AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2015

Accéntuate Limited
(Incorporated in the Republic of South Africa)
(Registration Number: 2004/029691/06)
Share Code: ACE ● ISIN Code: ZAE000115986
www.accentuateltd.co.za
("Accéntuate" or "the group" or "the company")

HIGHLIGHT: NORMALISED EARNINGS PER SHARE UP 27%

Summarised Audited Consolidated Financial Statements for the year ended 30 June 2015

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 30 June 2015 R '000	Audited 30 June 2014 R '000
Revenue	318 609	308 101
Cost of sales	(154 138)	(147 297)
Gross profit	164 471	160 804
Other income	1 840	1 876
Other operating expenses	(156 832)	(153 131)
Operating profit	9 479	9 549
Finance costs	(2 485)	(2 101)
Share of loss from associate	-	-
Profit before tax	6 994	7 448
Taxation	(2 283)	(2 308)
Profit for the year	4 711	5 140
Other comprehensive income for the year:		
Net effect of revaluation of property	-	5 480
Total comprehensive income attributable to owners of the parent	4 711	10 620
Earnings per share (cents)	3.97	4,48
Diluted earnings per share (cents)	3.97	4,46
Notes to the statement of comprehensive income:		
Headline earnings per share (cents)	3,97	4,46
Diluted headline earnings per share (cents)	3,97	4,45
Normalised earnings per share (cents)	5,07	4,00
Diluted normalised earnings per share (cents)	5,07	3,98
Number of shares:		
- Weighted average number of shares	118 628 531	114 635 975
- Diluted weighted average number of shares	118 628 531	115 111 585
Reconciliation of headline and normalised earnings:		
Profit for the year attributable to ordinary shareholders	4 711	5 140
Profit on disposal of property, plant and equipment - net of taxation	(1)	(22)
Headline earnings for the year attributable to ordinary shareholders	4 710	5 118
Adjustment for directors' fees if recorded in the correct period - net of taxation	1 302	(532)
	6 012	4 586

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2015 R '000	Audited 30 June 2014 R '000
ASSETS		
Non-current assets	92 468	94 249
Property plant and equipment	50 845	52 576
Goodwill	36 963	36 963
Intangible assets	1 816	1 864
Deferred taxation	2 844	2 846
Current assets	138 370	147 043
Inventories	76 280	76 018
Trade and other receivables	55 515	54 086
Other financial assets	4 530	7 175
Taxation receivables	1 875	2 173
Cash and bank	170	7 591
Total assets	230 838	241 292
EQUITY AND LIABILITIES		
Total equity	157 562	152 379
Share capital	136 993	136 710
Reserves	22 632	22 830
Accumulated loss	(2 063)	(7 161)
Non-current liabilities	9 354	9 389
Deferred taxation	9 354	9 389
Current liabilities	63 922	79 524
Trade and other payables	35 731	45 612
Other financial liabilities	-	390
Operating lease liability	2 387	2 559
Current tax payables	1 236	758
Bank overdraft	24 568	30 205
Total liabilities	73 276	88 913
Total equity and liabilities	230 838	241 292
Number of shares in issue	124 048 757	123 704 022
Net asset value per share (cents)	127	123
Tangible net asset value per share (cents)	96	92

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 30 June 2015 R'000	Audited 30 June 2014 R'000
Capital and reserves – opening balance	152 379	134 550
Profit for the year	4 711	5 140
Other comprehensive income	-	5 480
Shares issued for acquisition of assets	283	10 328
Net transfer of reserves	-	(3 156)
Share-based payment expense	189	37
Capital and reserves – closing balance	157 562	152 379

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 30 June 2015 R'000	Audited 30 June 2014 R'000
Netcash flow from operating activities	(407)	(6 629)
Netcash flow from investing activities	(1 377)	(4 083)
Netcash flow from financing activities	-	(2 850)
Net decrease in cash and cash equivalents	(1 784)	(13 562)
Cash and cash equivalents at beginning of the year	(22 614)	(9 052)
Cash and cash equivalents at end of the year	(24 398)	(22 614)

SEGMENT REPORT For the year ended 30 June 2015	Audited 30 June 2015 R '000	Audited 30 June 2015 R '000	Audited 30 June 2015 R '000	Audited 30 June 2015 R '000	Audited 30 June 2015 R '000
	Flooring	Environmental Solutions	Water Treatment	Corporate and Eliminations	Group
Total sales	250 578	74 943			
Less: inter-segmental sales				(6 912)	
Revenue	250 578	74 943		(6 912)	318 609
Gross profit	121 854	42 617			164 471
Operating profit	6 452	1 287		1 740	9 479
Finance costs	(214)	(1 112)		(1 159)	(2 485)
Profit before tax	6 238	175		581	6 994
Share of profit /(loss) from associate			0		0
Other information					
Capital expenditure	3 367	371		131	3 869
Depreciation and amortisation	3 801	1 131		267	5 199
Segment assets	169 992	29 140		31 706	230 838
Segment liabilities	36 342	19 445		17 489	73 276

SEGMENT REPORT For the year ended 30 June 2014	Audited 30 June 2014 R '000	Audited 30 June 2014 R '000	Audited 30 June 2014 R '000	Audited 30 June 2014 R '000	Audited 30 June 2014 R '000
	Flooring	Environmental Solutions	Water Treatment	Corporate and Eliminations	Group
Total sales	238 956	75 519		-	
Less: inter-segmental sales				(6 374)	
Revenue	238 956	75 519		(6 374)	308 101
Gross profit	117 645	43 159		-	160 804
Operating profit	6 605	697		2 247	9 549
Finance costs	(124)	(1 096)		(881)	(2 101)
Profit /(loss) before tax	6 481	(399)		1 366	7 448
Share of loss from associate			0		0
Other information					
Capital expenditure	3 819	2 617		74	6 510
Depreciation and amortisation	3 964	2 489		71	6 524
Segment assets	175 076	32 413		33 803	241 292
Segment liabilities	46 056	22 919		19 941	88 916

REVIEW OF PERFORMANCE

INTRODUCTION AND BACKGROUND TO THE RESULTS

Accéntuate produced an encouraging performance despite a number of challenges that the group had to face during the year under review. The year was notable for each quarter having distinct characteristics as far as challenges and opportunities were concerned. The group had to contend with ongoing currency volatility and lacklustre activity within both the private and public sector construction environment and the industrial sector. Increased regularity and duration of load-shedding impacted negatively across the operations.

The first quarter began with a metal industry strike lasting the whole of July, which affected both demand from customers and manufacturing volumes, and resulted in a major shortfall against budgeted results. The second quarter saw increased demand and much better recoveries resulting from higher production throughput, which led to a reasonable set of results for the half year. A slow start to the third quarter was surprisingly followed by an all-time record production and sales month in March 2015. Unfortunately this momentum did not continue for the balance of the financial year, with economic activity across all sectors tailing off noticeably during the fourth quarter.

The High Court vindicated the group's interpretation and actions relating to the 2013 annual general meeting ("AGM"), which allowed for the payment of most of the fees owing to the non-executive directors and the adoption of the Memorandum of Incorporation (MOI). All the directors' fees owing up to 30 June 2014 were paid and expensed in the year under review.

Turnover for the year increased by 3,4% to R318,6 million and gross profit increased by 2,3% to R164,5 million. The continued focus on cost containment limited the increase in operating expenses to 2,4%, which included the directors' fees of R1,8 million for the 2012, 2013 and 2014 years referred to above. Operating profit of R9,5 million was only marginally lower than the previous years. Headline earnings per share of 3,97 cents were 11% less, attributable mainly to the arrear directors' fees and the increase in the weighted average number of shares.

To give shareholders a better understanding of the true comparative performance of the group, we have reported "Normalised headline earnings per share" which reflects the earnings if the directors' fees had been expensed in the correct year to which they actually related. The normalised result shows an increase in headline earnings per share of 27% for the 2014/15 year.

FLOORING BUSINESS

The FloorworX business operations contributed 79% of the group revenue.

Considering the impact of the macro economy during the period under review, FloorworX showed its resilience in weathering major challenges, emerging stronger and more focused than ever before.

Factors that impacted negatively on the division's performance included the month-long metal industry strike in July 2014 that stopped production at the East London plant, sluggish domestic demand, extreme volatility in currencies and the impact of load-shedding on production efficiencies and recoveries. The effect of load-shedding was felt beyond the manufacturing process, adversely impacting production planning, procurement, inventories and customer demand. Management responded to these challenges by focusing on costs, flexible work practices as well as exploring additional markets for the supply of domestically-manufactured products.

The final phase of the integration of the Suntups acquisition was successfully implemented and this business has become a valuable part of the comprehensive product range offered by FloorworX. We remain confident that this sector will become an increasingly significant contributor to the profitability of the group. Other strategic initiatives included the introduction of a corporate carpet tile range that is progressing well.

Overall revenue increased by 4,9% to R251 million, while margins were placed under pressure due to the factors highlighted above. However, effective cost containment and a strong focus within this business resulted in operating profit being only marginally lower than the previous year.

The dedicated management team ensured that FloorworX further entrenched its leadership position within the resilient flooring market during the period under review.

ENVIRONMENTAL SOLUTIONS BUSINESS

This comprises the Safic business operations and contributed 21% of the group revenue.

Safic showed encouraging progress in the turnaround strategy, despite having to deal with a number of challenges. These included the spillover of the platinum sector strike, the metal industry strike, currency volatility and load-shedding.

Safic has for some time been pursuing a strategy to focus on sustainable, recurring business within the commercial market segments as well as increasing the range of more specialised chemical products utilised in production process. As a result, there has been a shift to a more targeted, professional and sustainable marketing approach.

This strategy is showing rewards as demonstrated by the fact that while volumes sold to the division's traditional markets such as mining, engineering and manufacturing reduced during the period under review, the increased sales in the newer markets ensured Safic's performance was more sustainable and resilient. This bodes well for the business going forward.

The Degrachem acquisition has been effectively bedded down and we are particularly pleased with the results, notwithstanding the fact that this area of business was severely exposed to the NUMSA strike in July 2014. This entry into the specialty metal treatment sector also provides a base for further expansion into the related process chemical markets.

The provision of screeds and adhesives to FloorworX, as well as sales of related maintenance products and equipment, continue to show good growth and places the Accéntuate group in the unique position where it can supply a comprehensive range of flooring solutions, including preparation and maintenance products and equipment.

Although Safic revenue declined marginally to R74,9 million and margins were under pressure, operating profit almost doubled due to very effective cost containment and efficiency improvement measures.

The provision of water treatment chemicals and solutions to Safic customers remains a great opportunity, and the Ion Exchange joint venture delivers technical back-up that provides the basis for sustained growth in this area of the business. A greater marketing focus, increased contract based business, process chemical supply, and the return of traditional markets to some form of normality will see Safic increase its contribution to the performance of the group.

WATER TREATMENT BUSINESS

This comprises the Ion Exchange Safic water treatment business, which is a partnership between Accéntuate, Safic and Ion Exchange India. The business is equity accounted by the group as an associate.

As mentioned in previous announcements, water is increasingly becoming a major area of focus within the domestic economy. The joint venture with India's leading water solutions company, Ion Exchange India, provides Accéntuate with a unique strategic platform for securing a number of lucrative water treatment and infrastructure projects in South Africa. The year has seen a number of exciting developments, including the awarding of a number of sizable contracts as well as a focus on building the necessary capacity to deal with the projects envisaged as and when they are awarded.

Although this area of the business is still in its early stages, management remains of the opinion that this has the potential to become a major contributor towards the growth and profitability of Accéntuate in the future.

UPDATE ON SHAREHOLDING

Post the financial year end, on 27 August 2015, Accéntuate informed the market that Trustee Board Investments ("TBI") had acquired a 25,23% interest in Accéntuate. The Company welcomes TBI as a shareholder and looks forward to a constructive and mutually beneficial relationship with TBI. This marks a pivotal moment for Accéntuate, as the Company enters an era in which the vast majority of shareholders are fully aligned to the strategy and vision which management and the board have for the Group.

PROSPECTS

The difficult economic conditions are not expected to ease in the foreseeable future. However, all the trading entities within the group remain focused on expanding their customer base and product offerings, and are well poised to take advantage of every possible opportunity to increase revenue and profitability. The group continues to assess possible acquisitions which fit in with the approved strategy, and with the support of the shareholders, it will be able to implement a number of key initiatives which are planned.

CHANGES TO THE BOARD OF DIRECTORS

Dineo Molefe resigned as non-executive director and chairperson of the audit and risk committee with effect from 1 July 2014. The board wishes to thank Dineo for the valuable contributions made during her tenure. At the same time Pieter Kriel, who acted as Dineo's alternate director, was appointed as a non-executive director of Accéntuate.

On 1 August 2014 Andile Mjamekwana was appointed as an alternate director to Pieter Kriel. Andile has a strong investment banking and accounting background, which will see Andile contributing positively to the growth of Accéntuate, particularly when it comes to the targeting and assessment of potential acquisitions. The board has appointed Andile as chairman of the audit and risk committee.

Malesela Motlatla resigned from the board on 7 March 2015 due to reaching the mandatory retirement age of 75 years, having served as Chairman of the company from June 2006 until his retirement. The board extends its gratitude to Dr. Motlatla for the contributions and guidance he provided to the group with his principled leadership.

Ralph Patmore, who was the lead independent director of Accéntuate, was appointed as independent non-executive Chairman on 27 May 2015.

DIVIDEND

The Accéntuate board deems it prudent not to declare a dividend.

GOING CONCERN

The board of directors is satisfied that, after taking into account the current banking facilities, its utilisation thereof and the budgeted profits and cash flows, the working capital available to the group will be sufficient to meet its requirements for the next 12 months.

CONTINGENT LIABILITY

There are no contingent liabilities in the group.

BASIS OF PREPARATION

The abridged summarised audited consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, the requirements of the Companies Act applicable to summary financial statements, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

There are no significant matters arising since the end of the year under review.

The audited summarised consolidated financial statements were prepared under the supervision of the chief financial officer, Chris Povall CA (SA).

UNQUALIFIED AUDIT OPINION

The auditors, Mazars (Gauteng) Inc., have issued their unmodified opinion on the Group's consolidated annual financial statements for the year ended 30 June 2015. A copy of the auditor's report together with a copy of the audited financial statements is available for inspection at the Company's registered office.

These summary audited consolidated financial statements have been derived from the Group's consolidated annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

APPRECIATION

The board would like to take this opportunity to thank the various management teams for their loyalty and dedication towards the achievement of the objectives that have been set. The board would also like to thank all the customers, partners, advisors, suppliers and most importantly, the shareholders for their ongoing support and faith.

28 September 2015

CORPORATE INFORMATION

Non executive directors:	RB Patmore (Chairman) NE Ratshikhopha PS Kriel A Mjamekwana (alternate)
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Transfer secretaries:	Computershare Investor Services (Pty) Limited
Designated adviser:	Bridge Capital Advisors (Pty) Limited
Attorneys:	Fullard Mayer Morrison
Investor relations:	Keyter Rech Investor Solutions

DISCLAIMER

This announcement may contain certain forward-looking statements concerning Accéntuate's operations, business strategy, financial conditions, growth plans and expectations. These statements include, without limitation, those concerning the economic outlook, business climate and changes in the market. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the group. No assurance can be given that these will prove to be correct and no representation or warranty, expressed or implied, is given as to the accuracy or completeness of such views contained in this announcement.

FLOORWORX

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ENVIRONMENTAL SOLUTIONS

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