

HEAT PUMP INTERNATIONAL (PTY) LTD  
(REGISTRATION NUMBER 2015/123667/07)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2019

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

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

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### Level of assurance

These financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act 71 of 2008.

### Preparer

Claude William Kirkman CA (S.A.)

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 29 February 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The independent auditor is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's independent auditor and his report is presented on page 5.

The financial statements and supplementary information set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the board of directors and are hereby signed:



DB Kloot



GB Kloot

31/7/2019

Date

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Directors' Report

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The directors have pleasure in submitting their report on the financial statements of Heat Pump International (Pty) Ltd for the year ended 28 February 2019.

### 1. Incorporation

The company was incorporated in South Africa on 10 April 2015.

### 2. Nature of business

The company is engaged in manufacturing, importing, distributing and exporting of air conditioning and other engineering products.

There have been no material changes to the nature of the company's business from the prior year.

### 3. Review of financial results and activities

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

### 4. Share capital

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

### 5. Dividends

A dividend of R610,234 (2018 - Rnil) was declared and paid during the year under review

### 6. Directors

DB Kloot

LJ Kloot

GB Kloot

DB Kloot resigned as a director on 1 March 2019.

LJ Kloot resigned as a director on 31 March 2018.

GB Kloot was appointed as a director 31 March 2018.

JA Coetsee was appointed as a director on 1 March 2019.

### 7. Non-current assets

There was no change in the nature of the non-current assets of the company or in the policies regarding their use.

### 8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 9. Review

The financial statements are subject to an independent review and have been reviewed by Kirkman Lanfear.

# **Heat Pump International (Pty) Ltd**

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## **Directors' Report**

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### **10. Secretary**

The company had no secretary during the year.

### **11. Liquidity and solvency**

The directors are satisfied that the company meets the liquidity and solvency requirements required by the Companies Act 71 of 2008.

### **12. Management agreement**

No part of the company's business has been managed by a third party under a management contract during the financial year.

## Independent Reviewers' Report

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To the shareholders of Heat Pump International (Pty) Ltd

We have reviewed the financial statements of Heat Pump International (Pty) Ltd, set out on pages 6 to 14, which comprise the statement of financial position as at 28 February 2019 and the statement of income and retained earnings and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Independent Reviewers' Responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

### Unqualified conclusion

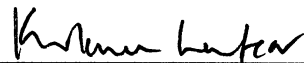
Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects the financial position of Heat Pump International (Pty) Ltd as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

### Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 15 to 17 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

### Other reports required by the Companies Act

As part of our independent review of the financial statements for the year ended 28 February 2019, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the reviewed financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the reviewed financial statements. However, we have not reviewed the directors' report and accordingly do not express a conclusion thereon.



Kirkman Lanfear  
Chartered Accountants (S.A.)  
Registered Auditors

31/7/2019

Date

Per: Andrew Grant Kirkman  
Claremont

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Statement of Financial Position

|                                     | Note(s) | 2019<br>R         | 2018<br>R         |
|-------------------------------------|---------|-------------------|-------------------|
| <b>Assets</b>                       |         |                   |                   |
| <b>Non-Current Assets</b>           |         |                   |                   |
| Property, plant and equipment       | 2       | 464 186           | 732 305           |
| Loan for enterprise development     | 4       | -                 | 63 000            |
|                                     |         | <b>464 186</b>    | <b>795 305</b>    |
| <b>Current Assets</b>               |         |                   |                   |
| Inventories                         | 5       | 7 942 262         | 8 387 773         |
| Current tax receivable              |         | -                 | 174 423           |
| Trade and other receivables         | 6       | 7 075 694         | 7 881 843         |
| Cash and cash equivalents           | 7       | 15 949            | 24 073            |
|                                     |         | <b>15 033 905</b> | <b>16 468 112</b> |
| <b>Total Assets</b>                 |         | <b>15 498 091</b> | <b>17 263 417</b> |
| <b>Equity and Liabilities</b>       |         |                   |                   |
| <b>Equity</b>                       |         |                   |                   |
| Share capital                       | 8       | 100               | 100               |
| Retained income                     |         | 94 514            | 5 823 054         |
|                                     |         | <b>94 614</b>     | <b>5 823 154</b>  |
| <b>Liabilities</b>                  |         |                   |                   |
| <b>Non-Current Liabilities</b>      |         |                   |                   |
| Loan from associate                 | 3       | 873 124           | 314 884           |
| Loans from shareholders             | 9       | 2 776 729         | 2 488 049         |
|                                     |         | <b>3 649 853</b>  | <b>2 802 933</b>  |
| <b>Current Liabilities</b>          |         |                   |                   |
| Trade and other payables            |         | 6 888 969         | 5 851 508         |
| Dividend payable                    |         | 432 737           | 356 926           |
| Bank overdraft                      | 7       | 4 431 918         | 2 428 896         |
|                                     |         | <b>11 753 624</b> | <b>8 637 330</b>  |
| <b>Total Liabilities</b>            |         | <b>15 403 477</b> | <b>11 440 263</b> |
| <b>Total Equity and Liabilities</b> |         | <b>15 498 091</b> | <b>17 263 417</b> |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Statement of Income and Retained Earnings

|   | Note(s) | 2019<br>R          | 2018<br>R         |
|---|---------|--------------------|-------------------|
| Revenue                                       |         | 42 820 757         | 57 587 257        |
| Cost of sales                                 | 10      | (25 584 181)       | (33 519 460)      |
| <b>Gross profit</b>                           |         | <b>17 236 576</b>  | <b>24 067 797</b> |
| Other income                                  |         | -                  | 96 489            |
| Operating expenses                            |         | (21 920 738)       | (22 660 637)      |
| <b>Operating (loss) profit</b>                |         | <b>(4 684 162)</b> | <b>1 503 649</b>  |
| Investment revenue                            |         | 43 347             | 26 153            |
| Finance costs                                 |         | (477 491)          | (673 991)         |
| <b>(Loss) profit before taxation</b>          |         | <b>(5 118 306)</b> | <b>855 811</b>    |
| Taxation                                      | 11      | -                  | (245 577)         |
| <b>(Loss) profit for the year</b>             |         | <b>(5 118 306)</b> | <b>610 234</b>    |
| Retained income at beginning of year          |         | 5 823 055          | 5 212 821         |
| Ordinary dividends                            |         | (610 234)          | -                 |
| <b>Retained income at the end of the year</b> |         | <b>94 515</b>      | <b>5 823 055</b>  |



# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Cash Flow Statement

|   | Note(s) | 2019<br>R          | 2018<br>R          |
|---|---------|--------------------|--------------------|
| <b>Cash flows from operating activities</b> |         |                    |                    |
| Cash receipts from customers                |         | 44 018 938         | 57 557 166         |
| Cash paid to suppliers and employees        |         | (46 103 704)       | (56 912 998)       |
| Cash (used in) generated from operations    | 13      | (2 084 766)        | 644 168            |
| Interest income                             |         | 43 347             | 26 153             |
| Finance costs                               |         | (477 491)          | (673 991)          |
| Tax received (paid)                         | 14      | 174 423            | (383 760)          |
| <b>Net cash from operating activities</b>   |         | <b>(2 344 487)</b> | <b>(387 430)</b>   |
| <b>Cash flows from investing activities</b> |         |                    |                    |
| Purchase of property, plant and equipment   | 2       | (42 156)           | (527 544)          |
| Sale of property, plant and equipment       | 2       | -                  | 96 491             |
| <b>Net cash from investing activities</b>   |         | <b>(42 156)</b>    | <b>(431 053)</b>   |
| <b>Cash flows from financing activities</b> |         |                    |                    |
| Proceeds from long-term loans               |         | 909 919            | (2 569 064)        |
| Long-term loans granted or repaid           |         | -                  | 3 188 964          |
| Dividends paid                              | 15      | (534 423)          | (54 672)           |
| <b>Net cash from financing activities</b>   |         | <b>375 496</b>     | <b>565 228</b>     |
| <b>Total cash movement for the year</b>     |         | <b>(2 011 147)</b> | <b>(253 255)</b>   |
| Cash at the beginning of the year           |         | (2 404 823)        | (2 151 568)        |
| <b>Total cash at end of the year</b>        | 7       | <b>(4 415 970)</b> | <b>(2 404 823)</b> |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

| Item                        | Average useful life |
|-----------------------------|---------------------|
| Plant and machinery         | 20%                 |
| Furniture and fixtures      | 16.67%              |
| Motor and delivery vehicles | 20% and 25%         |
| IT equipment                | 33.33%              |

#### 1.2 Inventories

Inventories are measured at the lower of cost determined on a first-in, first-out (FIFO) basis and net realisable value.

Work in progress consists of manufacturing overheads, apportioned to jobs in progress at the end of the year.

#### 1.3 Revenue

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

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

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Notes to the Financial Statements

|  | 2019<br>R | 2018<br>R |
|--|-----------|-----------|
|--|-----------|-----------|

### 2. Property, plant and equipment

|                        | 2019                |   |                   | 2018                |   |                   |
|------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
|                        | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>impairments | Carrying<br>value | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>impairments | Carrying<br>value |
| Plant and machinery    | 663 279             | (625 366)   | 37 913            | 638 079             | (586 360)   | 51 719            |
| Furniture and fixtures | 22 764              | (22 760)  | 4                 | 22 764              | (22 760)  | 4                 |
| Motor vehicles         | 1 698 319           | (1 308 336)                                       | 389 983           | 1 698 319           | (1 057 709)                                       | 640 610           |
| Office equipment       | 139 766             | (129 966)   | 9 800             | 139 766             | (126 606)   | 13 160            |
| IT equipment           | 225 507             | (199 021)   | 26 486            | 208 551             | (181 739)   | 26 812            |
| <b>Total</b>           | <b>2 749 635</b>    | <b>(2 285 449)</b>                                | <b>464 186</b>    | <b>2 707 479</b>    | <b>(1 975 174)</b>                                | <b>732 305</b>    |

### Reconciliation of property, plant and equipment - 2019

|                        | Opening<br>balance | Additions     | Depreciation     | Total          |
|------------------------|--------------------|---------------|------------------|----------------|
| Plant and machinery    | 51 719             | 25 200        | (39 006)         | 37 913         |
| Furniture and fixtures | 4                  | -             | -                | 4              |
| Motor vehicles         | 640 610            | -             | (250 627)        | 389 983        |
| Office equipment       | 13 160             | -             | (3 360)          | 9 800          |
| IT equipment           | 26 812             | 16 956        | (17 282)         | 26 486         |
|                        | <b>732 305</b>     | <b>42 156</b> | <b>(310 275)</b> | <b>464 186</b> |

### 3. Loan from associate

|                       |         |         |
|-----------------------|---------|---------|
| Batis Properties 2 CC | 873 123 | 314 884 |
|-----------------------|---------|---------|

The loan is unsecured, currently bears interest at 9% per annum and has no fixed terms of repayment.

### 4. Loan for enterprise development

|                      |   |        |
|----------------------|---|--------|
| Anwar Control Panels | - | 63 000 |
|----------------------|---|--------|

### 5. Inventories

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Raw materials, components | 7 699 253        | 8 239 517        |
| Work in progress          | 243 009          | 148 256          |
|                           | <b>7 942 262</b> | <b>8 387 773</b> |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Notes to the Financial Statements

|                                       | 2019<br>R        | 2018<br>R        |
|---------------------------------------|------------------|------------------|
| <b>6. Trade and other receivables</b> |                  |                  |
| Trade receivables                     | 6 204 780        | 6 754 380        |
| Deposits                              | 10 913           | 10 913           |
| VAT                                   | 70 095           | 243 816          |
| Debtors with credit balances          | 701 774          | 694 360          |
| Staff loans                           | 88 132           | 178 374          |
|                                       | <b>7 075 694</b> | <b>7 881 843</b> |

### Trade and other receivables pledged as security

Trade debtors have been ceded to Nedbank as security for credit facilities of R4,900,000.

### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Cash on hand        | 1 838              | 11 169             |
| Short-term deposits | 14 111             | 12 904             |
| Bank overdraft      | (4 431 918)        | (2 428 896)        |
|                     | <b>(4 415 969)</b> | <b>(2 404 823)</b> |
| Current assets      | 15 949             | 24 073             |
| Current liabilities | (4 431 918)        | (2 428 896)        |
|                     | <b>(4 415 969)</b> | <b>(2 404 823)</b> |

Credit facilities of R4,900,000 with Nedbank have been secured by the following:

- R2,000,000 limited suretyship (incorporating cessions of claims) by DB Kloot and LJ Kloot
- R3,000,000 limited suretyship (incorporating cessions of claims) by DB Kloot and LJ Kloot
- R3,400,000 limited suretyship (incorporating cessions of claims) by Batis Properties 2 CC supported by registration of a first covering mortgage bond of R3,400,000 over Erf 63439 by Batis Properties 2 CC in favour of Nedbank
- Cession of all present and future debtors
- A security cession, in favour of Nedbank of Liberty Life Insurance Policy number 58607982800 on the life of DB Kloot for R729,984
- A security cession, in favour of Nedbank of Liberty Life Insurance Policy number 58608068000 on the life of LJ Kloot for R2,104,852

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Notes to the Financial Statements

|   | 2019<br>R         | 2018<br>R         |
|---|-------------------|-------------------|
| <b>8. Share capital</b>   |                   |                   |
| <b>Authorised</b>   |                   |                   |
| 1000 Ordinary shares of no par value  | -                 | -                 |
| <b>Issued</b>   |                   |                   |
| 100 Fully paid ordinary shares of no par value  | 100               | 100               |
| <b>9. Loans from shareholders</b>   |                   |                   |
| DB Kloot  | 1 109 230         | 1 374 286         |
| LJ Kloot  | 1 667 499         | 1 113 763         |
|   | <b>2 776 729</b>  | <b>2 488 049</b>  |
| These loans are unsecured, currently bear interest at 12% (2018 - 12%) per annum and have no fixed date of repayment. |                   |                   |
| <b>10. Cost of sales</b>  |                   |                   |
| Opening inventories   | 8 387 773         | 9 435 186         |
| Purchases   | 24 336 456        | 30 797 629        |
| Commission paid   | -                 | 528 618           |
| Consumables and loose tools   | 50 744            | 81 812            |
| Depreciation  | 39 006            | 40 564            |
| Electricity and water   | 169 553           | 5 790             |
| Discount allowed  | 438 205           | 872 895           |
| Repairs and maintenance   | 40 918            | 61 752            |
| Subcontractors  | 63 788            | 82 987            |
|   | 33 526 443        | 41 907 233        |
| Closing inventories   | (7 942 262)       | (8 387 773)       |
|   | <b>25 584 181</b> | <b>33 519 460</b> |
| <b>11. Taxation</b>   |                   |                   |
| <b>Major components of the tax expense</b>  |                   |                   |
| <b>Current</b>  |                   |                   |
| Local income tax - current period   | -                 | 245 577           |
| <b>12. Independent reviewers remuneration</b>   |                   |                   |
| Fees  | 110 115           | 93 250            |
| Adjustment for previous year  | 3 409             | (4 105)           |
|   | <b>113 524</b>    | <b>89 145</b>     |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Notes to the Financial Statements

|   | 2019<br>R          | 2018<br>R        |
|---|--------------------|------------------|
| <b>13. Cash (used in) generated from operations</b>                       |                    |                  |
| (Loss) profit before taxation   | (5 118 306)        | 855 811          |
| <b>Adjustments for:</b>   |                    |                  |
| Depreciation and amortisation   | 310 275            | 333 085          |
| Profit on sale of assets  | -                  | (96 489)         |
| Interest received   | (43 347)           | (26 153)         |
| Finance costs   | 477 491            | 673 991          |
| <b>Changes in working capital:</b>  |                    |                  |
| Inventories   | 445 511            | 1 047 413        |
| Trade and other receivables   | 806 149            | (1 323 472)      |
| Trade and other payables  | 1 037 461          | (820 018)        |
|   | <b>(2 084 766)</b> | <b>644 168</b>   |
| <b>14. Tax refunded (paid)</b>  |                    |                  |
| Balance at beginning of the year  | 174 423            | 36 240           |
| Current tax for the year recognised in profit or loss                     | -                  | (245 577)        |
| Balance at end of the year  | -                  | (174 423)        |
|   | <b>174 423</b>     | <b>(383 760)</b> |
| <b>15. Dividends paid</b>   |                    |                  |
| Balance at beginning of the year  | (356 926)          | (411 598)        |
| Dividends   | (610 234)          | -                |
| Balance at end of the year  | 432 737            | 356 926          |
|   | <b>(534 423)</b>   | <b>(54 672)</b>  |
| <b>16. Related parties</b>  |                    |                  |
| Relationships   |                    |                  |
| Shareholders with significant influence                                   | DB Kloot           |                  |
|   | LJ Kloot           |                  |
| Members of key management   | DB Kloot           |                  |
|   | LJ Kloot           |                  |
|   | GB Kloot           |                  |
| <b>Related party balances and transactions with other related parties</b> |                    |                  |
| <b>Compensation to directors and other key management</b>                 |                    |                  |
| Short-term employee benefits  | 1 433 112          | 1 777 550        |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Notes to the Financial Statements

|  | 2019 | 2018 |
|--|------|------|
|  | R    | R    |

### 17. Directors' remuneration

#### Executive

#### 2019

|          | Emoluments       | Total            |
|----------|------------------|------------------|
| DB Kloot | 807 784          | 807 784          |
| GB Kloot | 826 041          | 826 041          |
|          | <b>1 633 825</b> | <b>1 633 825</b> |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Detailed Income Statement

|  | Note(s) | 2019<br>R           | 2018<br>R           |
|--|---------|---------------------|---------------------|
| <b>Revenue</b>                             |         |                     |                     |
| Sale of goods                              |         | 42 820 757          | 57 587 257          |
| <b>Cost of sales</b>                       | 10      | (25 584 181)        | (33 519 460)        |
| <b>Gross profit</b>                        |         | <b>17 236 576</b>   | <b>24 067 797</b>   |
| <b>Other income</b>                        |         |                     |                     |
| Gains on disposal of assets                |         | -                   | 96 489              |
| Interest received                          |         | 43 347              | 26 153              |
|  |         | <b>43 347</b>       | <b>122 642</b>      |
| <b>Operating expenses</b>                  |         |                     |                     |
| Advertising                                |         | (39 664)            | (28 724)            |
| Bad debt                                   |         | (82 782)            | -                   |
| Bank charges                               |         | (70 621)            | (78 967)            |
| Cleaning                                   |         | (61 537)            | (64 039)            |
| Computer expenses                          |         | (13 298)            | (69 758)            |
| Depreciation, amortisation and impairments |         | (271 269)           | (292 521)           |
| Directors remuneration                     |         | (1 633 825)         | (1 777 550)         |
| Donations                                  |         | (39 000)            | (44 648)            |
| Employee costs                             |         | (16 071 911)        | (16 469 212)        |
| Entertainment and gifts                    |         | (22 575)            | (41 398)            |
| Independent reviewers remuneration         |         | (113 524)           | (89 145)            |
| Insurance                                  |         | (441 512)           | (432 632)           |
| Lease rentals on operating lease           |         | (1 540 925)         | (1 554 905)         |
| Motor and delivery expenses                |         | (257 431)           | (316 841)           |
| Printing and stationery                    |         | (50 552)            | (71 014)            |
| Repairs and maintenance                    |         | -                   | (3 245)             |
| Secretarial fees                           |         | (9 365)             | (3 700)             |
| Security                                   |         | (396 338)           | (335 255)           |
| Staff training and welfare                 |         | (345 673)           | (402 480)           |
| Subscriptions                              |         | (95 553)            | (86 506)            |
| Telephone and fax                          |         | (139 594)           | (235 841)           |
| Travel - local                             |         | (14 463)            | -                   |
| Workmans Compensation                      |         | (209 326)           | (262 256)           |
|  |         | <b>(21 920 738)</b> | <b>(22 660 637)</b> |
| <b>Operating (loss) profit</b>             |         | <b>(4 640 815)</b>  | <b>1 529 802</b>    |
| Finance costs                              |         | (477 491)           | (673 991)           |
| <b>(Loss) profit before taxation</b>       |         | <b>(5 118 306)</b>  | <b>855 811</b>      |
| Taxation                                   | 11      | -                   | (245 577)           |
| <b>(Loss) profit for the year</b>          |         | <b>(5 118 306)</b>  | <b>610 234</b>      |



# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Tax Computation

|  | 2019<br>R          |
|--|--------------------|
| Net loss per income statement                          | (5 118 306)        |
| <b>Non-deductible items</b>                            |                    |
| Donations, including section 18A donations             | 39 000             |
| <b>Deductible items</b>                                |                    |
| Section 18A donations                                  | (23 700)           |
| <b>Assessed loss for 2019 - carried forward</b>        | <b>(5 103 006)</b> |
| <b>Tax thereon @ 28% in the Rand</b>                   | <b>Nil</b>         |
| <b>Reconciliation of tax balance</b>                   |                    |
| Amount prepaid at the beginning of year                | (174 423)          |
| Amount refunded in respect of prior year               | 174 423            |
| <b>Amount owing/(prepaid) in respect of prior year</b> | <b>-</b>           |

# Heat Pump International (Pty) Ltd

(Registration number 2015/123667/07)

Financial Statements for the year ended 28 February 2019

## Supplementary Information

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### 1. Interest received

|                  | R             |
|------------------|---------------|
| Capital Alliance | 2 549         |
| SARS             | 2 329         |
| Staff loans      | 19 699        |
| Nedbank Call     | 1 206         |
| Customers        | 17 564        |
|                  | <hr/>         |
|                  | <b>43 347</b> |

### 2. Directors remuneration

|          | As director      | Travelling allowance | Total            |
|----------|------------------|----------------------|------------------|
| DB Kloot | 767 584          | 40 200               | 807 784          |
| GB Kloot | 808 041          | 18 000               | 826 041          |
|          | <hr/>            | <hr/>                | <hr/>            |
|          | <b>1 575 625</b> | <b>58 200</b>        | <b>1 633 825</b> |

### 3. Interest paid

|                              | R              |
|------------------------------|----------------|
| Bank overdraft - Nedbank     | 195 029        |
| Loan - Kloot D               | 127 445        |
| Loan - Kloot L               | 102 247        |
| Overdue accounts             | 1 612          |
| Loan - Batis Properties 2 CC | 51 158         |
|                              | <hr/>          |
|                              | <b>477 491</b> |

### 4. Repairs and maintenance

|                     | R      |
|---------------------|--------|
| Plant and equipment | 40 918 |
|                     | <hr/>  |