

**South Ocean Holdings Limited**  
(Registration number 2007/002381/06)  
Annual Financial Statements  
for the year ended 31 December 2023

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Holding company with interest in electrical wire manufacturing and property investment
<b>Directors</b>	KH Pon HL Li A Smith N Lalla JH Yeh J van Rensburg WP Basson M Chong LL Chen DJC Pan (alternate) SN Yeh (alternate)
<b>Registered office</b>	12 Botha Street Alrode 1451
<b>Business address</b>	16 Botha Street Alrode Alrode Alrode 1451
<b>Postal address</b>	PO Box 123738 Alrode Gauteng 1451
<b>Bankers</b>	First National Bank, a division of FirstRand Bank Limited
<b>Auditor</b>	PricewaterhouseCoopers Inc.
<b>Secretary</b>	WT Green
<b>Registration number</b>	2007/002381/06
<b>Level of assurance</b>	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.
<b>Preparer</b>	The Annual Financial Statements were internally compiled by: WP Basson CA(SA) Group Chief Financial Officer
<b>Issued</b>	19 March 2024

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

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## Audit and Risk Management Committee Report

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The Audit and Risk Management Committee is pleased to present its report for the year ended 31 December 2023.

The Audit and Risk Management Committee is a statutory committee of the Board and forms an integral component of the Company's governance framework. The Audit and Risk Management Committee has written terms of reference that deal with its membership, authority and duties. In addition to having specific statutory responsibilities to the Shareholders in terms of Section 94 of the Companies Act 71 of 2008 of South Africa, the Audit and Risk Management Committee assists the Board by examining, reviewing and advising on the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information; the risk management process; internal financial controls; external and internal audit functions; and statutory and regulatory compliance.

The Audit and Risk Management Committee has an independent role with accountability to both the Board and Shareholders.

### 1. Composition

The members of the Audit and Risk Management Committee, during the year were: Ms N Lalla CA(SA) (Independent Non-Executive Chairperson), Mr KH Pon CA(SA) (Independent Non-Executive Director) who is also the Chairperson of the Board, and Ms M Chong CA(SA) (Independent Non-Executive Director). Ms M Chong replaced Mr HL Li with effect 1 January 2023 as a member of the Audit and Risk Management Committee.

The Committee is satisfied that the members have the required knowledge, experience and expertise as set out in Section 94(5) of the Companies Act 71 of 2008 of South Africa and Regulation 42 of the Companies Regulation, 2011.

All the members have the required financial and commercial skills and experience to contribute to the Committee's deliberations. The Board is satisfied that the Audit and Risk Management Committee members act independently.

### 2. Terms of reference

The Audit and Risk Management Committee functions within the scope provided by approved terms of reference which were reviewed and updated during the year. The Audit and Risk Management Committee has acted upon its statutory duties and functions during the year. The Board has assessed and is satisfied with the performance of the Audit and Risk Management Committee and its members and found it to be functioning effectively.

### 3. Meetings

The Audit and Risk Management Committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to all stakeholders.

The Audit and Risk Management Committee held four scheduled meetings during 2023 and all the members attended the Committee meetings.

The Chief Executive Officer, Chief Financial Officer and all other Board members who are not Audit and Risk Management Committee members and representatives from the external and internal auditors attend the Audit and Risk Management Committee meetings by invitation.

### 4. Duties

For the year ended 31 December 2023 the Audit and Risk Management Committee met their objectives and carried out their duties as per the statutory requirements.

# South Ocean Holdings Limited

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## Audit and Risk Management Committee Report

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### 5. External auditor

The Audit and Risk Management Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as the independent auditors and Ms S Akoojee as the designated auditor, who is a registered independent auditor, for the year ended 31 December 2023 audit. The appointment of the auditors for the 2024 financial year will be approved at the next Annual General Meeting.

The Committee satisfied itself through enquiry and receiving a written independence declaration through the Audit and Risk Management Committee document that the external auditors are independent as defined in the Companies Act 71 of 2008 of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought that internal governance processes within PricewaterhouseCoopers Inc. support and demonstrate the claim to independence.

The Audit and Risk Management Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit and Risk Management Committee considers, and pre-approves the fees relative thereto to ensure the independence of the external auditors is maintained. All non-audit services provided by the external auditors are pre-approved by the Audit and Risk Management Committee prior to any work commencing.

At the end of each meeting during the year, the Audit and Risk Management Committee provided an opportunity to meet with the external auditors where management was not present, during which no matter of concern was raised by the auditors.

The Audit and Risk Management Committee, reviewed the external auditor's reports and management responses to matters raised.

The Audit and Risk Management Committee has evaluated and is satisfied with the quality and effectiveness of the external auditors.

The Audit and Risk Management Committee has satisfied itself through representations that the external auditors are independent and approved the following fees for work done by them. The fees approved during the year for audit services amounted to R 2 084 536 (2022: R2 021 992). Fees approved for non-audit services amounted to Rnil (2022: Rnil).

### 6. Annual Financial Statements and accounting controls

The Audit and Risk Management Committee has:

Reviewed the Annual Financial Statements for the year ended 31 December 2023 and commented on the accounting practices and the effectiveness of the internal controls with regards to:

- the appropriateness and consistent application in the adoption of accounting policies and any changes in accounting policies and practices;
- significant financial estimates based on judgement which are included in the Annual Financial Statements;
- the appropriateness of major adjustments processed at the interim and at year-end;
- the going concern assumption;
- compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act);
- whether the Annual Financial Statements present a balanced and understandable assessment of the statements of financial position, statements of financial performance and cash flow statements; and

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Audit and Risk Management Committee Report

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### 6. Annual Financial Statements and accounting controls (continue)

- the directors' statement included in the Annual Financial Statements, including the statement on effectiveness of the system of internal control.

Reviewed the content of the summary financial information for whether it provides a balanced view.

Following the review of the Annual Financial Statements, the Audit and Risk Management Committee recommend to the Board the approval thereof.

The Audit and Risk Management Committee will review the integrated report and make recommendations to the Board for approval. The Committee will also comment on the state of the internal control environment in the integrated report once it has been prepared.

### 7. Internal auditors

The Audit and Risk Management Committee has:

- appointed the internal auditors for 2023 and 2024;
- satisfied itself with the competence of the internal auditor and adequacy of the internal audit staffing;
- satisfied itself through enquiry that GRIPP Advisory is independent;
- approved the annual risk-based internal audit plan;
- reviewed the internal auditors' assessment of internal controls and confirmed that nothing has come to their attention to indicate any material failure of internal control systems;
- reviewed the internal audit reports and management's response to matters raised;
- reviewed and is satisfied with the quality and effectiveness of the internal audit;
- satisfied itself with the competence of the internal audit firm; and
- satisfied itself with the co-ordination between internal and external auditors.

### 8. Legal and regulatory compliance

The Audit and Risk Management Committee reports that, to its knowledge, South Ocean Holdings Limited is in compliance with the legislative provisions and JSE Listing Requirements applicable to its operational environment.

### 9. Review of financial function and Chief Financial Officer

The Audit and Risk Management Committee has reviewed the performance, appropriateness and expertise of the Group Chief Financial Officer and confirms his suitability in terms of the JSE Listing Requirements.

## South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023


### Audit and Risk Management Committee Report

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#### 10. Going concern

The Audit and Risk Management Committee has reviewed management's assessment and the key assumptions of the going concern status of the Group. The Audit and Risk Management Committee recommended to the Board, giving due cognisance of the Group's current financial position and cash flows, that the Group is a going concern.

On behalf of the Audit and Risk Management Committee:



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**N Lalla CA(SA)**  
Chairperson: Audit and Risk Management Committee  
Johannesburg  
18 March 2024

## South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

### Directors' Responsibilities and Approval

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The directors are required in terms of the Companies Act 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards ("IFRS").

The Annual Financial Statements are prepared in accordance with IFRS® Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors of the Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors have reviewed the Company's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's Annual Financial Statements. The Annual Financial Statements have been examined by the Company's external auditor and their report is presented on pages 15 to 24.

#### Approval of the Annual Financial Statements

The Annual Financial Statements set out on pages 10 to 14 and 25 to 61, which have been prepared on the going concern basis, were approved by the board of directors on 18 March 2024 and were signed on their behalf by:



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KH Pon  
Independent Non-Executive Director (Chairperson)  
Johannesburg  
18 March 2024



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A Smith  
Executive Director (Chief Executive Officer)  
Johannesburg  
18 March 2024

## South Ocean Holdings Limited

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### CEO and FD Responsibility Statement

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#### ANNUAL COMPLIANCE CERTIFICATE IN TERMS OF FORM D1 OF THE JOHANNESBURG STOCK EXCHANGE LISTINGS REQUIREMENTS

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

The annual financial statements set out on pages 25 to 61, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

To the best of our knowledge and belief, 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 the financial statements of the issuer;

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 as executive directors with primary responsibility for implementation and execution of controls;

Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls; and

We are not aware of any fraud involving directors.



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A Smith  
Executive Director (CEO)  
Johannesburg  
18 March 2024



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WP Basson  
Executive Director (CFO)  
Johannesburg  
18 March 2024

## **South Ocean Holdings Limited**

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Annual Financial Statements for the year ended 31 December 2023

### **Company Secretary's Certification**

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In terms of Section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.



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**WT Green**  
**Company Secretary**  
**Johannesburg**  
**18 March 2024**

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of South Ocean Holdings Limited for the year ended 31 December 2023.

### 1. Nature of business

South Ocean Holdings Limited ("SOH") is the holding Company of four main operating subsidiary companies ("Group"): South Ocean Electric Wire Company Proprietary Limited ("SOEW"), Icembu Cables Proprietary Limited, electrical wire manufacturing companies, Icembu Services Proprietary Limited, manufacturer of conduit and compounding material, and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), a property investment company. SOEW has investments in the following associates i.e. Niehoff Electrical Warehouse Proprietary Limited, Global Cables PE Proprietary Limited and Global Cables PTA Proprietary Limited, Global Cables NLP Proprietary Limited, Global Cables DBN Proprietary Limited, Global Cables CPT Proprietary Limited, The Electric Owl Proprietary Limited, The Electric Owl KZN Proprietary Limited, Power Cable Trading Proprietary Limited, Mwanga Afrika Cables Proprietary Limited and Lomami SARL outlets for electrical wire. SOH also has investments in SOH Calibre International Limited, a foreign procurement company. There have been no material changes to the nature of the company's business from the prior year.

### 2. Financial results

The Company financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Company have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period.

The financial position, results of operations and cash flows of the Company are adequately reflected in the attached Annual Financial Statements. For the full view of the Annual Financial Statements of the Company, the user of the Annual Financial Statements should in conjunction with this set, view the set titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2023".

The Company remains vigilant in maintaining all protocols for the safety of all staff members, and business partners alike, whilst continuing to produce and trade during this time.

### 3. Share capital

#### Authorised share capital

The authorised share capital amounts to R5 000 000, being 500 000 000 ordinary shares of R0.01 each. There were no changes in the authorised share capital during the year under review.

#### Issued share capital

The issued share capital amounts to R2 032 768 (2022: R2 032 768), being 203 276 794 (2022: 203 276 794) ordinary shares. There were no changes to the issued share capital during the year under review.

### 4. Special resolutions

At the Annual General Meeting of the Company held on 26 July 2023, shareholders approved the following special resolutions:

# South Ocean Holdings Limited

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## Directors' Report

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Special Resolution Number 1:

Non-executive directors' fees for the financial year ended 31 December 2023 and quarter ending 31 March 2024 and June 2024.

Resolved that the fees, to be paid to the non-executive directors for their services as directors of the Company, for the year ending 31 December 2023 and the quarter ending 31 March 2024 and June 2024 (being two quarters of the fees payable for the year ending 31 December 2023) be approved as follows:

Chairperson	R638 977.00
Deputy Vice-Chairperson	R368 627.00
Non-Executive Director	R212 993.00
Chairperson of the Audit Committee	R319 487.00
Member of the Audit Committee	R 69 026.00
Chairperson of the Remuneration Committee	R 98 239.00
Member of the Remuneration Committee	R 69 026.00
Chairperson of the Social and Ethics Committee	R 98 239.00
Member of the Social and Ethics Committee	R 69 026.00
Chairperson of Special Committees	R4 142.00 per hour
Member of Special Committees	R2 486.00 per hour

The reason for special resolution number 1 is to obtain shareholder approval for the remuneration of each of the non-executive directors of the Company for the financial year ending 31 December 2023 and for the quarters ending 31 March 2024 and 30 June 2024 in accordance with section 66(9) of the Companies Act, 2008 and to confirm and ratify the fees payable to the directors for the quarters ending 31 March 2024 and 30 June 2024. The fees payable for the quarter ending 31 March 2024 and 30 June 2024 will be based on a quarter of the fees as approved above. Shareholders will be requested to approve any adjustment to the fees payable for the quarters ending 31 March 2024 and 30 June 2024 at the 2024 Annual General Meeting.

Special Resolution Number 2:

Loans or other financial assistance.

Resolved that the Board of Directors may authorise the Company, in terms of Section 45 of the Companies Act, 2008, to provide any direct or indirect financial assistance that the Board of Directors may deem fit to any related or inter-related companies as defined in terms of Section 2 of the Companies Act, 2008.

The reason and effect of special resolution number 2 is to approve generally the provision of financial assistance to the Company's related or inter-related companies and as, from time to time, may be required in the normal course of the Company's businesses.

### 5. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise their right to acquire funding as they consider appropriate.

On behalf of the Company, the directors have established credit facilities with financial institutions, for use by the Company and its subsidiary companies.

# South Ocean Holdings Limited

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## Directors' Report

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### 6. Directorate

The directors in office during the year are as follows:

Directors	Designation	Nationality
A Smith	Executive	South African
WP Basson	Executive	South African
KH Pon	Independent non-executive	South African
N Lalla	Independent non-executive	South African
HL Li	Independent non-executive	Taiwanese
J van Rensburg	Non-executive	South African
JH Yeh	Independent non-executive	South African
M Chong	Independent non-executive	South African
LL Chen	Non-executive	Hong Kong
DJC Pan (alternate)	Non-executive	Brazilian
SN Yeh (alternate)	Non-executive	Taiwanese

### 7. Directors' emoluments

The directors' emoluments are set out in note 23 the Annual Financial Statements.

### 8. Dividends

Taking into account the earnings performance for the year ended 31 December 2023, notice is hereby given that a dividend of 11 cents per ordinary share was approved by the directors on 18 March 2024, payable to shareholders recorded in the share register of the Company at the close of business on 19 April 2024. A dividend of 6 cents per share was declared and paid in 2023.

In compliance with STRATE, the Company determined the following salient dates for payments of the dividend:

Share certificates may not be dematerialised or rematerialized between Wednesday 17 April 2024 and Friday 19 April 2024, both days inclusive.

Last day of trade cum dividend	Tuesday, 16 April 2024
Trading ex-dividend commences	Wednesday, 17 April 2024
Record date	Friday, 19 April 2024
Dividend payment date	Monday, 22 April 2024

### 9. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Company had an interest and which significantly affected the business of the Company.

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Directors' Report

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### 10. Secretary

The company secretary is Mr WT Green.

Postal address: P.O. Box 123738  
Alrode  
1451

Business address: 21 West Street  
Houghton  
2198

### 11. Directors' interests in shares

The interest of directors in the issued share capital of the Company as at 31 December 2023 was as follows:

#### Interests in shares

Directors	2023 Indirect	2022 Indirect
J van Rensburg	62 205 447	62 205 447

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No shares were traded by any director from 31 December 2023 until the date of this report.

### 12. Share-based payments

The Company has a long-term incentive plan for identified senior management. Details of the scheme and rights allocated are disclosed in note 11 of the Annual Financial Statements.

### 13. Management by third and related parties

Neither the business of the Company nor its subsidiaries, nor any part thereof, has been managed by a third person or a company in which a director had an interest during the year under review.

### 14. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the Annual Financial Statements in note 6 and note 24.

### 15. Auditor

PricewaterhouseCoopers Inc. continued in office as auditor for the Company and its subsidiaries for the year ended 31 December 2023.

At the Annual General Meeting, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditor of the Company and to confirm Ms S Akoojee as the designated lead audit partner for the 2024 annual financial year.

### 16. Events after the reporting period

The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements, which would affect the operations of the Company or the results of those operations significantly.

A final dividend of 11 cents per share was approved by the directors on 18 March 2024 in terms of the general authority granted to the directors. Details of the dividend is set out in note 29.

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Directors' Report

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### 17. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2023, the Company's assets, fairly valued, exceeded its liabilities. Furthermore, management assessed the Company's liquidity forecasts for a period of twelve months. Various scenarios have been considered to test the Company's resilience against operational risks and management concluded that the Company is a going concern.

Management has concluded that the Company's ability to continue to meet its financial obligations as they fall due is dependent on the Company's ability to continue to improve its performance.

### 18. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008 of South Africa which indicated that the Company is liquid and solvent.

### 19. Preparation of consolidated financial statements

The directors have elected to present separate financial statements in addition to the consolidated financial statements. The consolidated financial statements are titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements" and have been prepared for the year ended 31 December 2023.



## *Independent auditor's report*

To the Shareholders of South Ocean Holdings Limited

### *Report on the audit of the separate financial statements*

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#### *Our opinion*

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of South Ocean Holdings Limited (the Company) as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

#### **What we have audited**

South Ocean Holdings Limited's separate financial statements set out on pages 25 to 61 comprise:

- the separate statement of financial position as at 31 December 2023;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

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#### *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 separate financial statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090  
Private Bag X36, Sunninghill, 2157, South Africa  
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

### Our audit approach

#### Overview

<b>Overall materiality</b> <ul style="list-style-type: none"><li>Overall materiality: R4,624,400 which represents 1% of total assets.</li></ul>
<b>Key audit matters</b> <ul style="list-style-type: none"><li>Impairment assessment of South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited ("Anchor Park").</li></ul>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	R4,624,400
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<i>How we determined it</i>	1% of total assets.
<i>Rationale for the materiality benchmark applied</i>	<p>Total assets was chosen as the benchmark as, in our view, the entity is not a profit driven entity as the profits arise purely on intercompany administrative functions that were performed, as well as investment income from intercompany loans. The entity's purpose is to be the holding company of its subsidiaries, and to perform certain administrative duties for these entities. The users of the financial statements (stakeholders) also see this company as a holding company and the main focus of the entity is the investments in the subsidiaries.</p> <p>A 1% rule of thumb was applied due to the fact that the company is a public interest entity where profit/loss before tax is not considered to be the appropriate benchmark.</p>

### Key audit matters

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Impairment assessment of South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited ("Anchor Park")</i></p> <p>Refer to the following notes to the separate financial statements for detail:</p> <ul style="list-style-type: none"> <li>Note 1.11: Significant judgements and sources of estimation uncertainty (Impairment of investment in subsidiaries and cash generating units); and</li> </ul>	<p>With the assistance of our valuations expertise, we performed the following audit procedures over management's impairment assessment of the SOEW CGU:</p> <ul style="list-style-type: none"> <li>We assessed the appropriateness of the valuation methodology used by management in their determination of the recoverable amount of the SOEW CGU against the requirements of IAS 36 - Impairment of Assets ("IAS 36") We found the valuation methodologies</li> </ul>

- Note 26: Impairment assessment

The Company reviews all assets subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. As at 31 December 2023, the Company identified an impairment indicator, namely, the market capitalization of the Company being lower than its net asset value .

As a result, an impairment assessment was performed to determine the recoverable amounts of two of the Company's investment in subsidiaries ( cash generating units ("CGU"s), namely SOEW and Anchor Park. Based on the results of the impairment assessment performed for each CGU no impairment was recognised in the current reporting period.

The recoverable amounts of both CGUs have been determined based on the higher of the CGUs value-in-use or fair value less costs to sell. The methodologies and judgement applied by the Company in determining the recoverable amounts of the SOEW and Anchor Park CGUs are disclosed in note 26 to the financial statements.

We considered the impairment assessment of SOEW and Anchor Park to be a matter of most significance to the current year audit due to the judgement and estimation applied by management in determining the recoverable amount of the CGUs.

applied by management to be in accordance with IAS 36 requirements;

- We tested the mathematical accuracy of management's valuation model by recalculating the value in use and we noted no material exceptions;
- We independently recalculated the weighted average cost of capital discount rate taking into account independently obtained data such as the cost of debt, risk-free rate, market risk premium, capital structure as well as the beta of comparable companies. Where differences were noted between the respective discount rate, we obtained an understanding of the reasons and incorporated our independently calculated discount rate as part of our sensitivity analysis testing to assess the impact of the differences noted in the discount rate on the valuation results. Management's discount rate was within an acceptable range and there was enough headroom with no further consideration required;
- The terminal growth rate as used by management was compared to the long term inflation rate obtained from independent sources. Where differences were noted between the respective growth rates, we obtained an understanding of the reasons for these differences and incorporated the independently obtained growth rates as part of our sensitivity analysis testing to assess the impact of the differences in the growth rates noted on the valuation results. No material differences were noted;
- We performed sensitivity analyses on the inputs and assumptions used by management in their valuation model

relating to the revenue growth rates, gross margins, discount rate and terminal growth rate to evaluate the minimum changes in these inputs that would result in a material change to the value in use calculation for both disclosure and measurement purposes. We did not note any aspect requiring further consideration;

- We calculated the value in use using the independently determined discount rate and terminal growth rate as applied to management's forecasts and compared this independently calculated value in use to the value in use calculated by management and noted no material differences.

We performed the following audit procedures over management's impairment assessment of the SOEW CGU:

- We tested management's cash flow forecasts by comparing the key inputs to the approved budgets. No material exceptions were noted;
- We assessed the reasonableness of management's budgeting process by comparing the budgeted figures for the current and prior financial years to the actual results for these years. We evaluated any significant differences noted against underlying support to corroborate explanations obtained from management. We found management's budgeting process to be reasonable;
- We tested management's key assumptions applied for revenue growth and gross profit margins by comparing these to the historical actual average revenue growth rate and gross profit margins for the current and prior

financial years. The rates used by management were found to be within an acceptable range and management's assumptions were found to be comparable; and

- We compared the value in use of the CGU to the carrying value of the investment in subsidiary of the same CGU and noted no impairment required.

We performed the following audit procedures over management's impairment assessment of the Anchor Park CGU:

- We evaluated the valuation methodology used by management in determining the recoverable amount of the Anchor Park CGU against the requirements of IFRS 13 "Fair value measurement" ("IFRS 13"). We found the methodology applied by management to be in accordance with IFRS 13 requirements;
- We tested the key assumptions used by management's expert in the model relating to the capitalisation rates and vacancy rates by comparing these to publicly available rates from a reputable source. We found that the capitalisation rates and vacancy rates were comparable to the published data;
- We tested the mathematical accuracy of management's valuation model by agreeing fair values used by management in the model to the fair values as determined by management's independent valuer and we did not note any discrepancies requiring further consideration;
- We performed a reasonability test on management's costs to sell by taking into account what would make up the

costs to sell in the area the properties are located, the type of assets being sold and all other costs necessary to bring an asset into condition for its sale. We found management's estimate to be reasonable;

- We compared the fair value less costs to sell to the carrying value of the investment in subsidiary and noted no impairment required; and
- We performed sensitivity analyses on the inputs and assumptions used by management's expert in his valuation model relating to the capitalisation rate and vacancy rates to evaluate the minimum changes in these inputs that would result in a material change to the fair value calculation for both disclosure and measurement purposes. We did not note any aspect requiring further consideration.

We performed the following audit procedures over both CGU's:

- We agreed the information disclosed in the financial statements relating to valuation methods used, and the percentages for the key assumptions used in the current and prior year to the work performed as noted above and the prior year audited financial statements.

We compared the recoverable amounts of the SOEW and Anchor Park CGUs, to the carrying value of the investments and noted no impairment.

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2023" and the document



titled “South Ocean Holdings Limited Annual Financial Statements for the year ended 31 December 2023”, which includes the Directors’ Report, the Audit and Risk Management Committee Report and the Company Secretary’s Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor’s report, and the other sections of the document titled “South Ocean Holdings Integrated Report 2023”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the 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 separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 that we 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.

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#### *Responsibilities of the directors for the separate financial statements*

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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#### *Auditor’s responsibilities for the audit of the separate financial statements*

Our objectives are to obtain reasonable assurance about whether the 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 separate financial statements.



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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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.



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### *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 PricewaterhouseCoopers Inc. has been the auditor of South Ocean Holdings Limited for 15 years.

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*PricewaterhouseCoopers Inc*

PricewaterhouseCoopers Inc.

Director: S Akoojee

Registered Auditor

Johannesburg, South Africa

19 March 2024

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Statement of Financial Position as at 31 December 2023

Figures in Rand thousand	Note(s)	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	128	147
Right-of-use assets	4	1 456	1 941
Investments in subsidiaries	5	368 324	368 324
Loans to group companies	6	69 617	97 459
Deferred tax	7	1 410	1 211
		<b>440 935</b>	<b>469 082</b>
<b>Current Assets</b>			
Loans to group companies	6	20 328	-
Trade and other receivables	8	143	2 804
Cash and cash equivalents	9	362	538
		<b>20 833</b>	<b>3 342</b>
<b>Total Assets</b>		<b>461 768</b>	<b>472 424</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	10	1 138 562	1 138 562
Retained income		(691 264)	(678 971)
		<b>447 298</b>	<b>459 591</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	4	1 288	1 859
Share-based payment liabilities	11	420	2 772
		<b>1 708</b>	<b>4 631</b>
<b>Current Liabilities</b>			
Trade and other payables	12	9 101	7 485
Lease liabilities	4	571	527
Current tax payable	20	485	190
Share-based payments liabilities	11	2 605	-
		<b>12 762</b>	<b>8 202</b>
<b>Total Liabilities</b>		<b>14 470</b>	<b>12 833</b>
<b>Total Equity and Liabilities</b>		<b>461 768</b>	<b>472 424</b>

## South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

### Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	Note(s)	2023	2022
Revenue	13	21 176	19 400
Other operating income	14	124	15
Operating expenses	15	(21 031)	(18 634)
Finance costs paid	17	(167)	(271)
<b>Profit before taxation</b>		<b>102</b>	<b>510</b>
Tax	18	(198)	98
<b>(Loss)/ profit for the year</b>		<b>(96)</b>	<b>608</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/ income for the year</b>		<b>(96)</b>	<b>608</b>

The accounting policies on pages 29 to 40 and the notes on pages 41 to 61 form an integral part of the Annual Financial Statements.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained earnings (Accumulated loss)	Total equity
Figures in Rand thousand					
<b>Balance at 01 January 2022</b>	<b>2 033</b>	<b>1 136 529</b>	<b>1 138 562</b>	<b>(661 284)</b>	<b>477 278</b>
Profit for the year	-	-	-	608	608
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>608</b>	<b>608</b>
Dividends	-	-	-	(18 295)	(18 295)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18 295)</b>	<b>(18 295)</b>
<b>Balance at 01 January 2023</b>	<b>2 033</b>	<b>1 136 529</b>	<b>1 138 562</b>	<b>(678 971)</b>	<b>459 591</b>
Loss for the year	-	-	-	(96)	(96)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(96)</b>	<b>(96)</b>
Dividends	-	-	-	(12 197)	(12 197)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 197)</b>	<b>(12 197)</b>
<b>Balance at 31 December 2023</b>	<b>2 033</b>	<b>1 136 529</b>	<b>1 138 562</b>	<b>(691 264)</b>	<b>447 298</b>

Note

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The accounting policies on pages 29 to 40 and the notes on pages 41 to 61 form an integral part of the Annual Financial Statements.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Statement of Cash Flows

Figures in Rand thousand	Note(s)	2023	Restated 2022*
<b>Cash flows from operating activities</b>			
Cash flows used in operations*	19	(2 298)	(5 153)
Investment income		69	-
Finance costs paid	17	(167)	(271)
Tax paid	20	(102)	(1 090)
<b>Net cash utilised operating activities</b>		<b>(2 498)</b>	<b>(6 514)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	-	(150)
Proceeds from loans to group companies*		17 546	25 252
Loans to group companies		(2 500)	-
<b>Net cash from investing activities</b>		<b>15 046</b>	<b>25 102</b>
<b>Cash flows used in financing activities</b>			
Dividends paid	29	(12 197)	(18 295)
Repayment of lease liabilities	21	(527)	(488)
<b>Net cash utilised in financing activities</b>		<b>(12 724)</b>	<b>(18 783)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>(176)</b>	<b>(195)</b>
Cash and cash equivalents at the beginning of the year		538	733
<b>Total cash and cash equivalents at end of the year</b>	9	<b>362</b>	<b>538</b>

The accounting policies on pages 29 to 40 and the notes on pages 41 to 61 form an integral part of the Annual Financial Statements.

\* In the prior year, non-cash finance income from loans to group companies was erroneously added to profit before taxation, instead of being deducted to reconcile to the cash generated from operations amount as reflected in Note 19. This impacted the amounts disclosed as cash flows used in operations, and the proceeds from loans to group companies on the Statement of Cash Flows. The comparatives in the cash from operations note (Note 19) and the above Statement of Cash Flows have been consequently restated. The restatement amounted to an increase in outflows on "Cash flows used in operations" and a increase in "Proceeds on loans from group companies" amounting to R16,428.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Accounting Policies

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### 1. Presentation of the Annual Financial Statements

#### General Information

South Ocean Holdings Limited ("the Company") is a holding company of a number of subsidiaries whose businesses are involved in the manufacture and distribution of electrical wires and rental of property.

The Company is a public limited company, which is listed on the Johannesburg Stock Exchange and is incorporated in South Africa.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate Annual Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The Company financial statements have been prepared on historical cost basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act). The Company have adopted all new accounting standards and interpretations that is relevant to the business that became effective in the current reporting period. The financial statements are presented in South African Rands (R), which is the Company's functional presentation currency.

The preparation of Annual Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Companies accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements are disclosed in note 1.11.

The financial position, results of the operations cash flows of the Company are adequately reflected in the attached Annual Financial Statements. For the full view of the Annual Financial Statements of the Company, the user of the Annual Financial Statements should in conjunction with this set, view the set titled "South Ocean Holdings Limited and its subsidiary companies Annual Financial Statements for the year ended 31 December 2023".

#### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment comprises the purchase consideration plus any acquisition costs and is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line basis over its estimated useful lives, to the estimated residual value, as follows:

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Item	Average useful life
Furniture and fixtures	3-10 years

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The assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Depreciation is recognised from the date when the assets are available for use.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Accounting Policies

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### 1.1 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the statement of comprehensive income.

Where the estimated residual value of an asset is above the carrying value, no depreciation is raised.

### 1.2 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Low value assets are defined as any assets with a value of R200 000 or less when new.

Details of leasing arrangements where the Company is a lessee are presented in note 4 Leases (Company as lessee).

#### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Company under residual value guarantees;
- the exercise price of purchase options, if the Company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

The lease liability is presented as a separate line item on the statement of financial position.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Accounting Policies

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### 1.2 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs paid (note 17).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Right-of-use assets

Right-of-use assets are presented as a separate line item in the statement of financial position.

Lease payments included in the measurement of the lease asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation using the straight-line method and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

### 1.3 Share capital

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

Ordinary shares are classified as equity.

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

Annual Financial Statements for the year ended 31 December 2023

## Accounting Policies

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### 1.4 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

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

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

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

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

### 1.5 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost.

Note 25, Financial instruments and risk management, presents the financial instruments held by the Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

#### Loans to group companies

##### Classification

Loans to group companies (note 6), are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on these loans.

##### Recognition and measurement

Loans receivable are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in revenue (note 13).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

#### Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 25).

#### Impairment

The Company recognises a loss allowance for expected credit losses (ECL) on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

#### Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

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## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Definition of default

The Company considers that default has occurred when a loan recalled is not met or when trade receivables are more than 60 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Write off policy

The Company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is recognised in terms of IFRS 9.

#### Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial instruments and risk management (note 25).

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT, deposits and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

##### Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

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## Accounting Policies

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### 1.5 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Impairment

The Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT, deposits and prepayments. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

#### Measurement and recognition of expected credit losses

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

#### Write off policy

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Credit risk

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 25).

#### Trade and other payables

##### Classification

Trade and other payables (note 12), excluding VAT, payroll accruals and deposits, are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs paid (note 17).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

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## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 25).

#### Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

#### Derecognition

##### Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Reclassification

##### Financial assets

The Company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

##### Financial liabilities

Financial liabilities are not reclassified.

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## Accounting Policies

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### 1.6 Employee benefits

#### Defined contribution plans

The Company operate a number of defined contribution plans. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension or provident fund plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

#### Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.7 Revenue recognition

The Company recognises revenue from the following major sources:

Revenue from contracts with group companies;

- Management fees.

Revenue other than from contracts with customers:

- Interest received.

#### Management fees

Management fees are recognised from services to subsidiary companies and recognised on a straight-line basis over time at the agreed transaction price. This is considered to be a single performance obligation and no volume or trade discounts are provided in relation to this revenue stream. Amounts are invoiced on 30 day terms in close proximity to when the services are rendered and no significant financing element is deemed to be present as a result.

#### Interest received

The Company recognises interest earned on interest charged on group loans in revenue as it is earned, using the effective interest method.

### 1.8 Tax

#### Current income tax assets and liabilities

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

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## Accounting Policies

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### 1.8 Tax (continued)

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes income tax liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax for current and prior periods is, to the extent that it is unpaid, recognised as a liability. Overpayment of current tax is recognised as an asset. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

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

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

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

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

#### Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.9 Share based payments

Cash-settled share-linked instruments have been granted to certain employees in the Company. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to payment.

The fair value of the instrument granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as employees' remuneration in the statement of comprehensive income.

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## Accounting Policies

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### 1.10 Provisions

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

### 1.11 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and judgements that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant estimates and judgements include:

#### Share-based payments (estimate)

The fair value of employee share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 11 for details on each of the share option schemes).

#### Impairment of investment in subsidiaries and cash generating units (estimate)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Company of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. The value-in-use is sensitive to changes in discount rates, growth rates and interest rates. Refer to note 26 for details of impairments recognised, as well as assumptions.

#### Tax (estimate)

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

#### Incremental borrowing rate (estimate)

To determine the incremental borrowing rate, the Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing; and
- makes adjustments specific to the lease.

If a readily observable amortising loan rate is available to the individual lessee which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate.

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## Accounting Policies

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### 1.12 Related party transactions

All subsidiaries, major shareholders and key management personnel of the Company are related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. A list of all transactions with major subsidiaries, major shareholders and key management personnel is included in note 22. All transactions entered into with subsidiaries were on terms no more favourable than those with third parties. There were no other material contracts with related parties.

### 1.13 Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the Company financial statements in the period in which the dividends are approved by the Company directors.

### 1.14 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Notes to the Annual Financial Statements

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### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company have adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>Initial application of IFRS 17 and IFRS 9 - Comparative information</li></ul>	01 January 2023	The impact of the standard is not applicable.
<ul style="list-style-type: none"><li>Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12</li></ul>	01 January 2023	The impact of the standard is not material.
<ul style="list-style-type: none"><li>Classification of Liabilities as Current or Non-Current - Amendment to IAS 1</li></ul>	01 January 2023	The impact of the standard is not material.
<ul style="list-style-type: none"><li>IFRS 17 Insurance Contracts Amendments</li></ul>	01 January 2023	The impact of the standard is not applicable.
<ul style="list-style-type: none"><li>Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS Accounting Policies, Changes in Accounting Estimates and Errors'</li></ul>	01 January 2023	The impact of the standard is not material.
<ul style="list-style-type: none"><li>Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules</li></ul>	01 January 2023	The impact of the standard is not material.

#### 2.2 Standards and interpretations not yet effective

The Company have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory and relevant for the Company's accounting periods beginning on or after 01 January 2024 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>Amendments to IAS 1 - Non-current liabilities with covenants</li></ul>	01 January 2024	Unlikely there will be a material impact.
<ul style="list-style-type: none"><li>Amendment to IFRS 16 - Leases on sale and leaseback</li></ul>	01 January 2024	Unlikely there will be a material impact.
<ul style="list-style-type: none"><li>Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)</li></ul>	01 January 2024	Unlikely there will be a material impact.
<ul style="list-style-type: none"><li>Amendments to IAS 21 Lack of Exchangeability</li></ul>	01 January 2024	Unlikely there will be a material impact.

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## Notes to the Annual Financial Statements

Figures in Rand thousand 2023 2022

### 3. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	524	(396)	128	524	(377)	147

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Depreciation	Total
Furniture and fixtures	147	(19)	128

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	26	150	(29)	147

### Property, plant and equipment

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

#### Other information

Cost and accumulated depreciation for furniture and fittings, at the start of the comparative year was R 374 000 and (R 348 000) respectively.

### 4. Leases

The Company leases premises at 16 Botha Street, Alrode from Anchor Park Investments 48 (Pty) Ltd. The average lease term is 4 years (2022: 5 years)

#### Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	1 456	1 941
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#### Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below and is included in the total depreciation charge in profit or loss (note 15).

Buildings	485	485
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#### Other disclosures

Interest expense on lease liabilities	167	218
Capital repayment on lease liabilities	527	488
Total cash outflow for leases	694	706

# South Ocean Holdings Limited

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Annual Financial Statements for the year ended 31 December 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand 2023 2022

### 4. Leases (continued)

#### Lease liabilities

Non-current liabilities	1 288	1 859
Current liabilities	571	527
	<b>1 859</b>	<b>2 386</b>

The classification of interest on the cash flow statement is driven by the nature of the underlying asset. Interest on leases is thus classified as an operating activity.

Refer to note 25 Financial instruments and financial risk management for details of the maturity analysis of lease liabilities and the liquidity risk exposure and management thereof.

### 5. Investment in subsidiaries

Name of company	Held by	% voting power 2023	% voting power 2022	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Direct Interest:							
South Ocean Electric Wire Company Proprietary Limited		100,00 %	100,00 %	100,00 %	100,00 %	670 614	670 614
Anchor Park Investments 48 Proprietary Limited		100,00 %	100,00 %	100,00 %	100,00 %	-	-
SOH Calibre International Limited		100,00 %	100,00 %	100,00 %	100,00 %	-	-
Indirect Interest:							
Icembu Holdings Proprietary Limited		100,00 %	70,00 %	100,00 %	70,00 %	-	-
Icembu Services Proprietary Limited		100,00 %	70,00 %	100,00 %	70,00 %	-	-
Icembu Cables Proprietary Limited		100,00 %	70,00 %	100,00 %	70,00 %	-	-
						670 614	670 614
Impairment of investment in subsidiaries		- %	- %	- %	- %	(302 290)	(302 290)
						368 324	368 324

The carrying amount of subsidiaries are shown net of impairment charges. The carrying amount of the investment in South Ocean Electric Wire Company Proprietary Limited and Anchor Park Investments 48 Proprietary Limited were evaluated at year end. No impairments were recognised in the current year (2022: Nil).

Details of the impairment assessment is set out in note 26.

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## Notes to the Annual Financial Statements

Figures in Rand thousand 2023 2022

### 6. Loans to group companies

Subsidiaries	Basis of accounting		
SOH Calibre International Limited	Amortised cost	306	306
Anchor Park Investments 48 Proprietary Limited	Amortised cost	480	5 568
South Ocean Electric Wire Company Proprietary Limited	Amortised cost	88 082	91 494
Icembu Services Proprietary Limited	Amortised cost	98	91
Icembu Cables Proprietary Limited	Amortised cost	979	-
		<b>89 945</b>	<b>97 459</b>

These loans are unsecured with no fixed repayment terms and bears interest at 8.00% per annum.

#### Split between non-current and current portions

Non-current assets	69 617	97 459
Current assets	20 328	-
	<b>89 945</b>	<b>97 459</b>

#### Current assets

Management's intention is to recall the current portion of the loans to group companies in the next 12 months.

#### Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for group loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

Management has considered the effect of forward looking information, taking into account the cash flow forecast information for the respective entities and have concluded that any potential resulting impact on Expected Credit Loss (ECL) is not material.

Management has assessed the cash flow forecasts of the counterparties and obtained evidence that they have a strong ability to make payments should they become due and payable.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. The Company does not hold collateral or other credit enhancements against group loans receivable.

#### Credit loss allowances

In applying the lifetime expected credit loss criteria to group loans receivables, management has assessed that no material credit loss allowance is necessary. The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

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## Notes to the Annual Financial Statements

Figures in Rand thousand

2023

2022

### 6. Loans to group companies (continued)

#### 2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
<b>Loans to subsidiaries</b>				
SOH Calibre international Limited	12 month ECL (not credit impaired)	306	-	306
Anchor Park Investments 48 Proprietary Limited	12 month ECL (not credit impaired)	480	-	480
South Ocean Electric Wire Company Proprietary Limited	12 month ECL (not credit impaired)	88 082	-	88 082
Icembu Services Proprietary Limited	12 month ECL (not credit impaired)	98	-	98
Icembu Cables Proprietary Limited	12 month ECL (not credit impaired)	1 657	(678)	979
		<b>90 623</b>	<b>(678)</b>	<b>89 945</b>

#### 2022

Instrument	Basis of loss allowance	Gross Carrying amount	Amortised cost
<b>Loans to subsidiaries</b>			
SOH Calibre International Limited	12 month ECL (not credit impaired)	306	306
Anchor Park Investments 48 Proprietary Limited	12 month ECL (not credit impaired)	5 568	5 568
South Ocean Electric Wire Company Proprietary Limited	12 month ECL (not credit impaired)	91 494	91 494
Icembu Services Proprietary Limited	12 month ECL (not credit impaired)	91	91
		<b>97 459</b>	<b>97 459</b>

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### 6. Loans to group companies (continued)

#### Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

#### Loans to subsidiaries: Loss allowance measured at 12 month ECL:

Credit loss allowance provision	(678)	-
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#### Exposure to currency risk

##### Loans to subsidiaries

The net carrying amounts, in Rand, of loans to subsidiaries, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

#### Rand amount

Rand	89 639	97 153
Hong Kong Dollar	306	306
	<b>89 945</b>	<b>97 459</b>

### 7. Deferred tax

The deferred tax asset and the deferred tax liabilities are calculated on all temporary differences under the liability method using a principal taxation rate of 27% (2022: 28%). Deferred taxation asset and liabilities are offset when the income taxes relate to the same fiscal authority, and there is a legal right to offset at settlement. The amount disclosed in the statement of financial position are analysed as follows:

#### Deferred tax asset

Provisions	1 410	1 211
<b>Total deferred tax asset</b>	<b>1 410</b>	<b>1 211</b>
Deferred tax asset	1 410	1 211
<b>Total net deferred tax asset</b>	<b>1 410</b>	<b>1 211</b>

#### Reconciliation of deferred tax asset

At the beginning of the year	1 211	583
Increases in tax loss available for set off against future taxable income - gross of valuation allowance	199	502
<b>At the end of the year</b>	<b>1 410</b>	<b>1 211</b>
<b>Disclosed as</b>		
Non-current assets	1 410	1 085

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### 7. Deferred tax (continued)

#### Recognition of deferred tax asset

The Company recognises a deferred tax asset when a loss is incurred in either the current or preceding period and the Company expects future taxable profits. Utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

### 8. Trade and other receivables

#### Financial instruments:

Trade receivables		
Other receivables	-	2 387
	-	299

#### Non-financial instruments:

South African Revenue Services - VAT receivable	143	118
---	-----	-----

#### Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	-	2 686
Non-financial instruments	143	118
	<b>143</b>	<b>2 804</b>

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### 8. Trade and other receivables (continued)

#### Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information, including competition in the industry, volatility of copper prices and demand, and other factors such as industry stability and unemployment levels. Trade receivables default is defined by a customer exceeding its approved trading terms.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. No loss allowance have been provided for, as the balance relates to intercompany transactions which is fully recoverable.

#### Fair value of trade and other receivables

Due to the short term nature of trade and other receivables, the carrying amount is considered to be the same as the fair value.

#### Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables are denominated in the following currency.

Rand Amount		
Rand	143	2 804

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	362	538
	<b>362</b>	<b>538</b>

#### Credit quality of cash at bank

The credit quality of cash at bank that is neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

#### Credit rating

Bb- (2022: Ba1) - First National Bank a division of FirstRand Bank Limited

There has been an increase in the credit risk of the bank, however the Company has determined that no expected credit loss is required.

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### 10. Share capital

#### Authorised

500 000 000 Ordinary shares of R0.01 each	5 000	5 000
---	-------	-------

#### Issued and fully paid

203 276 794 Ordinary shares	2 033	2 033
Share premium	1 136 529	1 136 529
	<b>1 138 562</b>	<b>1 138 562</b>

### 11. Share-based payment liabilities

Share Appreciation Rights (SAR) - Long term incentive plan

The Company has a 100% cash-settled Share Appreciation Rights (SAR) plan in place, which has been in place since 2009. The next SAR's were eligible to be exercised in 2023, if not exercised in 2023, they can be exercised in 2024. The fair value of the rights was calculated using the Black-Scholes Valuation Model. The assumptions used in determining the fair value of each SAR granted as at the end of the respective reporting periods are summarised as follows:

	2023	2022
Share price (Volume Weighted Average Price)	R1.17	R0.89
Strike price: SOH	R1.24	R1.29
Spot price: SOH	R1.24	R1.29
Dividend yield	0.00%	0.00%
Volatility	60.00%	60.00%

Expected SAR life : Three years, may be extended at the option of the holder for one more year.

Risk-free rate : Zero coupon perfect fit swap curve from the Bond Exchange of South Africa.

The volatility was determined by applying the equally weighted methodology to the historical share prices of SOH.

#### Rights granted

	Exercise date after five years	
Grant date	1 January 2023	1 January 2022
Grant price : SOH	R1.17	R0.89
Number of units granted	3 391	1 563

#### Reconciliation of liability

Opening balance	2 772	2 573
Charge in statement of comprehensive income	253	199
Closing balance	<b>3 025</b>	<b>2 772</b>
Non-current liabilities	420	2 772
Current liabilities	2 605	-
	<b>3 025</b>	<b>2 772</b>

#### Reconciliation of units

Opening balance	4 394	7 667
Units granted	3 391	1 563
Units forfeited	-	(4 836)
Closing balance	7 785	4 394

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### 11. Share-based payment liabilities (continued)

Units comprise of SOH units.

At year end 2 830 982 (2022: Rnil) shares have vested with an intrinsic value of R2 604 503 (2022: Rnil).

Directors interest in long term incentive plans	Number of SAR Units	Value R'000
<b>2023</b>		
WP Basson	4 517	2 733
A Smith	3 268	292
<b>2022</b>		
WP Basson	3 426	2 772
A Smith	969	-

### 12. Trade and other payables

#### Financial instruments:

Trade payables	48	319
Accruals	6 709	5 635

#### Non-financial instruments:

Payroll accruals	2 344	1 531
	<b>9 101</b>	<b>7 485</b>

#### Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	6 757	5 954
Non-financial instruments	2 344	1 531
	<b>9 101</b>	<b>7 485</b>

#### Accruals

Accruals mainly consists of audit fees, printing and stationary and professional fees.

#### Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values due to the short term nature. Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management. The fair value of trade and other payables thus approximates their carrying amounts.

### 13. Revenue

#### Revenue from contracts with customers

Rendering of services	13 859	11 186
	<b>13 859</b>	<b>11 186</b>

#### Revenue other than from contracts with customers

Interest received (effective interest rate)	7 317	8 214
	<b>7 317</b>	<b>8 214</b>
	<b>21 176</b>	<b>19 400</b>

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### 13. Revenue (continued)

#### Disaggregation of revenue from contracts with customers

The Company disaggregates revenue from customers as follows:

#### Rendering of services over time

Administration and management fees received	13 859	11 186
---	--------	--------

<b>Total revenue from contracts with customers</b>	<b>13 859</b>	<b>11 186</b>
--	---------------	---------------

### 14. Other operating income

Sundry income	124	15
---------------	-----	----

### 15. Expenses by nature

The total operating expenses are analysed by nature as follows:

Auditor remuneration	2 085	1 489
Depreciation	505	514
Employee benefit expense	13 091	10 820
Insurance – other	320	216
Impairment of loan in group subsidiary	679	-
Motor vehicle expenses	237	169
Other expenses	2 987	3 900
Professional fees	700	1 210
Repairs and maintenance	123	40
Secretarial fees	304	276
<b>Total administration and operating expenses</b>	<b>21 031</b>	<b>18 634</b>

### 16. Employee benefit expense

Salaries, wages and bonuses	12 339	10 190
Share-based payment expense	253	199
Pension and provident fund contributions	499	431
	<b>13 091</b>	<b>10 820</b>

The employees of the Company are the members of the following contribution plans:

- Alexander Forbes Access Retirement Fund
- MPF Provident Fund

### Number of persons employed at 31 December

Full time	4	5
Part time	7	7
	<b>11</b>	<b>12</b>

### 17. Finance costs paid

Lease liabilities	167	218
Other	-	53
<b>Total finance costs</b>	<b>167</b>	<b>271</b>

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### 18. Tax

#### Major components of the tax expense (income)

##### Current

Local income tax - current period	397	530
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##### Deferred

Originating and reversing temporary differences - current period	(199)	(628)
--	-------	-------

	<b>198</b>	<b>(98)</b>
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#### Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit - continuing	102	510
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Tax at the applicable tax rate of 27% (2022: 28%)	28	143
---	----	-----

##### Tax effect of adjustments on taxable income

Income tax effect - income prior period over provision	-	(116)
--	---	-------

Deferred tax effect income - income prior period over provision	170	(125)
---	-----	-------

	<b>198</b>	<b>(98)</b>
--	------------	-------------

### 19. Cash generated from operations

Profit before taxation from continuing and discontinued operations	102	510
--	-----	-----

#### Adjustments for:

Depreciation	504	514
--------------	-----	-----

Non-cash finance income*	(7 317)	(8 214)
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Finance costs paid	167	271
--------------------	-----	-----

Net impairments and movements in credit loss allowances	678	-
---	-----	---

Share-based payment provision	253	1 177
-------------------------------	-----	-------

Other non-cash items	(962)	-
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#### Changes in working capital:

Trade and other receivables	2 661	2 102
-----------------------------	-------	-------

Trade and other payables	1 616	(1 513)
--------------------------	-------	---------

	<b>(2 298)</b>	<b>(5 153)</b>
--	----------------	----------------

\* Refer to the footnote on the face of the Statement of Cash Flows for details relating to the restatement.

### 20. Tax paid

Balance at the beginning of the year	(190)	(750)
--------------------------------------	-------	-------

Current tax for the year recognised in profit or loss	(397)	(530)
---	-------	-------

Balance at the end of the year	485	190
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	<b>(102)</b>	<b>(1 090)</b>
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### 21. Net debt reconciliation

Cash and cash equivalents	362	538
Lease liabilities repayable within one year	(571)	(527)
Lease liabilities repayable after one year	(1 288)	(1 859)
<b>Net debt</b>	<b>(1 497)</b>	<b>(1 848)</b>

	Cash and cash equivalents	Lease liabilities	Total
Balance as at 1 January 2022	733	(2 874)	(2 141)
Cash movements	(195)	706	538
Interest charged	(196)	(218)	(1 245)
<b>Balance at 31 December 2022</b>	<b>538</b>	<b>(2 386)</b>	<b>(1 848)</b>
Cash movements	(176)	694	518
Interest charged	-	(167)	(167)
<b>Balance at 31 December 2023</b>	<b>362</b>	<b>(1 859)</b>	<b>(1 497)</b>

### 22. Related parties

#### Relationships

Directors	KH Pon HL Li N Lalla A Smith YH Yeh M Chong WP Basson J van Rensburg LL Chen DJC Pan (Alternate) SN Yeh (Alternate)
Subsidiaries	Anchor Park Investments 48 Proprietary Limited Icembu Services Proprietary Limited South Ocean Electric Wire Company Proprietary Limited SOH Calibre International Limited Icembu Cables Proprietary Limited

#### Related party balances

##### Loan accounts - Owing by related parties

Anchor Park Investments 48 Proprietary Limited	480	5 568
South Ocean Electric Wire Company Proprietary Limited	88 082	91 494
SOH Calibre International Limited	306	306
Icembu Services Proprietary Limited	98	91
Icembu Cables Proprietary Limited	979	-

##### Amounts included in Trade receivable (Trade payable) regarding related parties

South Ocean Electric Wire Company Proprietary Limited	(45)	(81)
South Ocean Electric Wire Company Proprietary Limited	-	2 296

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### 22. Related parties (continued)

#### Related party transactions

##### Interest received from related parties

Anchor Park Investments 48 Proprietary Limited	264	570
South Ocean Electric Wire Company Proprietary Limited	6 929	7 580
Icembu Cables Proprietary Limited	8	-
Icembu Services Proprietary Limited	47	-

##### Rent paid to related parties

Anchor Park Investments 48 Proprietary Limited	694	695
--	-----	-----

##### Administration fees received from related parties

South Ocean Electric Wire Company Proprietary Limited	12 276	11 160
---	--------	--------

### 23. Directors' and prescribed officers' emoluments

#### Executive Directors' fees

##### 2023

	Salary	Medical and company contributions	Provident fund	Total
A Smith	4 872	176	317	5 365
WP Basson	3 085	32	132	3 249
	<b>7 957</b>	<b>208</b>	<b>449</b>	<b>8 614</b>

##### 2022

	Salary	Medical and company contributions	Provident fund	Total
A Smith	4 290	143	255	4 688
WP Basson	2 857	29	110	2 996
	<b>7 147</b>	<b>172</b>	<b>365</b>	<b>7 684</b>

#### Non-Executive Directors' fees

KH Pon	846	798
HL Li	369	434
N Lalla	631	573
JH Yeh	282	220
J van Rensburg	213	194
CF Chen (resigned 27 February 2022)	-	20
M Chong	380	276
LL Chen (appointed 1 March 2022)	213	177
	<b>2 934</b>	<b>2 692</b>

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### 23. Directors' and prescribed officers' emoluments (continued)

#### Directors' interests in share capital

No shares were traded by any director from 31 December 2023 until the date of this report. Refer to note 11 for details of share appreciation rights allocated to the directors during the year.

The interest in the issued share capital of the Company as at 31 December 2023 was as follows:

		<b>Indirect beneficial holding</b>	<b>Total</b>	<b>Percentage of issued share capital</b>	
2023					
J Van Rensburg		62 205 447	62 205 447	30.60%	
	<b>Class of security</b>	<b>Value of option or right</b>	<b>Total</b>	<b>Percentage of issued share capital</b>	
2022					
J Van Rensburg		62 205 447	-	62 205 447	30.60%

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### 24. Interest in subsidiaries

Direct Holdings	Issued share capital and percentage held		Shares at cost 2023 R'000	Shares at cost 2022 R'000	Loans to 2023 R'000	Loans to 2022 R'000
	2023 %	2022 %				
South Ocean Electric Wire Company Proprietary Limited	100	100	712 165	712 165	88 082	91 494
Anchor Park Investments 48 Proprietary Limited	100	100	-*	-*	480	5 567
SOH Calibre International Limited	100	100	-*	-*	-	-
Indirect holdings						
Icembu Holdings Proprietary Limited	100	-	-*	-*	-	-
Icembu Services Proprietary Limited	100	70	-*	-*	98	90
Icembu Cables Proprietary Limited	100	70	-*	-*	1 657	-
			<b>712 165</b>	<b>712 165</b>	<b>90 317</b>	<b>97 151</b>
Less: Dividends received from pre-acquisition profits (prior 2009)			(41 550)	(41 550)	-	-
Less: Impairment South Ocean Electric Wire Company Proprietary Limited			(302 290)	(302 290)	-	-
Less: Impairment Icembu Cables Proprietary Limited			-	-	(678)	-
			<b>365 325</b>	<b>368 325</b>	<b>89 639</b>	<b>97 151</b>

\* denotes amounts of less than R1 000

All subsidiaries are incorporated and operate in South Africa with the exception of SOH Calibre International Limited which is incorporated in Hong Kong.

All subsidiaries have a year end of 31 December 2023.

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### 25. Financial instruments and risk management

#### Categories of financial instruments

#### Categories of financial assets

##### 2023

	Note(s)	Amortised cost	Total
Loans to group companies	6	89 945	89 945
Cash and cash equivalents	9	362	362
		<b>90 307</b>	<b>90 307</b>

##### 2022

	Note(s)	Amortised cost	Total
Loans to group companies	6	97 459	97 459
Trade and other receivables	8	2 686	2 686
Cash and cash equivalents	9	538	538
		<b>100 683</b>	<b>100 683</b>

#### Categories of financial liabilities

##### 2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	12	6 757	-	6 757
Lease liabilities	4	-	1 859	1 859
		<b>6 757</b>	<b>1 859</b>	<b>8 616</b>

##### 2022

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	12	5 954	-	5 954
Lease liabilities	4	-	2 386	2 386
		<b>5 954</b>	<b>2 386</b>	<b>8 340</b>

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### 25. Financial instruments and risk management (continued)

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The executive directors are involved in the daily operations of the Company, and the necessary decisions regarding capital risk management are made as and when necessary.

The capital structure of the Company consists of equity as disclosed in the statement of financial position.

#### Financial risk management

##### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk).

##### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out under policies approved by the Board of Directors.

##### Credit risk

The credit risk arises primarily from the company providing intercompany loans granted to subsidiaries.

The risk gets managed on a group level.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
	Note(s)	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	6	90 623	(678)	89 945	97 459	-	97 459
Trade and other receivables	8	-	-	-	2 686	-	2 686
Cash and cash equivalents	9	362	-	362	538	-	538
		<b>90 985</b>	<b>(678)</b>	<b>90 307</b>	<b>100 683</b>	<b>-</b>	<b>100 683</b>

##### Liquidity risk

The liquidity risk arises from the company providing intercompany loans granted to subsidiaries.

The Company manages liquidity risk by monitoring forecast cash flows.

The table below analyses the Company financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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### 25. Financial instruments and risk management (continued)

#### 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	4	-	1 390	1 390	1 288
<b>Current liabilities</b>					
Trade and other payables	12	6 757	-	6 757	6 757
Lease liabilities	4	695	-	695	571
		<b>7 452</b>	<b>1 390</b>	<b>8 842</b>	<b>8 616</b>

#### 2022

		Less than 1 year	2 to 5 years	Total	Carrying amount
<b>Non-current liabilities</b>					
Lease liabilities	4	-	2 386	2 386	2 386
<b>Current liabilities</b>					
Trade and other payables	12	5 954	-	5 954	5 954
Lease liabilities	4	527	-	527	527
		<b>6 481</b>	<b>2 386</b>	<b>8 867</b>	<b>8 867</b>

#### Foreign currency risk

The Company does not hedge foreign currency risk.

At 31 December 2023, if the currency had weakened/strengthened against the Hong Kong Dollar (HKD) by 2.00% (2022: 2.00% HKD) with all other variables held constant, (loss)/profit after tax would have decreased/increased by R4 463 (2022: R42 280), mainly as a result of foreign exchange gains/losses on translation of trade payables and cash and cash equivalents.

#### Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

#### Hong Kong Dollar exposure:

##### Current assets:

Loans to group companies	306	306
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#### Interest rate risk

The Company has significant interest-bearing assets. The Company charges interest at a fixed rate of 8%. Management has assessed that the company is exposed to interest rate risk, however the risk is not material.

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### 26. Impairment assessment

An impairment assessment was performed to determine if the recoverable amounts of the two cash generating units ("CGU's"), namely South Ocean Electric Wire Company Proprietary Limited ("SOEW") and Anchor Park Investments 48 Proprietary Limited ("Anchor Park"), exceeded the net asset value of the Company included in the Statements of Financial Position. The market capitalisation of the company is lower than its net asset value which was an impairment indicator at group level. This assessment and disclosure was included in the annual financial statements for this purpose.

The following valuation methods were used:

- SOEW CGU - Income approach to calculate the value in use;
- Anchor Park CGU - Fair value less costs to sell.

The debt of both units was then deducted from the values calculated above to determine the value of the businesses.

The recoverable amount of the SOEW CGU is determined based on the higher of its value-in-use or fair value less costs to sell. Value-in-use calculations are prepared using cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industries in which the companies operate and are materially similar to assumptions of external market sources. The CGU's recoverable amount is most sensitive to the growth rate and gross margin assumptions applied. Management assumed budgeted gross margins and growth rates for the first five years based on past performance and best estimates regarding forecasts. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective business.

In addition to the assumptions mentioned above, the other key assumptions used for value-in-use calculations are as follows:

Terminal growth rate - (Weighted average growth rate used to extrapolate cash flows into perpetuity) 5.0% (2022: 5.0%);

Discount rate - (Weighted after-tax discount rate applied to the cash flow projections) 20.2% (2022: 17.1%);

Revenue growth rate - (Average growth rate applied to the revenue cash flow projections) 9.5% (2022: 13.38%);

Gross profit rate - (Average growth rate applied to the cash projections) 10.0% (2022: 10.0%).

The recoverable amount of the Anchor Park CGU is determined based on the higher of its value-in-use or its fair value less costs to sell. The fair value of the properties was determined by management. The value was performed using a single year's cash flow and applying a capitalisation rate which is the ratio between the net operating income produced by the asset and its capital cost. The single year cash flow was calculated using the square meters available for rental multiplied by the expected market rental per square meter and deducting operating expenses using an expected operating expenses ratio in relation to the derived revenues based on the market rental per square meter. All rates used in the calculation was obtained from publicly available rates prepared by a reputable source. The calculation represents the open market value of the properties.

A summary of the key assumptions used for fair value calculations are as follows:

Vacancy allowance 3% - 5% (2022: 3.5% - 5%).

Capitalisation rate - (weighted average rate used to calculate the market value of the property) 11% (2022: 11%-12%).

After calculating the value for the individual CGU's the individual results were reduced by the associated debt and these amounts were compared to the carrying value of the investments in the Company's Statement of Financial Position and no impairment was identified and recognised for 2023 (2022: Rnil).

# South Ocean Holdings Limited

(Registration number 2007/002381/06)

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## Notes to the Annual Financial Statements

Figures in Rand thousand

2023

2022

### 26. Impairment assessment (continued)

Sensitivity analysis

The table below indicates the change in assumption and resultant change in the valuation:

	Change in assumption	Expected change in valuation	
		Increase in assumption	Decrease in assumption
<b>SOEW</b>			
Revenue growth rate	2.00%	964	(795)
Gross profit	1.00%	877	(877)
Terminal growth rate	1.00%	904	(854)
<b>Anchor Park</b>			
Vacancy allowance	2.00%	(2 383)	5 607
Capitalisation rate	2.00%	(10 952)	17 655

### 27. Going concern

The Annual Financial Statements have been prepared on the basis of accounting applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At 31 December 2023, the Company's assets, fairly valued, exceeded its liabilities. Furthermore, also management assessed the Company's liquidity forecasts for a period of twelve months. Various scenarios have been considered to test the Company's resilience against operational risks and found it to be acceptable.

Management has concluded that the Company's ability to continue to meet its financial obligations as they fall due is dependent on the Company's ability to continue to improve its performance.

### 28. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Annual Financial Statements.

### 29. Dividends per share

Dividends recommended (R'000)	22 360	12 197
Number of shares in issue ('000)	203 277	203 277
Dividend per share (cents)	11	6

A final dividend of 11 cents per share was approved at the board meeting of the Company held on 18 March 2024. In compliance with IAS 10, 'Events after reporting date', the annual financial statements do not reflect this dividend. This dividend will only be accounted for in the financial statements for the year ending 31 December 2024.