts and generators	91 565	686 388
Used vehicles and forklifts	4 186	160 084
Finished goods	304 778	338 602
Work in progress	42 976	112 583
Consumables	23 971	137 324
Goods in transit	226 606	268 588
Gross inventories	694 082	1 737 835
Impairment allowance raised against inventories	(28 726)	(115 814)
Total carrying amount	665 356	1 622 021
Amounts included in disposal group held for sale (note 13)	453 647	–
Movement in impairment allowance raised against inventories		
Balance at the beginning of the year	115 814	85 050
Impairment provisions raised during the year	17 037	40 895
Impairment provisions utilised during the year	(56 587)	(10 131)
Disposal of subsidiary (note 30)	(18 681)	–
Reclassification to disposal group held for sale (note 13)	(28 857)	–
Balance at the end of the year	28 726	115 814
Inventories are valued at the lower of cost and net realisable value.		
Inventories carried at net realisable value included above	4 672	17 260
<i>Inventories up to a maximum amount of R512.4 million (2020: R341,2 million) have been encumbered to secure borrowing facilities (refer to note 16).</i>		
Amounts recognised as an expense in the year	2 453 926	3 311 951

	2021 R'000	2020 R'000
11. DERIVATIVE FINANCIAL INSTRUMENTS		
ASSETS		
Forward exchange contracts, at fair value through profit or loss	32	2 372
	32	2 372
Amounts included in disposal group held for sale	374	–
LIABILITIES		
Forward exchange contracts, at fair value through profit or loss	1 054	1 520
	1 054	1 520
Amounts included in liabilities associated with disposal group held for sale (note 13)	1 386	–

These financial instruments are level 2 financial instruments – valuations based on observable and unobservable inputs. The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contract rates to the equivalent year-end market foreign exchange rates.

	2021 R'000	2020 R'000
12. BANK AND CASH BALANCES		
Cash on hand	422	953
Bank accounts	855 595	884 956
Bank overdrafts	–	(5 377)
	856 017	880 532
Disclosed as:		
Bank and cash balances – current assets	856 017	885 909
Bank overdrafts – current liabilities	–	(5 377)
	856 017	880 532
Amounts included in held for sale		–
Bank and cash balances – current assets	10 636	–
Bank overdrafts – current liabilities	(14 922)	–
Total group cash and cash equivalents	851 731	880 532

The group's cash and cash equivalents relate to short-term deposits placed with banks which have strong credit ratings which is considered to mitigate the expected credit loss risk.

	2021 R'000	2020 R'000
13. DISPOSAL GROUP HELD FOR SALE – EIE SA		
Assets		
Property, plant and equipment	175 688	–
Leasing assets	1 952 074	–
Goodwill	278	–
Intangible assets	265	–
Derivative financial assets	374	–
Deferred taxation	35 995	–
Trade and other receivables	269 294	–
Inventories	453 647	–
Taxation receivable	4 408	–
Bank and cash balances	10 636	–
Impairment of held for sale assets	(107 980)	–
Total assets	2 794 679	–
liabilities		
Interest-bearing liabilities	1 560 095	–
Lease liabilities	17 030	–
Employee benefits	813	–
Derivative financial liabilities	1 386	–
Deferred taxation	164 604	–
Trade, other payables and provisions	355 035	–
Bank overdraft	14 922	–
Total liabilities	2 113 885	–
Net disposal group held for sale	680 794	–

The proposed EIE transaction will be implemented by way of a subscription for ordinary shares by CFAO South Africa and a repurchase by EIE of all the shares in EIE, which will be held by enX in EIE post the implementation of the internal restructure defined in note 40. The base subscription price is subject to typical leakage adjustments between 31 December 2020 and the subscription date, such amount being the final subscription price. This resulted in EIE SA being recognised as a discontinued operation as at 31 August 2021. Refer to note 1.20 and note 40 for further details.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

14. STATED CAPITAL

Authorised shares

1 000 000 000 (2020: 1 000 000 000) ordinary shares of no par value

Issued shares

182 312 650 (2020: 182 312 650) ordinary shares of no par value

	3 151 707	3 151 707
Balance at beginning of year	3 134 092	3 117 031
Shares vested: Forfeitable share plan scheme	–	17 061
Balance at end of year	3 134 092	3 134 092
Shares in issue	3 151 707	3 151 707
Treasury shares	(17 615)	(17 615)

The unissued ordinary shares are under the control of the directors until the next annual general meeting, subject to the provisions of the Companies Act.

Treasury shares

enX Corporation Limited, a wholly-owned subsidiary, currently owns 570 014 (R11.02 million) ordinary shares which are held as treasury shares, unchanged from the prior year.

K2016224128 (South Africa) Proprietary Limited, a wholly owned subsidiary, acting as the escrow agent, currently owns 375 873 shares, R6.59 million in terms of the enX Forfeitable Share Plan Scheme, unchanged from the prior year. These shares were not allocated to employees.

14.1 Equity settled compensation benefits

Forfeitable share plan (FSP) scheme

The FSP scheme allows certain senior employees to receive shares should certain conditions be fulfilled.

	Date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	14 December 2016	3 years	Equity settled
enX Group Limited	1 June 2018	3 years	Equity settled

The value of the FSP has been calculated using the Binomial model based on the following assumptions:

	June 2018 scheme	December 2016 scheme
– Expected dividend yield (%)	–	–
– Fair value of the FSP on grant date	14,46	17,90

	2021 R'000	2020 R'000
Share-based payment expense recognised		
FSP scheme	–	1 615
Shares available for allocation to incentive schemes and movement during the year		
Maximum number of shares available for allocation	5 000 000	5 000 000
FSP scheme	–	299
Share appreciation rights at beginning of the year	299	980 318
Share appreciation rights forfeited or paid during the year	(299)	(980 019)
Shares available for allocation at end of the year	5 000 000	4 999 701

The detailed allocation of scheme shares allocated to directors, prescribed officers and managers will be disclosed in the Remuneration report.

	2021 R'000	2020 R'000
15. OTHER RESERVES		
Foreign currency translation reserve	3 009	140 397
Share-based payment reserve	–	299
Valuation reserve	(736 563)	(736 563)
	(733 554)	(595 867)
Movement summary		
Balance at the beginning of the year	(595 867)	(684 860)
Foreign currency translation reserve - through income statement	(95 870)	102 941
Foreign currency translation reserve - recognised on disposal of subsidiary	(41 518)	–
Share-based payment vesting	(299)	(13 948)
Balance at the end of the year	(733 554)	(595 867)

16. INTEREST-BEARING LIABILITIES**Long-term in nature**

– Secured loans	1 700 071	1 436 330
– Unsecured loans and medium term notes	5 580	3 813 743

Short-term in nature

– Secured short-term loans, call borrowings and bank overdrafts	353 976	611 205
---	---------	---------

Total borrowings	2 059 627	5 861 278
-------------------------	------------------	------------------

Disclosed as:

Non-current liabilities	1 700 071	3 620 250
Current liabilities	359 556	2 241 028

Total borrowings	2 059 627	5 861 278
-------------------------	------------------	------------------

Reconciliation of movement in interest-bearing liabilities

Opening balance at beginning of year	5 861 278	5 282 043
Acquired through business combinations (note 29)	1 179	–
Repayments on facilities during the year	(4 322 382)	(395 927)
Proceeds from facilities during the year	3 360 712	693 550
Currency Adjustment*	(192 849)	281 612
Disposal of subsidiary (note 30)	(1 097 310)	–
Reclassification to disposal group held for sale (note 13)	(1 560 095)	–
Debt raising fees written off*	9 094	–
Closing balance at the end of the year	2 059 627	5 861 278

**Non-cash movements*

	2021		2020	
	Effective rates %	Analysis of debt R'000	Effective rates %	Analysis of debt R'000
Interest rate analysis				
Variable linked				
– Secured loans	7.23% - 7.83%	1 700 071	2.41% - 7.20%	1 436 330
– Unsecured loans	8.00% - 8.00%	5 580	5.94% - 6.69%	2 895 809
– Unsecured short-term loans, call borrowings and bank overdrafts	7.00% - 8.10%	353 976	4.25% - 7.00%	611 205
– Medium Term Note Programme	–	–	6.14% - 9.69%	917 934
		2 059 627		5 861 278

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

16. INTEREST-BEARING LIABILITIES *continued*

	2026 and onwards Rm	2025 Rm	2024 Rm	2023 Rm	2022 Rm	Total Rm
Summary of interest-bearing borrowings by year of redemption or repayment						
31 August 2021						
South Africa	-	850 000	-	850 071	359 556	2 059 627
Rest of world	-	-	-	-	-	-
Total	-	850 000	-	850 071	359 556	2 059 627

	2025 and onwards Rm	2024 Rm	2023 Rm	2022 Rm	2021 Rm	Total Rm
31 August 2020						
South Africa	-	-	400 399	1 817 868	2 236 733	4 455 000
Rest of world	-	-	1 318 000	83 983	4 295	1 406 278
Total	-	-	1 718 399	1 901 850	2 241 028	5 861 278

The undiscounted disclosure of the future contractual cash flows has been disclosed in note 35.

	2021		2020	
	Debt secured Rm	Net book value of assets encumbered Rm	Debt secured R'000	Net book value of assets encumbered R'000
Details of encumbered assets as follows:				
Trade receivables and inventories	150 692	1 024 804	264 312	682 320
Plant and equipment, inventory, trade receivables and leasing assets	1 860 349	3 017 410	1 406 775	1 467 445
Total	2 011 041	4 042 214	1 671 087	2 149 765

	2021 R'000	2020 R'000
Borrowing facilities		
In terms of the MOI the borrowing powers of the company are unlimited.		
Total facilities established	2 540 000	6 379 263
Less: Total borrowings including medium-term notes	(2 059 627)	(5 861 278)
Unutilised borrowing facilities	480 373	517 985

The group complied with all funding covenants during the current and prior year.

Details of securities provided to the funders are presented in notes 2, 3, 9 and 10.

	2021 R'000	2020 R'000
17. DEFERRED VENDOR CONSIDERATIONS		
Arising from the acquisitions of Zestcor.		
Non-current portion	-	-
- Zestcor contingent vendor consideration	-	-
Current portion	-	33 895
- Zestcor contingent vendor consideration	-	33 895
	-	33 895
Movement Summary		
Carrying value at the beginning of the year	33 895	2 655
Deemed interest	124	552
Settlement/release of liability	(34 019)	-
Adjustment on deferred vendor consideration	-	30 688
Carrying value at the end of the year	-	33 895

The Zestcor contingent payment payable is based on an earn-out target for 2020:

- the contingent payment was calculated by discounting the management estimates on the payments to be made based on the expected profit after tax in 2020;
- the undiscounted payment with regards to the earn-out is R34.0 million; and
- the contingent payment was made in the 2021 financial year.

The Zestcor vendor consideration is accounted for at amortised cost. The Zestcor contingent payment was computed in terms of the Zestcor sales agreement, and is based on the consideration payable which was dependant on the final FY 2020 profit before tax achieved by Zestcor.

The directors consider the carrying amount of the vendor considerations to approximate their fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020* R'000
18. TRADE, OTHER PAYABLES AND PROVISIONS		
Trade payables	712 644	836 822
Accruals	39 340	178 143
Value added taxation	2 921	94 096
Employee-related accruals	65 563	97 744
Provisions	76 973	79 471
Interest accrual	–	5 713
IFRS 15 contract liabilities	133 170	188 320
Sundry and other payables	52 217	54 397
	1 082 828	1 534 706
Amounts included in liabilities associated with disposal group held for sale (note 13)	355 035	–

* The prior year disclosure has been restated in the current year in order to ensure the numbers are comparative to the 2021 disclosure. This resulted in the maintenance fund liability, amounting to R135 million, being reclassified from accruals to IFRS 15 Contract Liabilities. Provisions relating to the maintenance fund of R37 million were reclassified from accruals to provisions.

A Contract Liabilities reconciliation as required by IFRS 15.116 which was not presented in the prior year has been disclosed below. This reconciliation has been included with the prior year comparatives.

The directors consider the carrying amount of trade and other payables to approximate their fair value.

The average credit period is between 30 and 60 days. No interest is charged on trade payables for the first 1 to 60 days from the date of invoice. Terms with significant suppliers average 90 to 120 days,

The group has financial risk policies in place to ensure that all payables are paid within the credit time frame (refer to note 35).

Provisions

Provisions consists primarily of royalty and warranty provisions, which have limited estimation uncertainty, and are settled within a 12-month period following year-end

Balance at the beginning of the year	79 471	11 888
Provision raised during the year	8 743	86 934
Provision utilised during the year	(10 106)	(20 111)
Currency adjustment	(86)	760
Reclassification to disposal group held for sale	(1 049)	–
Balance at the end of the year	76 973	79 471

Deferred income movement

Balance at the beginning of the year
Utilisation of contract liability net of income received in advance for the year
Currency adjustment
Reclassification to disposal group held for sale

Balance at the beginning of the year	188 320	151 592
Utilisation of contract liability net of income received in advance for the year	(39 339)	36 283
Currency adjustment	(1 036)	445
Reclassification to disposal group held for sale	(14 775)	–
Balance at the end of the year	133 170	188 320

There have been no significant changes to the contract liability balance other than those noted above.

Revenue from contract liabilities is based on an actuarial calculations performed by an external party and revenue is recognised accordance with the group accounting policies set out in note 1.17 "Management judgements and estimates" under revenue recognition on vehicle maintenance plans.

	2021 R'000	2020 R'000
19. REVENUE		
Revenue recognised at a point in time		
<i>Sale of capital goods</i>	1 178 014	1 139 452
– South Africa	862 762	773 773
– Rest of world	315 252	365 679
<i>Sale of goods, consumables and parts</i>	2 444 923	1 947 902
– South Africa	2 205 102	1 657 815
– Rest of world	239 821	290 087
<i>Sale of used goods</i>	581 219	540 097
– South Africa	478 542	427 092
– Rest of world	102 677	113 005
Total revenue recognised at a point in time	4 204 156	3 627 451
Revenue recognised over time		
<i>Leasing rentals</i>	2 235 181	2 423 696
– South Africa	1 629 624	1 716 023
– Rest of world	605 557	707 673
<i>Maintenance and service revenue</i>	1 105 784	1 012 413
– South Africa	883 177	766 439
– Rest of world	222 607	245 974
<i>Value added products</i>	110 363	126 089
– South Africa	102 167	115 898
– Rest of world	8 196	10 191
<i>Other revenue</i>	21 016	16 460
– South Africa	21 016	16 459
– Rest of world	–	1
Total revenue recognised over time	3 472 344	3 578 658
Total revenue	7 676 500	7 206 109
Revenue by segment		
<i>Equipment</i>	3 785 154	3 721 188
– Continuing	443 245	382 309
– Discontinued	3 341 909	3 338 879
<i>Fleet</i>	1 768 842	1 859 651
<i>Petrochemicals</i>	2 167 438	1 674 032
<i>Group, financing and consolidation</i>	(44 934)	(48 762)
Total revenue	7 676 500	7 206 109
Continuing operations	4 334 591	3 867 230
– South Africa	4 052 586	3 583 342
– Rest of world	282 005	283 888
Discontinued operations	3 341 909	3 338 879
– South Africa	2 111 067	1 890 155
– Rest of world	1 230 842	1 448 724

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
20. OPERATING PROFIT		
Operating profit before net finance costs and earnings from associate is stated after taking the following into account:		
Net expenses include:		
Cost of sales	5 070 513	4 833 524
Staff costs: operating expenses	842 396	908 492
Depreciation	80 401	158 777
Other expenses	2 507	1 305
Other operating expenses	901 478	922 261
	6 897 295	6 824 359
Continuing operations	3 992 982	3 756 782
Discontinued operations	2 904 313	3 067 577
Operating profit is stated after taking the following items into account:		
Foreign exchange differences		
Unrealised forex differences	1 556	(11 505)
Realised forex differences	23 345	(7 147)
Fair value measurement of forward exchange contract	(402)	871
	24 499	(17 781)
Continuing operations	13 781	(33 075)
Discontinued operations	10 718	15 294
Operating lease and rental charges (short term and low value leases)		
Premises	17 326	17 741
Computer and office equipment	19 334	18 676
	36 660	36 417
Continuing operations	29 153	28 893
Discontinued operations	7 507	7 524
Profit on sale of non-current assets		
Profit on disposal of property, plant and equipment	(3 417)	(6 410)
Continuing operations	(17)	(2 563)
Discontinued operations	(3 400)	(3 847)
Other		
Net expected credit loss	(18 222)	42 818
<i>Expected credit loss on financial assets</i>	(37 253)	34 250
<i>Bad debts written off</i>	19 031	8 568
Restructuring and transaction costs	606	1 845
Retrenchment costs	–	32 908
Consulting fees	26 153	15 977
Audit fees – audit services from Deloitte	15 390	13 765
Audit fees – audit services from other auditors	–	1 060
Audit fees – other services from Deloitte	1 129	2 256
Services from other auditors	4 164	1 154
Share-based payment charge/ (credit)	(3 880)	2 547
Employee costs		
Executive directors and prescribed officers (note 37)	71 377	39 735
Non-executive directors (note 37)	3 835	8 389
Other staff	983 827	1 069 218
	1 059 039	1 117 342

	2021 R'000	2020 R'000
20. OPERATING PROFIT <i>continued</i>		
Continuing operations	361 432	351 343
Discontinued operations	697 607	765 999
Defined contribution retirement plan costs (included in staff costs) – provident fund	48 498	47 322
Defined contribution retirement plan costs (included in staff costs) – pension fund	18 481	21 430
Discontinued operations	(32 595)	(41 697)
Continuing operations	34 384	27 055

Defined contribution plan

All contributions on behalf of employees are charged to the statement of profit or loss and other comprehensive income as they are made.

The group has no liability toward any pension or provident fund apart from normal recurring monthly contributions deducted from the employees to be paid to the relevant funds.

	2021 R'000	2020 R'000
Depreciation and amortisation included in other operating expenses		
Intangible asset amortisation	17 837	52 905
Property, plant and equipment depreciation	62 564	105 872
Depreciation and amortisation	80 401	158 777
Continuing operations	53 028	83 122
Discontinued operations	27 373	75 655

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	Impact Handling (UK) 2021 R'000	EIE SA 2021 R'000	Total 2021 R'000	Impact Handling (UK) 2020 R'000	EIE (SA) 2020 R'000	Total 2020 R'000
21. DISCONTINUED OPERATIONS						
Consolidated discontinued statement of comprehensive income						
Revenue	1 230 842	2 111 067	3 341 909	1 448 496	1 890 383	3 338 879
Cost of sales	(639 506)	(1 496 316)	(2 135 822)	(881 130)	(1 320 024)	(2 201 154)
Gross profit	591 336	614 751	1 206 087	567 366	570 359	1 137 725
Expected credit losses	(490)	(9 672)	(10 162)	(76)	(13 367)	(13 443)
Operating expenses	(383 380)	(374 949)	(758 329)	(476 012)	(376 968)	(852 980)
Operating profit before the items mentioned below	207 466	230 130	437 596	91 278	180 024	271 302
Impairment of goodwill, intangibles and PPE	–	(4 818)	(4 818)	–	(224 910)	(224 910)
Impairment of held for sale assets	–	(107 980)	(107 980)	–	–	–
Operating profit before net finance costs	207 466	117 332	324 798	91 278	(44 886)	46 392
Net finance costs	(25 139)	(131 040)	(156 179)	(40 044)	(173 309)	(213 353)
Interest received	–	2 421	2 421	–	267	267
Interest expense	(25 139)	(133 461)	(158 600)	(40 044)	(173 576)	(213 620)
Net profit/(loss) before tax	182 327	(13 708)	168 619	51 234	(218 195)	(166 961)
Attributable taxation expense	(44 527)	(20 195)	(64 722)	(10 420)	(14 862)	(25 282)
Profit on disposal of discontinued operation	32 819	–	32 819	–	–	–
Attributable taxation expense	–	–	–	–	–	–
Net profit/(loss) after taxation from discontinued operations	170 619	(33 903)	136 716	40 814	(233 057)	(192 243)
Cash flows from discontinued operations						
Net cash flows from operating activities			1 414 900			1 038 125
Net cash flow from investing activities			(949 354)			(1 129 318)
Net cash flow from financing activities			(446 328)			151 481
Net cash inflow			19 218			60 288

During the year the group entered into an agreement with Aprolis Holdings SAS to divest its ownership in Impact Handling (UK). This divestment was effective from 14 June 2021 and resulted in Impact Handling (UK) being recognised as a discontinued operation in 2021. Furthermore during the year the group entered into an agreement with CFAO South Africa to divest its ownership in EIE SA. This resulted in EIE SA being recognised as an asset held for sale and a discontinued operation in terms of IFRS 5 as at 31 August 2021. Refer to note 1.20.

	2021 R'000	2020 R'000
22. NET FINANCE COSTS		
Interest received		
Interest received on funds and deposits with banks	8 402	12 195
Other	921	1 750
	9 323	13 945
Interest expense		
Interest to banks	291 451	406 958
Deemed interest on deferred vendor considerations	124	552
Interest on lease liability	8 055	7 969
Debt raising fees written off	9 094	–
Other	8 535	7 818
	317 259	423 297
Net finance costs	307 936	409 352
Continuing operations	151 757	195 999
Discontinued operations	156 179	213 353

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
23. TAXATION		
South African normal taxation		
Current year	30 405	(1 776)
Prior year	(1 227)	(136)
South African deferred taxation		
Current year	63 496	(105 962)
Prior year	(7 125)	6 811
	85 549	(101 063)
Foreign normal taxation		
Current year	23 977	27 140
Prior year	8 439	4 559
Foreign deferred taxation		
Current year	3 109	(7 365)
Prior year	(759)	–
	34 766	24 334
Total current and deferred taxation	120 315	(76 729)
Discontinued operations	64 722	25 282
Discontinued operations normal taxation	35 189	1 652
Discontinued operations deferred taxation	29 533	23 630
Continuing operations	55 593	(102 011)
Reconciliation of rate of taxation		
Accounting profit before taxation	389 686	(589 659)
Taxation at South African normal taxation rate (28%)	109 112	(165 105)
Tax effect of adjustments to taxable income		
Permanent differences:		
– Adjustment on deferred vendor consideration	–	8 593
– Impairment of goodwill not deductible	–	88 337
– Impairment of disposal group held for sale not deductible	30 234	–
– Legal and professional fees of a capital nature	1 273	1 064
– Other non-deductible expenses	5 219	6 584
– Other non-taxable income	(3 105)	(4 545)
– Foreign taxes	4 189	4 255
– Prior year	672	(11 234)
– Derecognition of deferred tax assets	(10 238)	(17 619)
Currency adjustment	(7 819)	9 675
Share of profit from associates	(9 222)	3 266
Taxation per statement of comprehensive income	120 315	(76 729)

		2021 R'000	2020 R'000
24. EARNINGS/(LOSS) PER SHARE			
TOTAL			
Basic earnings/(loss) per share	Cents	165.4	(283.1)
Diluted earnings/(loss) per share*	Cents	165.4	(283.1)
Headline earnings/(loss) per share	Cents	208.0	(20.1)
CONTINUING OPERATIONS			
Basic earnings/(loss) per share	Cents	90.0	(176.9)
Diluted earnings/(loss) per share*	Cents	90.0	(176.9)
Headline earnings/(loss) per share	Cents	90.6	(22.6)
DISCONTINUED OPERATIONS			
Basic earnings/(loss) per share	Cents	75.4	(106.2)
Diluted earnings/(loss) per share*	Cents	75.4	(106.2)
Headline earnings per share	Cents	117.4	2.5
The calculation of earnings per ordinary share for the group is based on the following:			
– Earnings/(loss) attributable to the equity holders of the parent		299 858	(512 469)
– Headline earnings		377 267	(36 410)
– Weighted average number of shares in issue	Number	181 366 763	181 017 311
– Weighted average diluted number of shares in issue	Number	181 366 763	182 312 650
– Number of shares in issue at year-end	Number	182 312 650	182 312 650
Reconciliation of headline earnings:			
Profit/(loss) for the year attributable to equity holders of the parent		299 858	(512 469)
<i>Adjusted for:</i>			
Profit on disposal of property, plant and equipment		(3 417)	(6 410)
Impairment of goodwill and intangible assets		–	543 080
Impairment of property		4 818	1 031
Impairment of held for sale assets		109 701	–
Profit on disposal of subsidiary		(32 819)	–
Taxation effect thereon		(874)	(61 642)
Headline earnings/(loss) attributable to ordinary shareholders		377 267	(36 410)
Reconciliation of headline earnings - continuing operations:			
Profit/(loss) for the year attributable to equity holders of the parent		163 142	(320 226)
<i>Adjusted for:</i>			
Profit on disposal of property, plant and equipment		(17)	(2 563)
Impairment of goodwill and intangible assets		–	318 170
Impairment of property		1 721	1 031
Taxation effect thereon		(477)	(37 236)
Headline earnings/(loss) attributable to ordinary shareholders		164 369	(40 824)
Reconciliation of headline earnings - discontinued operations:			
Profit/(loss) for the year attributable to equity holders of the parent		136 716	(192 243)
<i>Adjusted for:</i>			
Profit on disposal of property, plant and equipment		(3 400)	(3 847)
Impairment of goodwill and intangible assets		–	224 910
Impairment of property		109 701	–
Impairment of held for sale assets		3 097	–
Profit on disposal of subsidiary		(32 819)	–
Taxation effect thereon		(397)	(24 405)
Headline earnings attributable to ordinary shareholders		212 898	4 415

No instruments that could dilute basic earnings per share are held at the end of the financial year as the FSP scheme has been settled and no new scheme has been issued.

*The dilutionary instruments in issue have an anti-dilutionary effect in the prior year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
25. CASH GENERATED FROM OPERATIONS		
Profit before taxation	389 686	(589 659)
<i>Adjusted for:</i>	–	–
– Interest received	(9 323)	(13 945)
– Interest expense	317 259	423 297
– Impairment of goodwill, intangible assets and property	6 539	544 111
– Impairment of disposal group held for sale	107 980	–
– Fair value adjustment on cell captive	4 624	1 305
– Depreciation and amortisation	1 130 231	1 446 802
– (Profit)/loss on disposal of property, plant and equipment	(3 417)	(6 410)
– Share of profits of associate	(32 936)	(11 711)
– Share based payment expense – non-cash	(4 179)	4 595
– Adjustment on deferred vendor consideration	–	30 688
– Movement in onerous contract provision	26 563	31 520
– Transaction costs paid on disposal of subsidiary	(2 308)	–
Cash generated from operations before working capital movements	1 930 719	1 860 593
Changes in working capital	749 702	610 280
Decrease in inventories	821 446	577 230
(Increase)/decrease in trade and other receivables	(297 425)	124 342
Increase/(decrease) in trade and other payables	225 681	(91 292)
	2 680 421	2 470 873
26. INTEREST PAID		
Interest paid		
Total interest expense (refer to note 22)	(317 259)	(423 297)
Imputed interest on deferred vendor consideration	124	552
Interest on lease liability	–	–
Debt raising fees written off	9 094	–
Interest accrual	324	5 713
Total interest paid (in cash)	(307 717)	(417 032)
Interest received		
Total interest received (refer to note 22)	9 323	13 945
Total interest received (in cash)	9 323	13 945
Total net interest paid in cash	(298 394)	(403 087)
27. TAXATION PAID		
Net taxation payable at beginning of year	(3 549)	(46 510)
Current tax charged to the statement of comprehensive income	(61 594)	(29 787)
Currency adjustment	17 649	487
Disposal of subsidiary	(1 574)	–
Net taxation payable at end of year	12 160	3 549
	(36 908)	(72 261)
28. PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Book value of assets disposed	7 440	8 890
Profit on disposal of property, plant and equipment	3 417	6 410
Proceeds on disposal of property, plant and equipment	10 857	15 300

29. BUSINESS COMBINATION

EIE SA acquisition during the 2021 financial year

The details of the fair value of the assets and liabilities acquired through the business combination in the current year are detailed below:

Identifiable assets acquired and liabilities assumed.

	2021 R'000
Property, plant and equipment	1 710
Goodwill	278
Inventories	5 006
Deferred taxation	147
Trade and other receivables	15 946
Taxation receivable	547
Interest-bearing liabilities	(1 179)
Trade, other payables and provisions	(8 429)
Bank overdraft	(3 227)
Total identifiable assets acquired	10 799
Total consideration paid	(10 800)
Purchase price	(10 800)
Purchase consideration payable as at 31 August 2021	1 080
Bank overdraft	(3 227)
Net cash outflow on total acquisition	(12 947)

Acquisition of Unicape

Effective 1 October 2020 600 SA (Pty) Ltd, an indirect wholly-owned subsidiary of enX Group, concluded an agreement to acquire 100% of the share capital in Unicape (Pty) Ltd, a forklift dealer located in the Cape, to increase the group's forklift business footprint in the SA.

The purchase price paid was R10.8 million. The amount due was settled through the existing facilities with Investec. There is no contingent consideration. The goodwill acquired arose as a result of the expected synergies and costs savings in expanding the SA operations.

Revenue of R39.2 million and net loss after taxation of R8.0 million have been included in these results with effect from the acquisition dates. If the acquisitions had occurred on 1 September 2020, the following amounts would have been included in the group results: Revenue of R47.4 million and net profit after taxation of R7.6 million.

No assets have been acquired through business combinations during the prior year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

30. DISPOSAL OF SUBSIDIARY

On 14 June 2021 the group disposed of its interest in Impact Handling (UK).

The net assets of Impact Handling (UK) at the date of disposal were as follows:

	2021 R'000
Property, plant and equipment	132 878
Leasing assets	1 316 090
Intangible assets	41 127
Inventories	176 577
Deferred taxation	(84 238)
Trade and other receivables	259 671
Taxation receivable	2 121
Bank and cash balances	134 667
Interest-bearing liabilities	(1 097 310)
Lease liabilities	(51 668)
Trade, other payables and provisions	(299 111)
Attributable goodwill	84 890
Net assets disposed of	615 694
Total consideration	609 304
Satisfied by:	
Cash and cash equivalents	609 304
Deferred consideration	–
Net cash inflow arising on disposal	609 304
Consideration received in cash and cash equivalents	609 304
<i>Less: cash and cash equivalents disposed of</i>	<i>(134 667)</i>
	474 637

There were no disposals of subsidiaries made in 2020.

The impact of Impact Handling (UK) on the group's results in the current and prior years is disclosed in note 21. The profit on disposal is included in the profit for the year from discontinued operations (see note 21).

	2021 R'000	2020 R'000
31. LEASE LIABILITIES		
Leases: payable		
Premises	123 994	188 997
Vehicles	5	22 419
	123 999	211 416
These commitments relate to the following periods:		
Due within 1 year	38 444	112 357
Due within 2 years	35 323	45 735
Due within 3 years	33 477	32 784
Due within 4 years	23 911	25 973
Thereafter	29 767	18 674
	160 921	235 523
<i>Less:</i> Unearned interest	(36 922)	(27 623)
Lease liabilities – IFRS 16	123 999	207 900
Disclosed as:		
Non-current liabilities	93 415	95 741
Current liabilities	30 584	115 675
	123 999	211 416
Movement summary		
Opening balance	211 416	–
Lease liabilities arising on adoption of IFRS 16	–	238 582
(Disposals)/additions	(12)	25 715
Interest expense	8 055	7 969
Repayments	(21 257)	(60 850)
Currency adjustment	(5 505)	–
Reclassification to liabilities associated with disposal group held for sale (note 13)	(17 030)	–
Disposal of subsidiary (note 30)	(51 668)	–
Closing balance of lease liabilities	123 999	211 416
Disclosed as:		
Non-current liabilities	93 415	95 741
Current liabilities	30 584	115 675
	123 999	211 416

The lease commitment note took into account contractual cashflows as at 31 August 2021 excluding lease term extensions. On adoption of IFRS 16 in the prior year in terms of the transition requirements, the lease term extension was taken into account in measuring the liability on 1 September 2020 as required by IFRS 16.

The maturity profile of the lease commitments is detailed above as well as in note 35.

The value of the short term and low value lease commitments that were not recognised in terms of IFRS 16 amount to R4.8 million (2020: R4.9 million), these commitments are due within one year.

No contingent rental is payable. No restrictions are imposed by lease agreements concerning dividends, additional debt and further leasing. Average annual escalation ranges between 4% and 10%.

Operating leases: receivable

The minimum future lease payments receivable under non-cancellable operating leases are as follows:

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

31. LEASE LIABILITIES *continued*

31 August 2021	More than five years R'000	One to five years R'000	Less than one year R'000	Total R'000
Forklifts*	–	–	–	–
Vehicles	25 878	741 488	844 796	1 612 162
	25 878	741 488	844 796	1 612 162
31 August 2020				
Forklifts	–	1 313 240	825 044	2 138 284
Vehicles	22 704	1 041 108	949 282	2 013 094
	22 704	2 354 348	1 774 326	4 151 378

*Forklifts relate to EIE SA which has been disclosed as an asset held for sale and discontinued operations in terms of IFRS 5 as at 31 August 2021.

32. RETIREMENT BENEFITS

Defined contribution plan

All contributions on behalf of employees are charged to the statement of profit or loss and other comprehensive income as they are made.

The group has no liability toward any pension or provident fund apart from normal recurring monthly contributions deducted from the employees to be paid to the relevant funds. Contributions to defined benefit plans are detailed in note 20.

33. CONTINGENT LIABILITIES AND GUARANTEES

There are not considered to be any contingent liabilities at 31 August 2021 (2020: nil).

On 13 February 2017 shareholders approved financial assistance in the form of a R15 million enX indemnity to the shareholders of Capleverage Propriety Limited ("Capleverage"). Capleverage, via its wholly owned subsidiary Samvenice Proprietary Limited, is a shareholder of enX Group Limited. In addition PC Baloyi, who is a director of enX Group Limited, is a shareholder of Capleverage. Therefore Capleverage Propriety Limited is a related party. As at 31 August 2021 and at the date of this report the Capleverage shareholders had not called the enX indemnity therefore this indemnity is considered to be a contingent liability as at 31 August 2021.

34. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

	FINANCIAL ASSETS				FINANCIAL LIABILITIES				NON-FINANCIAL INSTRUMENTS		EQUITY		TOTAL	
	AT FAIR VALUE THROUGH PROFIT AND LOSS*		LOANS AND RECEIVABLES AT AMORTISED COST		AT AMORTISED COST									
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000		
Non-current assets	540	5 314	311	8 485	-	-	3 184 989	7 005 598	-	-	3 185 840	7 019 397		
Property, plant, equipment and right of use assets	-	-	-	-	-	-	259 561	621 446	-	-	259 561	621 446		
Leasing assets	-	-	-	-	-	-	2 769 789	6 087 417	-	-	2 769 789	6 087 417		
Goodwill and other intangible assets	-	-	-	-	-	-	33 375	165 769	-	-	33 375	165 769		
Trade and other receivables	-	-	-	4 624	-	-	-	-	-	-	-	4 624		
Unlisted investments and loans	540	5 314	311	3 861	-	-	-	-	-	-	851	9 175		
Investment in associate	-	-	-	-	-	-	103 852	70 916	-	-	103 852	70 916		
Deferred taxation	-	-	-	-	-	-	18 412	60 050	-	-	18 412	60 050		
Current assets	32	2 372	1 600 654	1 863 272	-	-	734 047	1 726 966	-	-	2 334 733	3 592 610		
Inventories	-	-	-	-	-	-	665 356	1 622 021	-	-	665 356	1 622 021		
Trade and other receivables	-	-	744 637	977 363	-	-	66 028	85 144	-	-	810 665	1 062 507		
Derivative financial instruments	32	2 372	-	-	-	-	-	-	-	-	32	2 372		
Taxation receivable	-	-	-	-	-	-	2 663	19 801	-	-	2 663	19 801		
Bank and cash balances	-	-	856 017	885 909	-	-	-	-	-	-	856 017	885 909		
Disposal group held for sale	374	-	279 930	-	-	-	2 514 375	-	-	-	2 794 679	-		
Total assets	946	7 686	1 880 895	1 871 757	-	-	6 433 411	8 732 564	-	-	8 315 252	10 612 007		
Capital and reserves	-	-	-	-	-	-	-	-	2 661 950	2 497 447	2 661 950	2 497 447		
Stated capital	-	-	-	-	-	-	-	-	3 134 092	3 134 092	3 134 092	3 134 092		
Other reserves	-	-	-	-	-	-	-	-	(733 554)	(595 867)	(733 554)	(595 867)		
Accumulated profits	-	-	-	-	-	-	-	-	224 597	(75 261)	224 597	(75 261)		
Equity attributable to owners of the parent	-	-	-	-	-	-	-	-	2 625 135	2 462 964	2 625 135	2 462 964		
Non-controlling interests	-	-	-	-	-	-	-	-	36 815	34 483	36 815	34 483		
Non-current liabilities	-	-	-	-	1 794 665	3 721 081	251 499	437 928	-	-	2 046 164	4 159 009		
Interest-bearing liabilities	-	-	-	-	1 700 071	3 620 250	-	-	-	-	1 700 071	3 620 250		
Lease liabilities	-	-	-	-	93 415	95 741	-	-	-	-	93 415	95 741		
Employee benefits	-	-	-	-	1 179	5 090	-	-	-	-	1 179	5 090		
Deferred taxation	-	-	-	-	-	-	251 499	437 928	-	-	251 499	437 928		
Current liabilities	1 054	1 520	-	-	1 288 171	3 836 585	204 028	117 446	-	-	1 493 253	3 955 551		
Interest-bearing liabilities	-	-	-	-	359 556	2 241 028	-	-	-	-	359 556	2 241 028		
Deferred vendor consideration	-	-	-	-	-	33 895	-	-	-	-	-	33 895		
Lease liabilities	-	-	-	-	30 584	115 675	-	-	-	-	30 584	115 675		
Trade, other payables and provisions	-	-	-	-	898 031	1 440 610	184 797	94 096	-	-	1 082 828	1 534 706		
Derivative financial liabilities	1 054	1 520	-	-	-	-	-	-	-	-	1 054	1 520		
Taxation payable	-	-	-	-	-	-	19 231	23 350	-	-	19 231	23 350		
Bank overdrafts	-	-	-	-	-	5 377	-	-	-	-	-	5 377		
Liabilities associated with disposal group held for sale	1 386	-	-	-	1 947 895	-	164 604	-	-	-	2 113 885	-		
Total equity and liabilities	2 440	1 520	-	-	5 030 731	7 557 666	620 131	555 374	2 661 950	2 497 447	8 315 252	10 612 007		

* Financial assets held at fair value through profit or loss measurement considerations have been detailed in note 7 and note 11. Please refer for additional details.

	2021 R'000	2020 R'000
35. FINANCIAL RISK MANAGEMENT		
Interest rate risk management		
The group held surplus cash at times throughout the year. The significance of this surplus cash to the group's statement of financial position exposes the group to interest rate risk.		
This interest rate risk is managed through commercial banking facilities by the group's executive directors. At year-end, cash was invested with three large commercial banks. The investment of surplus funds is reviewed from time to time.		
At year-end, borrowings were held with five large commercial banks. The group's interest rate profile consists of floating rate loans and bank balances which expose the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:		
Financial assets		
Financial assets which attract no interest	1 025 824	952 349
Loans and bank deposits which attract interest at South African money market rates	856 017	885 909
	1 881 841	1 838 258
Financial liabilities		
Financial liabilities which attract no interest	900 264	1 447 220
Borrowings which attract interest at prime rates/JIBAR rates	2 183 626	6 111 966
	3 083 890	7 559 186
Interest rate sensitivity analysis		
Financial assets		
Loans granted and bank deposits linked to South African money market rates		
Carrying value at statement of financial position date	856 017	885 909
Reasonable possible change in interest rate (%)	1	1
Pre-tax statement of comprehensive income impact	8 560	8 859
Financial liabilities		
Financing received and banking facilities linked to South African prime rates/JIBAR rates		
Carrying value at statement of financial position date	2 183 626	6 111 966
Reasonable possible change in interest rate (%)	1	1
Pre-tax statement of comprehensive income impact	21 836	61 120

Credit risk management

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the group.

A customer is considered to be in default when the amount based on customer credit terms is due but is unpaid. The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Trade accounts receivable consist of a large widespread customer base. Group companies regularly monitor the financial position of their customers. The granting of credit is controlled by application and account limits.

The group's cash and cash equivalents and short-term deposits are placed with major banks with strong credit ratings.

The carrying amounts of financial assets included in the consolidated statement of financial position represent the group's maximum exposure to credit risk in relation to these assets.

Financial assets that are past due but not impaired relate mainly to a number of customers for whom there is no recent history of default and default is not expected in the foreseeable future.

In 2020 COVID-19 related lockdown restrictions imposed negatively impacted the cash flow generation of many customers and increased the credit risk with additional expected credit losses being raised in the prior year. In the current year the cash flow generation of many customers has stabilised resulting in a reduction of expected credit losses in the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2020 R'000	2019 R'000
35. FINANCIAL RISK MANAGEMENT <i>continued</i>		
Performing financial assets	1 685 106	1 600 792
Financial assets that are non-performing/ in default		
Non-performing /doubtful	50 960	135 812
In default	42 945	60 946
	93 905	196 758
Financial assets that are impaired		
Carrying amount	149 220	139 784
Allowance for impairment	(46 390)	(99 076)
	102 830	40 708
Total credit exposure	1 881 841	1 838 258

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past due amounts	Life-time ECL
Non-performing	Amount is more than 30 days past due and/or there has been a significant increase in credit risk since initial recognition	Life-time ECL
In default	Amount is more than 90 days past due or there is evidence indicating the asset is credit impaired	Life-time ECL
Fully impaired	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the group's financial assets as well as maximum exposure to credit risk:

Receivables	Expecting loss model	Gross amount	Loss allowance	Net carrying amount
Trade and other receivables – August 2021	Lifetime ECL simplified approach	691 975	(46 390)	645 585
Trade and other receivables – August 2020	Lifetime ECL simplified approach	1 006 810	(99 076)	907 734

35. FINANCIAL RISK MANAGEMENT *continued*

To mitigate credit risk the group holds collateral and has credit insurance on certain trade receivables. For trade receivables the group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The group determines the expected losses on these assets by using a provision matrix, estimated based on historical credit loss experience based on past due status of the financial assets, adjusted as appropriate to reflect current condition and estimates of future economic conditions. The expected credit loss based on past due status in terms of the provision matrix is detailed below.

	Total	Current	30 Days	60 Days	90 Days	120 Days	150 Days or more
31 August 2021							
Expected credit loss rate		0.8%	1.2%	2.4%	6.6%	19.5%	74.9%
Total trade receivable balance	691 975	388 268	159 339	52 388	19 289	27 952	44 739
Total provision raised	(46 390)	(2 931)	(1 946)	(1 272)	(1 277)	(5 445)	(33 519)
Net balance	645 585	385 337	157 393	51 116	18 012	22 507	11 220
31 August 2020							
Expected credit loss rate		1.6%	1.3%	1.7%	27.6%	49.0%	56.3%
Total trade receivable balance	1 006 810	498 566	248 020	82 168	29 830	73 703	74 523
Total provision raised	(99 076)	(7 972)	(3 322)	(1 430)	(8 239)	(36 121)	(41 993)
Net balance	907 734	490 594	244 698	80 738	21 591	37 582	32 530

Liquidity risk management

Liquidity risk is the risk that the group will be unable to meet a financial commitment when it falls due. This risk is minimised through the holding of cash balances and banking facilities.

In addition, cash forecasts are monitored so that the cash needs of the group are managed according to its requirements.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the groups' short, medium and long-term funding, including derivative financial instruments.

The following tables detail the group's remaining contractual maturity for its financial liabilities based on the expected repayment profile.

The tables have been prepared based on the undiscounted cash flows of financial liabilities and are based on the earliest date on which the group can be expected to pay. The group has adequate commitment facilities to meet the liquidity needs.

The tables include both interest and principal cash flows (contractual cash flows).

	CONTRACTUAL CASH FLOWS				
	Carrying amount R'000	Within one year R'000	Two to five years R'000	Longer than five years R'000	Total R'000
31 August 2021					
Interest-bearing liabilities	2 059 627	500 236	1 901 092	–	2 401 328
Lease liabilities	123 999	37 109	122 844	–	159 953
Trade and other payables	898 031	898 031	–	–	898 031
	3 081 657	1 435 376	2 023 936	–	3 459 312
31 August 2020					
Interest-bearing liabilities	5 861 278	2 492 433	3 752 382	–	6 244 815
Deferred vendor consideration	33 895	33 895	–	–	33 895
Lease liabilities	211 416	113 702	125 337	–	239 039
Trade, other payables and provisions	1 534 706	1 534 706	–	–	1 534 706
Bank overdraft	5 377	5 377	–	–	5 377
	7 646 672	4 180 113	3 877 719	–	8 057 832

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

35. FINANCIAL RISK MANAGEMENT *continued*

Foreign exchange currency risk

The group is exposed to foreign exchange risk. This risk is managed by covering material inventory orders with foreign exchange contracts.

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Euro, the Yen and GBP. Foreign exchange risk arises from exposure in the operations due to trading transactions in currencies other than the functional currency. Foreign currency imports within the group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	AVERAGE RATE		SPOT RATE AT YEAR END	
	2021	2020	2021	2020
Rand: GBP	20.43	20.41	19.98	22.66
Rand: US Dollar	15.02	16.08	14.52	16.95
Rand: Euro	17.95	17.91	17.15	20.25
Yen: Rand	7.16	6.78	7.58	6.25
Foreign exchange sensitivity analysis				
Financial liabilities				
Net trade payables exposed to foreign currency risk				
Carrying value of liability at statement of financial position date (R'000)	(40 453)	(111 303)		
Reasonable possible change in exchange rates (%)	10	10		
Pre-tax statement of comprehensive income (gain)/loss (R'000)	(4 045)	(11 130)		

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The group defines capital as equity funding provided by shareholders and debt funding from external parties.

Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

The group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

36. RELATED PARTY INFORMATION

J Doherty, a director of WAG, has a loan to WAI. In addition to this, additional funds were introduced into the business by separate legal entity, West African Ventures of which J Doherty is a director.

DS Brouze, a significant shareholder of enX in the prior year, is an indirect shareholder of the property Austrian Woodworking Machinery Proprietary Limited and 30 – 38 Jacoba, Alberton North Proprietary Limited.

MCC Contracts (Pty) Ltd is a significant shareholder of enX.

All transactions with related parties are concluded at arm's length. On consolidation, intercompany transactions between group entities are eliminated.

	2021 R'000	2020 R'000
Related party balances		
Loan accounts – owing (to)/by related parties		
J Doherty	(4 580)	(8 280)
West African Ventures	(1 000)	
Zestcor (investment in associate, refer note 6)	–	3 700
	(5 580)	(4 580)
Trade payables – owing to related parties		
Zestcor	123 332	50 645
	123 332	50 645
Related party transactions		
Interest paid to related parties		
Mr J Doherty	391	696
West African Ventures	99	145
Zestcor	1 725	2 229
MCC Contracts (Pty) Ltd	2 411	–
	4 626	3 070
Management/administration fees received from related parties		
Zestcor	1 899	1 899
	1 899	1 899
Purchases from related parties		
Zestcor	245 438	142 323
	245 438	142 323
Property rentals paid		
30 – 38 Jacoba, Alberton North Proprietary Limited	–	9 900
Austrian Woodworking Machinery Proprietary Limited	–	2 925
	–	12 825

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

37. DIRECTOR AND PRESCRIBED OFFICER EMOLUMENTS

Directors of enX Group Limited

Directors' emoluments, including direct and indirect benefits for the period ending 31 August 2021 are as follows:

Directors	Director fees R'000	Salary R'000	Incentives R'000	Settlement/ exit bonus R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2021							
Paid by enX and subsidiaries							
Executive directors							
A Hannington (a)	–	3 662	3 500	–	–	–	7 162
R Lumb	–	2 700	2 640	–	141	459	5 940
Non-executive directors							
P Baloyi	935	–	–	–	–	–	935
L Molefe	549	–	–	–	–	–	549
B Ngonyama	638	–	–	–	–	–	638
K Matthews	342	–	–	–	–	–	342
O Mabandla (b)	330	–	–	–	–	–	330
W Chapman	370	–	–	–	–	–	370
V Jarana (c)	671	–	–	–	–	–	671
	3 835	6 362	6 140	–	141	459	16 937

Prescribed officers

Divisional CEOs	Salary R'000	Incentives R'000	Settlement/ exit bonus R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2021						
Paid by enX and subsidiaries						
J Carr	3 440	4 458	–	664	606	9 168
T Kendrew (e)	3 090	–	13 322	–	452	16 864
B Hean	3 226	3 283	–	485	260	7 254
M Kerwan	2 789	4 606	–	–	7	7 402
D Viljoen	1 999	496	–	–	21	2 516
G Neubert (d)	4 099	1 755	7 800	615	52	14 321
O Mabandla (b)	750	–	–	–	–	750
	19 393	14 598	21 122	1 764	1 398	58 275

(a) Appointed as CEO effective 14 August 2020

(b) Appointed as an executive director effective 2 June 2021

(c) Appointed effective 3 September 2020

(d) Resigned effective 31 July 2021

(e) T Kendrew received an exit bonus as part of the sale of Impact Handling (UK).

37. DIRECTOR AND PRESCRIBED OFFICER EMOLUMENTS *continued*

Directors	Director fees R'000	Salary R'000	Incentives R'000	Settlement/ exit bonus R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2020							
Paid by enX and subsidiaries							
Executive directors							
J Friedman (a)	–	1 630	–	–	–	–	1 630
R Lumb (b)	–	1 646	–	–	–	–	1 646
G Neubert (c)	–	5 470	4 049	–	622	2 721	12 862
Non-executive directors							
S Booysen (d)	1 896	–	–	–	–	–	1 896
P Baloyi (e)	1 264	–	–	–	–	–	1 264
L Molefe	921	–	–	–	–	–	921
P O'Flaherty (d)	598	–	–	–	–	–	598
A Phillips (f)	471	–	–	–	–	–	471
A Joffe (d)	1 246	–	–	–	–	–	1 246
B Ngonyama	1 060	–	–	–	–	–	1 060
E Oblowitz (g)	541	–	–	–	–	–	541
K Matthews (h)	178	–	–	–	–	–	178
O Mabandla (h)	107	–	–	–	–	–	107
W Chapman (h)	107	–	–	–	–	–	107
	8 389	8 746	4 049	–	622	2 721	24 527
Prescribed officers							
Divisional CEOs		Salary R'000	Incentives R'000	Settlement/ exit bonus R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2020							
Paid by enX and subsidiaries							
J Carr		3 487	3 170	–	683	1 543	8 883
T Kendrew		3 878	2 085	–	–	385	6 348
B Hean		2 963	515	–	–	240	3 718
M Kerwan		2 657	–	–	–	–	2 657
D Viljoen		1 991	–	–	–	–	1 991
		14 976	5 770	–	683	2 168	23 597

(a) Resigned effective 31 March 2020

(b) Appointed effective 1 March 2020

(c) Resigned effective 13 August 2020

(d) Resigned effective 22 June 2020

(e) Appointed as Chairman, effective 3 July 2020

(f) Resigned effective 12 February 2020

(g) Appointed effective 6 December 2019, resigned effective 22 June 2020

(h) Appointed effective 3 July 2020

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

38. EMPLOYEE BENEFITS

Management participation in share-related incentive plan

In order to align the interests of management with those of shareholders, share-related incentives were awarded to certain key members of the management team during the year. These incentives entitle the recipients to a cash settlement upon vesting, the quantum of which is to be referenced off any appreciation in the company's share price in excess of the strike price over the period between the commencement date and the determination date in respect of a notional holding of 3 498 678 (2020: 6 062 471) enX shares. These share-related incentives were granted at various strike prices and vesting dates. The 2018 incentive scheme vests after 3 years from issuance, allowing participants an additional 2 years to exercise from vesting date. The 2019 incentive scheme vests after 3 years from issuance, allowing participants an additional 1 years to exercise from vesting date. The new share scheme issued in 2021 vests after 3 years from issuance, allowing participants an additional 2 years to exercise from vesting date.

Share appreciation rights (SAR) schemes

	Date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	May 2021	3 years	Cash settled
enX Group Limited	December 2019	2 years	Cash settled
enX Group Limited	June 2018	3 years	Cash settled

	2021 scheme	2019 scheme	2018 scheme
Expected volatility (%)	70.06	28.84	28.84
Expected dividend yield (%)	–	–	–
Expected forfeiture rate (%)	–	–	–
Exercise price of share appreciation rights	R 5.57	R 12.00	12.34

	Valuation 2021 R'000	Valuation 2020 R'000
IFRS 2 share-related incentive valuation		
Balance at the beginning of the year	5 090	2 999
Charge/(credit) recognised during the year	(3 880)	1 482
Currency adjustment	(31)	609
Balance at the end of the year	1 179	5 090
Disclosed as:		
Non-current financial liabilities	1 179	5 090
Other payables – current	–	–
	1 179	5 090

Share-related incentives are valued using the Black-Scholes model. The 30-day volume weighted average price ("VWAP") of the enX share as at 31 August 2021 and a risk-free rate of 4.87% (2020:3.55%) were used to value the share incentive at year-end.

The share-related incentive is a level 2 fair value item in terms of fair value hierarchy. There were no transfers between level 1 and level 2 of the fair value hierarchy.

The expected volatility was determined using volatility of enX since in 1 September 2015. In October 2017 enX unbundled its investment in eXtract resulting in a corporate restructure of R1,51 issue price adjustment of prior issuances.

The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of enX and the probability of meeting the non-market vesting conditions relating to profitability targets over the vesting period at vesting date.

The calculation of the share-based payment expense requires management to exercise a degree of judgement.

39. GOING CONCERN

Funding and liquidity

Liquidity in all our businesses has been resilient during the year. It is testament to the ability of our businesses to scale back capital expenditures, reduce orders, collect debtors and drawdown on inventory levels to release cash.

Based on our assessment of the prospects and cash flows for each business as at the date of signing we believe that credit facilities discussed above provide sufficient liquidity for the businesses to continue trading at COVID-19 related levels.

40. POST-REPORTING DATE EVENTS

DIVESTMENT OF ENX'S SOUTHERN AFRICAN MATERIALS HANDLING BUSINESS

Introduction

Shareholders were advised, as per the SENS release on 30 September 2021, that enX has agreed binding heads of terms with CFAO Holdings South Africa Proprietary Limited ("CFAO South Africa") in relation to the divestment of EIE SA Proprietary Limited ("EIE SA") ("the proposed transaction") for an aggregate consideration of R700 million (the "base subscription price").

Description of EIE SA and CFAO South Africa

EIE SA provides distribution, rental and value add services for industrial and material handling equipment in South Africa and other African countries through a network of independent dealers. EIE SA is the market leader in materials handling and the sole distributor of Toyota Forklifts, BT warehousing equipment, Konecranes heavy duty forklifts and container handling equipment, Terberg Terminal Tractors, Hawker batteries and chargers and Hako industrial cleaning equipment in South Africa.

CFAO South Africa group, delivers a range of integrated mobility solutions across the automotive value chain contributing towards the support, development and growth of the automotive industry in South Africa, and across the rest of Africa.

Rationale and use of proceeds

The transaction represents an attractive opportunity for the Company to monetise its investment in EIE SA at a valuation that in the view of the board of directors of enX, fairly reflects the future prospects and cash flows of EIE SA. CFAO South Africa group, being part of the TTC group of companies, being the exclusive supplier of Toyota forklift for EIE SA, is a natural fit as owner of EIE SA and whom the directors are of the view will prove to be a sound custodian of the EIE SA business. Furthermore, the board considers that proceeding with the proposed transaction with CFAO South Africa reduces the implementation risk of the transaction.

The Board is in the process of considering the optimal application of the cash proceeds arising from the proposed transaction.

Structure and certain terms of the proposed transaction

The proposed transaction will be implemented by way of a subscription for ordinary shares by CFAO South Africa and a repurchase by EIE SA of all the shares in EIE SA. The base subscription price is subject to typical leakage adjustments between 31 December 2020 and the subscription date, such amount being the final subscription price.

enX has undertaken not to compete with the business carried on by the target companies for a period of three years from the subscription date in any territory in which the target companies operate however enX companies including Eqstra Logistics and Fleet Management and certain other enX companies have been carved out of this provision and are not deemed to constitute a competing business.

The proposed transaction is subject to warranties, representations and indemnities ("WR&I") that are customary for transactions of this nature. enX will be liable for the WR&I for periods of either 30 or 60 months after closing. The WR&I will be secured by the Guarantee (as defined paragraph 5 below).

Conditions precedent

The implementation of the proposed transaction remains subject to the fulfilment and/or waiver of the following conditions precedent, as the case may be, by no later than 31 May 2022 (the "longstop date"):

- the internal restructure being implemented to the satisfaction of CFAO South Africa;
- enX shareholders approving the proposed transaction as required in terms of the Companies Act, 2008, the listing requirements of the JSE and the memorandum of incorporation of enX;
- all requisite regulatory approvals for the implementation of the proposed transaction having been obtained from all requisite Competition Authorities and the JSE;
- approval of the internal restructure and disposal by the target companies' bankers and funders;
- the conclusion of a share repurchase agreement between enX and EIE SA;
- certain material third party consents being obtained;
- the conclusion of a transitional services agreement between CFAO South Africa and the target companies for a period of up to 12 months;
- the provision of an on-demand bank guarantee in a form acceptable to CFAO South Africa in favour of CFAO South Africa and/or EIE SA as security for the obligations of enX ("Guarantee"), for an amount equal to 20% of the base subscription price, which Guarantee shall be in place for a period of 2 years from the subscription date; and

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

40. POST-REPORTING DATE EVENTS *continued*

- no material adverse event having occurred between the date of signature of the subscription agreement and the subscription date. A material adverse event shall exclude:
- an event, fact or circumstance which has or is reasonably likely to have, individually or in the aggregate, an adverse impact of less than 30% on the annual net profits after tax of the EIE SA;
- any failure, in and of itself, by the EIE SA to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been, or is reasonably expected to be, a material adverse effect, to the extent permitted by the definition); or
- any consequence directly related to COVID-19 pandemic.

enX has the unilateral right to extend the longstop date by up to 90 days (for no more than two occasions) provided the only suspensive conditions outstanding are those in respect of regulatory approvals.

Categorisation of the transaction

The proposed transaction is classified as a category 1 transaction in terms of the JSE Listings Requirements and, accordingly, requires shareholder approval. Full details of the proposed transaction, together with, *inter alia*, the *pro forma* financial effects of the proposed transaction will be included in a circular to be distributed to shareholders by no later than 15 December 2021. The salient dates and times relating to the proposed transaction will be released on SENS and published in the press at the time of the posting of the circular.

Apart from the above, there have been no other material events subsequent to year-end.



COMPANY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at

	Notes	31 August 2021 R'000	31 August 2020 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	1 072	45
Investment in subsidiaries	3	1 775 428	1 537 701
Loans to group companies	5	313 379	310 842
Current assets			
Trade and other receivables	4	4 868	6 246
Bank and cash balances	6	1 629	4
Total assets		2 096 376	1 854 838
EQUITY AND LIABILITIES			
Total shareholders' interests			
Stated capital	7	3 151 707	3 151 707
Other reserves		(773 654)	(773 654)
Accumulated losses		(1 137 361)	(1 137 988)
Current liabilities			
Loans from group companies	5	854 463	612 204
Other payables	8	598	1 655
Taxation payable		623	914
Total equity and liabilities		2 096 376	1 854 838

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the years ended

	Notes	31 August 2021 R'000	31 August 2020 R'000
Revenue	9	3 892	8 674
Other income		484	2 680
Operating expenses		(5 649)	(8 973)
Depreciation		–	(86)
Operating profit/(loss)	10	(1 273)	2 295
Interest income	11	2 344	2 187
Profit before taxation		1 071	4 482
Taxation	12	(444)	(1 426)
Profit for the year		627	3 056
Other comprehensive income		–	–
Total comprehensive income for the year		627	3 056

STATEMENT OF CHANGES IN EQUITY

for the years ended

	Stated capital R'000	Other Reserves R'000	Accumulated (losses) R'000	Total equity R'000
Balances as at 1 September 2019	3 151 707	(773 654)	(1 141 044)	1 237 009
Total comprehensive income for the year	–	–	3 056	3 056
Balances as at 31 August 2020	3 151 707	(773 654)	(1 137 988)	1 240 065
Total comprehensive income for the year	–	–	627	627
Balances as at 31 August 2021	3 151 707	(773 654)	(1 137 361)	1 240 692

STATEMENT OF CASH FLOWS

for the years ended

	Notes	31 August 2021 R'000	31 August 2020 R'000
Cash flows from operating activities		1 875	(5 063)
Cash (utilised)/generated from operations	13	2 553	(4 643)
Interest received	14	57	10
Taxation paid	15	(735)	(430)
Cash flows from investing activities		(250)	2 588
Cash movements in loans with group companies		(250)	2 588
Net movement in cash and cash equivalents		1 625	(2 475)
Cash and cash equivalents at beginning of year		4	2 479
Cash and cash equivalents at end of year		1 629	4

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2021

1. ACCOUNTING POLICIES

Please refer to note 1 of the consolidated annual financial statements.

2. PROPERTY, PLANT AND EQUIPMENT

	Computer and office equipment R'000	Leasehold improvements R'000	Total R'000
As at 31 August 2021			
Cost	814	1 282	2 096
Accumulated depreciation	(705)	(319)	(1 024)
Net carrying value	109	963	1 072
Movement summary			
Carrying value at the beginning of the year	45	–	45
Additions	165	1 000	1 165
Depreciation	(101)	(37)	(138)
Carrying value at the end of the year	109	963	1 072
As at 31 August 2020			
Cost	662	241	903
Accumulated depreciation	(617)	(241)	(858)
Net carrying value	45	–	45
Movement summary			
Carrying value at the beginning of the year	131	–	131
Depreciation	(86)	–	(86)
Carrying value at the end of the year	45	–	45

3. INVESTMENT IN SUBSIDIARIES

	Country of incorporation/ principal place of business	Nature	OWNERSHIP PERCENTAGE		SHARES AT COST	
			2021	2020	2021	2020
			%	%	R'000	R'000
enX Trading Investments Proprietary Limited	RSA	Investment Holding	100	100	516 077	516 077
enX Leasing Investments Proprietary Limited	RSA	Investment Holding	100	100	170 830	1 021 624
K2016224128 (South Africa) Proprietary Limited	RSA	Share scheme entity	100	100	****	****
Eqstra Investment Holdings Proprietary Limited	RSA	Investment Holding	100	–	1 088 521	
Total investment in subsidiaries					1 775 428	1 537 701

During the current period, an asset for share transaction was concluded between the company, enX Leasing Investments Proprietary Limited and Eqstra Investment Holdings Proprietary Limited, whereby enX Leasing Investments Proprietary Limited transferred all of the shares it held in each of the Eqstra subsidiaries to Eqstra Investment Holdings Proprietary Limited in consideration for the issue and allotment by Eqstra Investment Holdings Proprietary Limited of the shares to enX Leasing Investments Proprietary Limited. As part of the transaction there was a subscription of no par value shares equal to the balance loan between enX Group Ltd and enX Corporation. These share were also transferred to Eqstra Investment Holdings Proprietary Limited as part of the transaction.

**** Amount less than R1 000

Other information

The carrying amounts of subsidiaries are shown net of any impairment losses.

	2021 R'000	2020 R'000
4. TRADE AND OTHER RECEIVABLES		
Gross trade receivables	3 430	4 365
Prepayments	695	1 879
Sundry debtors	743	2
	4 868	6 246

Basis of raising impairment allowances against receivables

Gross trade are continuously reviewed for impairment on an individual basis. Credit limits are continuously monitored through payment history checks and industry information.

The company has applied the simplified model determining the lifetime expected credit losses as there is no significant financing component. Expected credit loss ("ECL") has been considered in detail as part of the impairment of trade and other receivables.

5 LOANS WITH GROUP COMPANIES		
K2016224128 (South Africa) Proprietary Limited	6 661	6 591
enX Trading Investments Proprietary Limited	300 884	298 410
enX Leasing Investments Proprietary Limited	5 834	5 841
enX Corporation Limited	–	(612 204)
enX Leasing Investments Proprietary Limited	(852 664)	–
Eqstra Transformation Trust	(1 799)	–
	(541 084)	(301 362)
<i>Disclosed as:</i>		
Non-current assets	313 379	310 842
Current liabilities	(854 463)	(612 204)
	(541 084)	(301 362)
Movement schedule		
Loans to group companies		
Opening balance	310 842	320 403
Interest capitalised	2 287	2 177
Movement due to transfer of treasury shares	–	(9 150)
Closing	(313 379)	(310 842)
Net cash movement	(250)	2 588
Loans from group companies		
Opening balance	(612 204)	(621 354)
Loans ceded by enX Corporation Limited	612 204	–
Loan ceded to enX Leasing Investments Proprietary Limited	(612 204)	–
Loan movement relating to shares issued as part of group restructure	(237 727)	–
Assets transferred (non-cash)	(4 532)	–
Movement due to transfer of treasury shares	–	9 150
Closing balance	854 463	612 204
Net cash movement	–	–

The loan amounts are unsecured, interest free, with no fixed terms of repayment and are payable on demand however the directors do not have the intension to recall the loans in the next 12 months. However the loan with enX Trading Investments Proprietary Limited has two elements, R45.0 million of the loan was issued to fund working capital and therefore bears interest at 5.25%.

Loans receivable are payable on demand and there are no fixed repayment terms. As the company can demand payment on these loans with as little as one days notice the expected credit loss on these loans is considered to be immaterial.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
6. BANK AND CASH BALANCES		
Bank accounts	1 629	4
	1 629	4
Cash is held by banks that have strong credit ratings which are considered to mitigate the expected credit loss risk.		
7. STATED CAPITAL		
Authorised		
1 000 000 000 (2020: 1 000 000 000) ordinary shares of no par value		
Issued		
182 312 650 (2020: 182 312 650) no par value shares	3 151 707	3 151 707
The unissued ordinary shares are under the control of the directors until the next annual general meeting, subject to the provisions of the Companies Act, No 71 of 2008.		
8. OTHER PAYABLES		
Employee-related accruals	406	1 401
Value added taxation	192	254
	598	1 655
The directors consider the carrying amount of trade and other payables to approximate their fair value.		
The company has financial risk policies in place to ensure that all payables are paid in accordance with the contractual terms.		
9. REVENUE		
Management fee income	3 892	8 674
	3 892	8 674
10. OPERATING PROFIT/(LOSS)		
is stated after taking the following items into account:		
Other		
Depreciation on property, plant and equipment	137	86
Transaction costs	514	610
Employee costs		
Directors paid by the company	3 834	8 389
11. INTEREST INCOME		
Interest received on funds and deposits with banks	57	10
Interest received from group companies	2 287	2 177
	2 344	2 187

	2021 R'000	2020 R'000
12. TAXATION		
South African normal taxation		
Current year	444	1 426
	444	1 426
Reconciliation of rate of taxation		
Profit before taxation	1 071	4 482
Taxation at South African normal taxation rate (28%)	300	1 255
Tax effect of adjustments to taxable income		
Permanent differences		
– Other non-deductible expenses	144	171
Taxation per statement of comprehensive income	444	1 426
13. CASH (UTILISED)/GENERATED FROM OPERATIONS		
Profit before taxation	1 071	4 482
<i>Adjusted for:</i>		
– Interest received	(2 344)	(2 187)
– Depreciation	–	86
Cash generated/(utilised) from operations before working capital movements	(1 273)	2 381
Changes in working capital	3 689	(7 024)
(Increase)/decrease in trade and other receivables	5 414	(6 042)
(Decrease)/increase in trade and other payables	(1 725)	(982)
	2 416	(4 643)
14. INTEREST RECEIVED		
Interest received		
Total interest received (refer note 11)	2 344	2 187
Interest receivable from group companies	(2 287)	(2 177)
Total interest received	57	10
15. TAXATION PAID		
Balance payable/(receivable) at beginning of year	(914)	82
Charged to the statement of comprehensive income	(444)	(1 426)
Balance payable/(receivable) at end of year	623	914
	(735)	(430)
16. DIRECTORS' EMOLUMENTS		
Refer to note 34 in the consolidated financial statements.		

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

17. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

	LOANS AND RECEIVABLES AT AMORTISED COST		FINANCIAL LIABILITIES AT AMORTISED COST		NON-FINANCIAL INSTRUMENTS		EQUITY		TOTAL	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
ASSETS										
Non-current assets	313 379	310 842	-	-	1 776 500	1 537 746	-	-	2 089 879	1 848 588
Property, plant and equipment	-	-	-	-	1 072	45	-	-	1 072	45
Investment in subsidiaries	-	-	-	-	1 775 428	1 537 701	-	-	1 775 428	1 537 701
Loans with group companies	313 379	310 842	-	-	-	-	-	-	313 379	310 842
Current assets	5 059	6 250	-	-	1 438	-	-	-	6 497	6 250
Trade and other receivables	3 430	6 246	-	-	1 438	-	-	-	4 868	6 246
Bank and cash balances	1 629	4	-	-	-	-	-	-	1 629	4
Total assets	318 438	317 092	-	-	1 777 938	1 537 746	-	-	2 096 376	1 854 838
EQUITY AND LIABILITIES										
Capital and reserves	-	-	-	-	-	-	1 240 692	1 240 065	1 240 692	1 240 065
Stated capital	-	-	-	-	-	-	3 151 707	3 151 707	3 151 707	3 151 707
Other reserves	-	-	-	-	-	-	(773 654)	(773 654)	(773 654)	(773 654)
Accumulated profits	-	-	-	-	-	-	(1 137 361)	(1 137 988)	(1 137 361)	(1 137 988)
Current liabilities	854 463	612 204	406	1 401	815	1 168	-	-	855 684	614 773
Loans with group companies	854 463	612 204	-	-	-	-	-	-	854 463	612 204
Trade and other payables	-	-	406	1 401	192	254	-	-	598	1 655
Taxation payable	-	-	-	-	623	914	-	-	623	914
Total equity and liabilities	854 463	612 204	406	1 401	815	1 168	1 240 692	1 240 065	2 096 376	1 854 838

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

	2021 R'000	2020 R'000
18. FINANCIAL RISK MANAGEMENT		
Interest rate risk management		
The company held surplus cash at times throughout the year. The significance of this surplus cash to the company's statement of financial position can expose the company to interest rate risk.		
This interest rate risk is managed through commercial banking facilities by the company's executive directors.		
The company's interest rate profile consists of floating rate loans and bank balances which expose the company to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:		
Financial assets		
Financial assets at no interest	316 809	317 088
Loans granted and bank deposits linked to South African money market rates	1 629	4
	318 438	317 092
Financial liabilities		
Financial liabilities at no interest	854 869	613 859
	854 869	613 859
Interest rate sensitivity analysis		
Financial assets		
Loans granted and bank deposits linked to South African money market rates		
Carrying value at statement of financial position date	1 629	4
Reasonable possible change (%)	1	1
Pre-tax statement of comprehensive income impact	16	-

Credit risk management

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the company.

The company's cash and cash equivalents and short-term deposits are placed with major banks with strong credit ratings.

The carrying amounts of financial assets included in the statement of financial position represent the company's maximum exposure to credit risk in relation to these assets.

Liquidity risk management

Liquidity risk is the risk that the company will be unable to meet a financial commitment when it falls due. This risk is minimised through the holding of cash balances and banking facilities.

In addition, cash forecasts are monitored so that the cash needs of the company are managed according to its requirements.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding.

The following tables detail the company's remaining contractual maturity for its financial liabilities based on the expected repayment profile.

The tables have been prepared based on the undiscounted cash flows of financial liabilities and are based on the earliest date on which the company can be expected to pay.

18. FINANCIAL RISK MANAGEMENT *continued*

The tables include both interest and principal cash flows.

	CONTRACTUAL CASH FLOWS				
	No terms R'000	Within 1 year R'000	2 – 5 years R'000	Longer than 5 years R'000	Total R'000
Company					
2021					
Assets					
Loans to group companies	–	–	–	313 379	313 379
Liabilities					
Loans from group companies	(854 463)	–	–	–	(854 463)
Trade and other payables	–	406	–	–	406
	(854 463)	406	–	313 379	(540 678)
2020					
Assets					
Loans to group companies	–	–	–	310 842	310 842
Liabilities					
Loans from group companies	(612 204)	–	–	–	(612 204)
Trade and other payables	–	(1 655)	–	–	(1 655)
	(612 204)	(1 655)	–	310 842	309 187

19. RELATED PARTY INFORMATION

All transactions between related parties and group companies are concluded at arm's-length.

Related party balances**Loan accounts – owing (to)/by group companies**

	2021 R'000	2020 R'000
K2016224128 (South Africa) Proprietary Limited	6 661	6 591
enX Trading Investments Proprietary Limited	300 884	298 410
enX Leasing Investments Proprietary Limited	5 834	5 841
enX Corporation Ltd	–	(612 204)
enX Leasing Investments Proprietary Limited	(852 664)	–
Eqstra transformation trust	(1 799)	–
	(541 084)	(301 362)

Related party transactions**Interest received from group companies**

enX Trading Investments Proprietary Limited	2 287	2 177
	2 287	2 177

Management/administration fees received from group companies

enX Corporation Limited	3 892	8 674
	3 892	8 674

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2021

20. EMPLOYEE BENEFITS

Refer to note 35 in the consolidated financial statements.

21. POST-REPORTING DATE EVENTS

Refer to note 37 in the consolidated financial statements.

Apart from the above, there have been no material events subsequent to year-end that have not been taken into account in the financial statements.

22. GOING CONCERN

The majority of loans with group companies relate to entities in which the company holds investments as subsidiaries. The loans are held at carrying values that the board expects to recover should these subsidiaries be disposed of or in the ordinary course of business as a going concern. The company is expected to be able to settle any current liabilities as they become due. Accordingly, the company is considered to be a going concern.

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARIES

for the year ended 31 August 2021

The following relates to enX Group Limited's direct interest in its significant subsidiaries:

Company	Nature of business	Place of incorporation	Interest owned directly or indirectly	Ordinary shares in issue	BOOK VALUE OF INTEREST			
					SHARES		LOANS	
					2021 R'000	2020 R'000	2021 R'000	2020 R'000
INVESTMENTS IN SUBSIDIARIES AND GROUP LOANS								
Shares held directly								
enX Trading Investments Proprietary Limited	Corporate	South Africa	100%	150000	516 077	516 077	514 389	298 411
Eqstra Investment Holdings Proprietary Limited	Corporate	South Africa	100%	10 100	1 088 521	**	–	–
enX Leasing Investments Proprietary Limited	Corporate	South Africa	100%	118	170 830	1 021 624	(837 329)	5 841
enX Corporation Limited K2016224128 (South Africa) Proprietary Limited	Fleet	South Africa	100%	1088226	574 235	548 874	6 661	(612 204)
Proprietary Limited	Corporate	South Africa	100%	100	**	**	183 159	6 664
Shares held indirectly								
New Way Power Proprietary Limited	Industrial	South Africa	100%	100	**	**	1 429	52 372
West African International Proprietary Limited	Petrochemicals	South Africa	100%	200000	192 436	192 436	66 951	39 776
Austro Proprietary Limited	Industrial	South Africa	100%	10	34 836	34 836	(7 640)	88 084
Centlube Proprietary Limited	Petrochemicals	South Africa	100%	100000	17 909	17 909	208 360	208 360
Centlube Holdings Proprietary Limited	Petrochemicals	South Africa	100%	100000	**	**	9	9
African Group Lubricants Proprietary Limited	Petrochemicals	South Africa	100%	200 000	2 332	2 332	90 238	99 267
Eqstra NH Equipment Proprietary Limited	Fleet	South Africa	100%	6	380 576	50 000	–	–
EIE Group Proprietary Limited	Industrial	South Africa United Kingdom	100%	277 000	63 846	63 846	201 378	289 168
Impact Fork Trucks Limited	Industrial	Kingdom	0%	–	–	130 315	–	–
Saficon Industrial Equipment Proprietary Limited	Industrial	South Africa	100%	2394000	29 789	29 789	(274 012)	1 851 693
PowerO ² Proprietary Limited	Industrial	South Africa	100%	300	**	**	81	(251)
Other subsidiaries	Various				6 258	6 258	–	–

** Amount less than R1 000

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARIES (continued)

for the year ended 31 August 2021

				2021 R'000	2020 R'000		
RESULTS OF SUBSIDIARIES							
The aggregate profits and losses of subsidiaries included in investments, after taxation attributable to the company are:							
– Profits				374 954	254 601		
– Losses				(75 096)	(767 070)		
Company	Place of incorporation	NON-CONTROLLING SHARE		PROFIT/(LOSS) ALLOCATED TO NON-CONTROLLING INTEREST		ACCUMULATED EARNINGS FROM NON-CONTROLLING INTEREST	
		2021 %	2020 %	2021 R'000	2020 R'000	2021 R'000	2020 R'000
NON-CONTROLLING INTEREST							
Amasondo Proprietary Limited	South Africa	40%	40%	2 750	(17)	22 010	19 260
Eqstra PVPS Proprietary Limited	Lesotho	20%	20%	–	–	16 585	16 585
Omathemba Fleet Services Proprietary Limited	Namibia	30%	30%	(418)	(444)	(349)	69
				2 332	(461)	38 246	35 914

ANNEXURE B – SHAREHOLDER PROFILES

			Number of shares	
Issued ordinary shares on 1 September 2020			182 312 650	
Issued during the year			–	
Issued ordinary shares as at 31 August 2021			182 312 650	
Shares held in treasury by subsidiary companies			945 887	
Issued ordinary shares, net of treasury shares, at 31 August 2021			181 366 763	
Weighted average number of shares in issue, net of treasury shares, at 31 August 2021			181 366 763	
Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	14	0.8	90 527 941	49.6
Directors, prescribed officers and managers of the group	12	0.7	51 135 813	28.0
Beneficial shareholders holding more than 10%	2	0.1		21.6
Public shareholders	1 821	99.2	91 784 709	50.4
	1 835	100.0	182 312 650	100.0
Shareholder spread				
1 – 1 000 shares	1 491	81.3	204 868	0.1
1 001 – 10 000 shares	208	11.3	745 663	0.4
10 001 – 100 000 shares	78	4.3	3 347 251	1.9
100 001 – 1 000 000 shares	37	2.0	15 187 155	8.3
1 000 001 shares and above	21	1.1	162 827 713	89.3
	1 835	100.0	182 312 650	100.0
Beneficial shareholders holding 5% or more				
MCC Contracts			61 305 360	33.6
PSG			19 482 634	10.7
Prudential			17 427 903	9.6
Samvenice Trading			12 785 271	7.0
Sunwood Trading and Investment			9 769 375	5.4
Fund managers holding 5% or more				
Prudential Investment Managers			26 953 614	14.8
PSG Asset Management			19 515 634	10.7
Ellerine Brothers			10 845 280	6.0
Geographical spread				
South Africa			181 035 934	99.3
United States			1 107 739	0.6
Other foreign			168 977	0.1
			182 312 650	100.0
Distribution of shareholders				
Private companies			110 606 566	60.7
Collective investment schemes			47 890 727	26.3
Retail shareholders			10 673 685	5.9
Managed and hedge funds			7 449 408	4.1
Trusts			2 529 291	1.4
Stockbrokers, nominees and custodians			2 246 577	1.2
Other			916 396	0.4
			182 312 650	100.0
B-BBEE shareholding				
Samvenice Trading 1 Proprietary Limited			12 785 271	7.0

ANNEXURE B – SHAREHOLDER PROFILES

(continued)

DIRECTORS' ORDINARY SHAREHOLDING

	Direct beneficial shareholding	Indirect beneficial shareholding	Total shareholding	% shareholding
Balance 31 August 2020	–	22 498 446	22 498 446	12.4
W Chapman [®]	–	9 490 983	9 490 983	5.2
P Baloyi [#]	–	11 203 354	11 203 354	6.2
A Hannington ⁺	–	646 880	646 880	0.4
O Mabandla ^{\$}	–	1 157 229	1 157 229	0.6
Balance 31 August 2021	–	47 149 238	47 149 238	25.9
W Chapman [®]	–	26 018 563	26 018 563	14.3
P Baloyi [#]	–	8 405 416	8 405 416	4.6
A Hannington ⁺	–	10 987 092	10 987 092	6.0
O Mabandla ^{\$}	–	1 738 167	1 738 167	1.0

[#] PC Baloyi holds shares indirectly by virtue of a 45% shareholding in CapLeverage as well as a 4.3% shareholding in MCC.

[@] W Chapman indirectly holds shares by virtue of a 42% shareholding in MCC.

^{\$} O Mabandla indirectly holds shares by virtue of a 2.8% shareholding in MCC.

⁺ A Hannington indirectly holds shares by virtue of a 17.9% shareholding in MCC.

There have been no changes to directors' interest since year-end to date of publication.

SHAREHOLDERS' INFORMATION

Listing and other information

The principal market for enX is the JSE Limited and shares trade through the STRATE system. Closing JSE share prices are published in most national and regional South African newspapers under the General Industries sector. The share prices are also available during the day on the enX website.

SHAREHOLDER COMMUNICATION

Shareholders can obtain updated announcements and general information regarding enX throughout the year on enX's website: www.enxgroup.co.za.

Shareholders wishing to view the annual or interim reports in electronic rather than paper form can access it on the enX website.

Computershare is the transfer secretary of enX. All general enquiries and correspondence concerning shareholders should be directed to the secretaries. Shareholders must notify Computershare promptly of any change of address.

Full details of how shareholders can obtain information regarding their own shareholding on the internet are provided on the Computershare's website (www.computershare.com).

Stock exchange performance	31 August 2021	31 August 2020
Number of shares in issue	182 312 650	182 312 650
Number of shares traded	32 744 044	81 062 539
Value of shares traded (R)	150 566 315	400 193 191
Market price (cents per share)		
Closing price at 31 August	595	467
Highest closing market price	604	11 185
Lowest closing market price	370	330
Market capitalisation	1 084 760 268	851 400 076

Integrated annual reports

Should you wish to receive a printed copy of enX's 2021 integrated annual report, please request same from the contact persons listed at the end of this report, or from the company's website or from info@enxgroup.co.za.

ADMINISTRATION

NAME AND REGISTRATION NUMBER

enX Group Limited

Registration number: 2001/029771/06

JSE share code: ENX

ISIN: ZAE000222253

REGISTERED OFFICE AND BUSINESS ADDRESS

9th Floor, Katherine Towers, 1 Park Lane, Sandton
PostNet Suite X86, Private Bag X7, Aston Manor, 1630

SPONSOR

The Standard Bank of South Africa Limited
Address 30 Baker Street, Rosebank 2196
Tel: x+27 (0) 11 721 6125

EXTERNAL AUDITORS

Deloitte & Touche
Buildings 1 and 2, Deloitte Place
5 Magwa Crescent, Waterfall City, Midrand, 2090, South Africa
Private Bag X6, Gallo Manor, 2052
Tel: +27 11 806 5000

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196,
South Africa
PO Box 61051, Marshalltown, 2107
Tel: +27 11 370 5000

DATE OF INCORPORATION

12 December 2001

DATE OF LISTING

1 February 2007

TIP-OFFS ETHICS LINE

Free call: +27 800 212677

Free fax: +27 800 007788

Email: enx@tip-offs.com

EXECUTIVE DIRECTORS

AJ Hannington (CEO)
RA Lumb (CFO)
OA Mabandla

NON-EXECUTIVE DIRECTORS

PC Baloyi (Chairman)

WH Chapman

V Jarana*

ZK Matthews*

LN Molefe*

B Ngonyama*

**Independent*

EXECUTIVE COMMITTEE

AJ Hannington (Chairman)

JV Carr (Eqstra)

BB Hean (WAG)

OA Mabandla (EIE SA)

D Viljoen (New Way Power)

M Kernan (AG Lubricants)

R Lumb (Group)

AUDIT AND RISK COMMITTEE

B Ngonyama* (Chair)

V Jarana*

LN Molefe*

REMUNERATION AND NOMINATION COMMITTEE

WH Chapman (Chair Remuneration)

PC Baloyi (Chair Nomination)

V Jarana*

ZK Matthews*

B Ngonyama*

SOCIAL AND ETHICS COMMITTEE

LN Molefe* (Chair)

PC Baloyi

OA Mabandla

COMPANY SECRETARY

Acorim Proprietary Limited, represented by Roxanne Cloete

WEBSITE

www.enxgroup.co.za



enX

GROUP

www.enxgroup.co.za

9TH FLOOR, KATHERINE TOWERS,
1 PARK LANE, SANDTON
POSTNET SUITE X86,
PRIVATE BAG X7, ASTON MANOR, 1630