LONG4LIFE LIMITED

INTEGRATED REPORT

FOR THE YEAR ENDED 28 FEBRUARY

2018

long4life

Small Beginnings, **BIG VISION**

REPORTING **OVERVIEW**

CHANGE IN FINANCIAL YEAR-END AND COMPARATIVE FIGURES

In 2017, the Long4Life Group changed its financial year-end from the end of March to the end of February to align with that of its largest investee company.

It is noted that the Company was, for all intents and purposes, dormant as at 31 March 2017, and accordingly the financial information presented is not meaningful from a comparative point of view.

Reported results thus include trading results of acquired companies for a four-month period while interest earned on capital raised pursuant to the listing, net of corporate expenses, is for an 11-month period.

REPORTING APPROACH

The financial and other information has been prepared in accordance with the requirements of IFRS, the South African Companies Act 2008, the JSE Listings Requirements, King IV and the international <IR> framework as applicable.

SCOPE AND BOUNDARIES

This report is primarily written for our shareholders, but it is also helpful to our other stakeholders interested in our ability to create value into the future.

The contents of this document addresses material issues for our Group and covers the 11-month period from 1 April 2017 to 28 February 2018 except where material transactions have occurred post year end.

FINANCIAL STATEMENTS

The full set of consolidated annual financial statements, including the report from our Audit and Risk Committee and Directors' report, are available online or can be requested directly from our Company Secretary at info@long4life.co.za.

BOARD APPROVAL

The board, assisted by the Audit and Risk Committee, is ultimately responsible for overseeing the preparation, presentation and integrity of the integrated annual report. This was achieved through the setting up of a sub-committee to oversee the reporting process. The Directors confirm that they reviewed the output of the reporting process and the content of the integrated annual report. The Directors believe that this integrated annual report addresses the Group's material issues and is a fair presentation of the integrated performance of the Group in accordance with the international <IR> framework, and therefore approve the report for release. We welcome any feedback at info@long4life.co.za.

FORWARD-LOOKING STATEMENTS

This report includes statements about Long4Life and its subsidiaries that are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve known and unknown uncertainties, assumptions and other important factors, because they relate to events and depend on circumstances that may or may not occur in the future, whether or not outside of the control of Long4Life or its subsidiaries. Such factors may cause Long4Life or its subsidiaries actual results, financial and operating conditions, liquidity and the developments within the industry in which it operates to differ materially from those made in, or suggested by, the forward-looking statements contained in this report. Long4Life cautions that forward-looking statements are not guarantees of future performance.

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INTRODUCTION

Long4Life **OVERVIEW**

"Long4Life is a work in progress, and we intend building a company that can deliver quality operating earnings from good cash-generating businesses, with low- to medium-risk characteristics and with a reasonable line-of-sight to profitability. Our foundational investments are exciting and attractively positioned to deliver future growth, while also providing the platform to conclude additional, larger, value enhancing transactions going forward." – **Brian Joffe, CEO**

Listed on the JSE in April 2017, Long4Life is an investment holding company that focuses predominantly on lifestyle businesses with attractive growth prospects, led by strong, entrepreneurial-minded management teams.

The Long4Life Board, who collectively have a wealth of operational and deal-making experience across various industries is responsible for capital allocation and play an active role in identifying and approving attractive investment opportunities.

Long4Life operates a decentralised management structure, providing financial, strategic and management support to its investee companies.

Long4Life takes a long-term view on investments, while retaining the flexibility to dispose of investments which no longer meet the investment criteria and the agility to take advantage of opportunities as they arise.

During the period under review, Long4Life acquired Sportsmans Warehouse, Outdoor Warehouse, Performance Brands, Sorbet and Inhle Beverages, while Chill Beverages was acquired post period-end.

These acquisitions have been decentralised into the Group's divisional structures of Sport and Recreation, Personal Care and Wellness, and Beverages.

Strategic **objectives**

The Company's overriding objectives will continue to be expansion at a pragmatic rate and driving above-average growth. This will be achieved by delivering quality operating earnings from strong cash-generating businesses and acquisitions with appropriately assessed risk characteristics.

Vision

We are passionate about investing in high-quality assets and partnering with experienced and entrepreneurial management.

We strive to be the best at delivering unique and flexible investment solutions in terms of capital and strategy.

OUR BUSINESS PHILOSOPHY

- Long4Life operates a decentralised management structure, providing **FINANCIAL, STRATEGIC AND MANAGEMENT SUPPORT** to its investee companies.
- We embody an **ETHOS OF RESPONSIBILITY**. Our operating companies are motivated to achieve independently.
- We embrace our founder's **PROVEN ENTREPRENEURIAL BUSINESS PHILOSOPHY**, in conjunction with that of a like-minded management team.
- We offer an attractive listed vehicle to encourage vendors to sell their businesses and **PARTICIPATE ON A LISTED EQUITY BASIS** to maximise their potential.
- We are obsessed with **UNDERSTANDING THE BUSINESSES OF OUR INVESTMENT AND TRADING PARTNERS** and the markets in which they trade and compete.
- We **BUILD CAPABILITY AND CAPACITY ACROSS THE BRANDED LIFESTYLE SPACE** – preferably within categories which speak to the emerged and emerging consumer.
- We actively support our businesses by mobilising financial, human resources and intellectual capital, including **IDENTIFYING OPPORTUNITIES**.
- We run a small Corporate Office with a **SKILLED AND EXPERIENCED TEAM**.
- We are disciplined in our deployment of capital, but **AMBITIOUS IN OUR EXPECTATION OF RETURNS**.

Long4Life **OVERVIEW** continued

Timeline

7 APRIL
2017

Long4Life lists on the **JSE**

JULY*
2017

Acquisition of **Sorbet**

AUGUST*
2017

Acquisition of **Sportsmans Warehouse, Outdoor Warehouse and Performance Brands**

HIGHLIGHTS

- Successfully **LISTED ON THE JSE** on 7 April 2017: **R2 BILLION** capital raised
- Strong balance sheet: **R1.7 BILLION** in cash at period end
- **ACQUISITIONS** of Sportsmans Warehouse, Outdoor Warehouse, Performance Brands, Sorbet, and Inhle Beverages, as well as Chill Beverages (post period-end)
- Well-resourced to continue **PURSUIT OF GROWTH** opportunities including significant gearing capacity for future acquisitions
- Decentralised operating **STRUCTURE IMPLEMENTED**
- Maiden dividend of **5.40 CENTS** declared
- HEPS **30.2 CENTS**

*Date announced on SENS.
Transaction became unconditional on 1 November 2017.

AUGUST* 2017

Acquisition of **Inhle**

MARCH 2018

Acquisition of **Chill**

APRIL 2018

Acquisition of **Veldskoen**

INVESTMENT CASE

- Long4Life is conceived to be a company that can deliver **QUALITY OPERATING EARNINGS** from good cash-generating businesses with low- to medium-risk characteristics and reasonable line of sight on profitability.
- Long4Life is **NOT A NET-ASSET-VALUE PLAY** with reference to an EV/EBITDA multiple. Long4Life is an earnings and cash-flow-based company, and a price/earnings play.
- Use of scrip will be carefully considered so as not to be dilutive and to be **VALUE ACCRETIVE FOR ALL SHAREHOLDERS.**

The following factors will prove strong drivers of shareholder value as Long4Life grows:

- The Board's collective wealth of operational and deal-making experience
- An entrepreneurial, nimble and innovative approach to transactions
- A lean, efficient and scalable cost structure
- An extensive established network in the global market spaces
- The support of a strong shareholder base
- Decentralised management structures with financial, strategic and management support to investee companies
- Investing in businesses where Long4Life can provide capital and strategic direction
- Investing in companies where key management have meaningful interests

OUR LEADERSHIP

BOARD OF **DIRECTORS AND EXECUTIVE**

Long4Life's board members have a wealth of operational and deal-making experience across various industries. They are responsible for capital allocation and play an active role in identifying, executing and approving investment opportunities. Furthermore, the board is responsible for protecting and managing shareholders' interests and ensuring adherence to the company's governance procedures.

Executives

Brian Joffe

Chief Executive

BCom, CA(SA), Honorary Doctorate in Commerce

Brian founded the Bidvest Group in 1988, where he served as Executive Chair until his appointment as Chief Executive in 2004. Brian stepped down from his role at Bidvest in 2016. A Chartered Accountant by qualification and historically having served on multiple company boards, Brian has over 33 years of South African and international commercial experience. He was acknowledged as one of the Sunday Times' top five businessmen in 1992 and was listed as one of the top 100 Africans of the Year in the Africa Almanac in 2001. Amongst numerous other awards received, Brian was voted the Sunday Times' Businessman of the Year in 2007, awarded an honorary doctorate in 2008 by UNISA as well as the University of the Witwatersrand, and selected in 2010 by Wits Business School Journal as one of South Africa's top 25 business leaders, having made a significant impact on business in South Africa. Brian was further listed by Forbes Magazine as one of the 20 most powerful people in African business.

Brad Webber

Senior Executive

LLB, MBA

Having worked on a number of Corporate Finance and Mergers and Acquisitions related transactions in South Africa and Africa with companies such as Illovo Sugar, Woolworths, Tiger Brands, AVI and Virgin Active, Brad has significant experience in the consumer industry. Previously with Standard Bank in Investment Banking, Brad has over 16 years' experience in mergers and acquisitions and investment banking deal-making.

Peter Riskowitz

Chief Financial Officer

BCom, BAcc and CA(SA)

Peter commenced his career with Investec Bank Limited and has since held various CFO positions, predominantly in listed environments. Peter has over 29 years commercial experience encompassing senior financial management, corporate finance, mergers and acquisitions and executive management, 19 of which have been within the Allied Electronics Corporation Limited ("Altron") Group, in the position of Group Executive: Corporate Finance at Altron prior to joining Long4Life.

Colin Stanley Datnow

Executive Director

BCom

Colin has had an active role as an entrepreneur in the distribution industry for over 40 years. Colin is the founder and former Chief Executive Officer of Brandcorp Holding's Limited which is focused on the distribution and retailing of branded consumer and industrial products to a broad spectrum of the market. Colin is also the founding member, shareholder and a Non-executive Director of the Cosyro Group of companies. In addition, he serves as chairperson to one of South Africa's largest Public Benefit Organisations.

Werner Hugo

Senior Executive

CA(SA), LLB

Both a qualified attorney and chartered accountant, Werner has gained significant experience in the mergers and acquisitions and related space having been involved in numerous transactions both locally and abroad. Werner joined Long4Life after spending 10 years as Corporate Finance Executive at The Bidvest Group Limited and more recently Bid Corporation Limited.

INDUSTRY **EXPERIENCE**

Independent non-executives

Graham Dempster

Chairman

BCom, CA(SA), Harvard Business School, INSEAD AMP

Previously an Executive Director and Chief Operating Officer of the Nedbank Group, Graham has over 30 years' experience in the financial services industry both in South Africa and internationally. Graham currently serves as a Non-executive Director of listed companies AECI Limited, Imperial Holdings Limited, Sun International Limited and Telkom SA SOC Limited.

Tasneem Abdool-Samad

Independent Non-executive Director

BCom, CA(SA)

Tasneem commenced her career at Deloitte & Touche. She later moved to the University of the Witwatersrand, as a lecturer in auditing from 2003 to 2006. Tasneem subsequently rejoined Deloitte as a Partner from 2006 to 2014, and is a former member of the Deloitte South Africa board. Tasneem currently serves as a Non-executive Director of Absa Group Limited, Reunert Limited and Crookes Brothers Limited.

Syd Muller

Independent Non-executive Director

BCom (Hons), CA(SA), MBA, AMP (Harvard)

Appointed Chairman of the Holdsport board in 2007, Syd was formerly the Executive Chairman of Woolworths Holdings and a Director of other companies in the Wooltru group. Syd is a Director of MMI Holdings Limited and Choppies Enterprises Limited and the chairman of the Africa review board of Air Liquide SA. Syd was a founding member, shareholder and a Director of the Cosyro Group of companies.

Lionel Jacobs

Independent Non-executive Director

BCom, MBA

Lionel has previously served as an Executive Director of The Bidvest Group Limited, retiring four years ago. He is currently Independent Non-Executive Chairman of Vunani Limited and chairman of its nomination and remuneration committees. He has 30 years' experience in B-BBEE transactions. Currently he is also Chairman and Director of Specialised Solar Systems and Executive Chairman of Powerhouse Africa, both in the Renewable Energy and Infrastructure sectors.

Keneilwe Moloko

Independent Non-executive Director

Bsc (QS), BCom, CA(SA)

Keneilwe started her career as a quantity surveyor and then qualified as a chartered accountant after nearly a decade in the construction industry. Keneilwe serves as an independent non-executive Director on the boards of Brimstone Investment Corporation Limited, Attacq Limited, and Fairvest Property Holdings Limited.

RACE

Black	Indian	Coloured	White
1	1	1	7

GENDER

Male	Female
8	2

SKILL **SETS**

Accounting and auditing	B-BBEE transactions	Corporate law	Deal making	Executive leadership	Financial management	International commercial experience	Mergers and acquisitions	Operations
7	6	3	8	7	8	6	8	7

CHAIRMAN'S **REPORT**

Graham Dempster

"L4L's acquired businesses have performed in line with expectations and have been positioned for growth. The companies are primarily wholly owned, which enables the full benefit of cash flows."

This is our first annual reporting period following Long4Life's successful listing on the JSE Limited last year which was made possible by the strong support of the investing community at the time of the Initial Public Offering of shares of R2 billion. It is exceptionally gratifying to report that within less than a year we are firmly on course with our objective of building Long4Life into an attractive investment company capable of delivering superior returns.

Our focus since listing has been on the constitution of the board and bringing together an executive team that has a proven entrepreneurial business record and operating philosophy. Subsequently, foundation assets, primarily in the leisure and lifestyle sector, were targeted and acquired by the management team.

The board is focused on directing, guiding and supporting the Long4Life management team to build the businesses. The board's varied, complementary and deep skills in areas such as strategy, commercial, retail and financial expertise are proving invaluable. The formation of a newly listed entity requires considerable regulatory and policy creation and implementation. I am exceptionally pleased that we have been able to attract talented individuals to the board, among them Tasneem Abdool-Samad, who, as Chairman of our Audit and Risk Committee, has contributed significantly and done a huge amount of critically important work to ensure Long4Life's governance, compliance, policies and procedures are intact and comparable with similar listed entities.

Long4Life has a small corporate office with a skilled and experienced team. The Group's emphasis on decentralisation of operations and management responsibility is complemented by strategic and financial input, guidance and support provided by the corporate office to the management teams within the various structures. These teams carry responsibility and accountability for the day-to-day operation of their respective businesses and are required to focus on being disciplined in the deployment of capital, while being ambitious on returns. The decentralised structure will be supported by a substantive internal audit and risk assessment capacity.

DIVIDEND

The board declared a maiden dividend of 5.4 cents (gross) per ordinary share in respect of the period ended 28 February 2018.

B-BBEE

Long4Life is committed to enhancing black-economic empowerment and participation. To this end we are aiming to introduce additional B-BBEE shareholders to meaningfully increase the effective B-BBEE ownership in Long4Life.

VENTURE CAPITAL FUND

In virtually every industry in South Africa there are disruptors. In recognition of this potential the Long4Life board approved the allocation of R100 million to venture capital opportunities. Additionally, this will assist in the development of South Africa's emerging entrepreneurs. An early investment for the fund has been the acquisition of a 49% stake in lifestyle footwear company, Veldskoen Shoes.

ENVIRONMENT

Long4Life was formed at a time of great political uncertainty, which is indicative of a deep confidence amongst the founding members in the future of South Africa. As the South African economy transforms under its new political leadership, Long4Life is ideally placed to take advantage of the opportunities that will result. This relates both to the current portfolio of assets and also to the pursuit of other value-enhancing initiatives. This will be achieved by delivering quality operating earnings from strong cash-generating businesses and acquisitions with appropriately assessed risk characteristics. Long4Life is a growth-oriented stock that has the ability to move dynamically and with agility, and has the capacity to raise debt and equity to make significant acquisitions relative to its current size.

BOARD COMPOSITION AND EXECUTIVE MANAGEMENT

I am delighted that both Syd Muller and Keneilwe Moloko agreed to join the Long4Life board, adding further depth to our experienced board. Syd's role as chairman of Long4Life's Nomination and Remuneration Committee and Keneilwe's participation as a member of both the Audit and Risk and the Social and Ethics Committees will be of great benefit to the Group. The collective capability, guidance, knowledge and experience of the various board members will stand Long4Life in good stead well into the future.

Colin Datnow, previously an independent non-executive Director, was appointed as an executive Director with effect from 1 January 2018, further strengthening our executive team, and he has already made a significant impact.

Long4Life through its acquisitions has secured exceptional entrepreneurial leaders who have built attractive businesses themselves. This was in evidence at the inaugural Long4Life Conference held in March and attended by 120 leaders across the Group. They are clearly a key differentiator and enabler to delivering strong returns for our investors.

On behalf of the board, thanks and gratitude is extended to the Chief Executive, Brian Joffe, and his team at the corporate office, as well as all employees within the divisions for the important contributions they have all made to the formation and early development of the Long4Life Group. We have an exciting time ahead of us, and I am proud to be embarking on this journey with all of you.

Graham Dempster
Chairman

CEO'S **REPORT**

Brian Joffe

"Long4Life's formation has been cautious and measured, and it has created a superb platform from which to grow. We have had a small, humble beginning, but our vision remains as big and bold as ever."

Our first year of existence as an investment company has seen a flurry of activity. Shortly after listing in April 2017 we set about putting in place the appropriate board structure as well as the executive team. This was immediately followed by an assessment of numerous prospective assets, some of which have now become Long4Life's foundation businesses.

It has been an exceptionally exciting time. We have created a vehicle that offers investors a compelling proposition based on the collective and proven track records and commitments of a group of people that provide access to our wide and shared networks. Together we are creating an opportunity to unlock investment possibilities to which traditional entities and funds would not ordinarily have access. Our operating philosophy has always been, and will remain, entrepreneurial and flexible, with an innovative approach to transactions while maintaining a lean corporate cost structure.

The strength and opportunity within the acquired underlying businesses, namely Sportsmans Warehouse, Performance Brands, Outdoor Warehouse, Sorbet, Inhle Beverages and Chill Beverages (acquired post period-end), will certainly prove beneficial as we move forward.

These businesses, which reflect a combined EBITDA of approximately R520 million and which were acquired for a collective R3.6 billion, have been restructured into our decentralised divisions, namely Sport and Recreation, Personal Care and Wellness, and Beverages. We will continue to expand at a pragmatic rate, and we will always aim to deliver above-average growth through quality operating assets capable of strong future earnings from robust cash-generating businesses.

South Africa's changes and challenges over the last year have been significant. The new political leadership is quickly identifying and dealing with the most pressing issues of re-energising the economy, ensuring job creation and dealing with corruption. These challenges will all take time to resolve, but the anticipated boost to economic activity within the country and region should be highly beneficial to South African consumers. Long4Life's assets are ideally positioned to capitalise on this expected and positive trajectory.

CAPITAL RAISED AT LISTING

R2 billion

NAV AT FINANCIAL PERIOD END

R4.5 billion

We are under no illusion that political and economic transformation will be easy. There are many pressing issues requiring change, repair and reconsideration. The damage created over the past decade has been substantial, and it will take a dedicated, committed and focused leadership, working alongside business and labour organisations, to transform the nation and ensure that pride and restitution returns for all South Africans. I believe that our current president and his leadership team have the aptitude, credentials and experience needed to achieve that singularly enormous objective.

FINANCIAL PERFORMANCE

Revenue for the period ended 28 February 2018, generated from Long4Life's acquired assets for a four-month period, amounted to R730.66 million. Operating profit generated totalled R117.04 million, while interest earned on cash balances, which totalled R1.7 billion at the end of the period, amounted to R128.48 million. Basic earnings attributable to shareholders of the Company amounted to R168.95 million with headline earnings at R170.39 million. Based on 564 066 872 weighted average number of outstanding shares in issue, this translated into basic earnings and headline earnings of 30.0 cents and 30.2 cents respectively.

Our balance sheet is robust with a net cash position of R1.2 billion (after making part payment for the Chill acquisition) which gives us ample headroom for future transactions. The Group is under-geared and we have an ability to issue equity, which ideally positions Long4Life for future expansion.

More financial information is contained in the CFO's report on page 30.

HIGHLIGHTS

The key event during the past year was undoubtedly the successful listing of Long4Life, while the assembly of a talented and experienced board and management team was equally gratifying. Each acquisition over the subsequent months had unique and special meaning, primarily the realisation and understanding that these acquisitions are the basis and foundation for an investment company that will provide sustained value to a range of stakeholders over time. We take our commitment to the Long4Life internal team, shareholders and the operating entities' employees, customers, suppliers and communities very seriously, and we manage Long4Life with these constituencies in mind.

SPORT AND RECREATION

The successful acquisition of Holdsport provided Long4Life with much-needed substance, in essence doubling our market capitalisation at that time. We have restructured the acquired Holdsport operations into Sportsmans Warehouse, Outdoor Warehouse, Performance Brands and E-Commerce business units, which enables the required focus needed for future growth. These businesses now form the cornerstone of our Sport and Recreation pillar.

We are well aware of the tough economic climate in which we find ourselves, in which consumers are seemingly under ever-increasing financial pressure. The nature of the Sport and Recreation division's businesses is such that the constrained economic environment has a negative effect on consumer spending and an increased level of strategic agility and focus is required. Notwithstanding such constraints, and despite less-than-exciting sales during the holiday season, the businesses held their own. We are impressed with the strength and dedication of this division's management, where years of experience and a good understanding of this sector are clearly evident. Interactions to date have been positive, with business heads being most receptive to new ideas and fresh thinking.

We are encouraging a slightly stronger risk appetite within the division, specifically in terms of marketing initiatives, capitalising on own brands, accelerating online trading and new ideas or concepts (store and other), as there are a number of opportunities that present themselves which have not necessarily been fully exploited. Simultaneously, this has facilitated our process of further decentralising operations and allowing for direct reporting by the divisional heads into the Long4Life executive team.

PERSONAL CARE AND WELLNESS

Sorbet was purchased to form the basis of our entry into the wellness, health and beauty sector, given its strong presence in that market. This is an industry that we believe presents itself as a significant growth area. We are advancing the alignment of Sorbet's processes, specifically as part of a listed entity, and its strategic competence into Long4Life's growth ambition. The decentralisation of the various business components under Sorbet are underway and we are instilling a greater sense of accountability and responsibility for performance throughout this division.

There has already been a clear focus on controls and processes, with meaningful improvement having been achieved.

Sorbet's extremely well-established brand and national network of some 200 stores presents an excellent opportunity to further entrench ourselves as the leading player in the market. We are focused on maintaining this position with an imperative of improving efficiencies and generating better returns.

The buy-out of the minorities in Sorbet Man and Candi & Co, respectively, has resulted in full ownership of all Sorbet's South African operations, facilitating our ability to add value and introduce new or additional initiatives. We continue to hold a minority investment in Sorbet UK.

CEO'S **REPORT** continued

BEVERAGES

Our acquisition of Inhle Beverages (Inhle) was initially perceived as opportunistic, but through the executive team's careful strategic positioning and considered interventions this has proven to be a key addition to the Long4Life portfolio. This is especially true following our subsequent success in securing Chill Beverages (Chill). Collectively these businesses provide us with a most compelling offering, not only in the co-packing space, but in being able to progress own brands and explore a number of expansion opportunities.

Inhle is a solid business and its management team has embraced Long4Life, recognising and accepting the value and contribution that we can add. It became evident very quickly that sustaining and growing the division will be achieved far more quickly and effectively by ensuring adequate capacity and production "up-time". An operational strategy is underway to minimise production interruptions caused by disrupted water and power provision and machine breakdowns. Capacity is now steadily being increased, the market for energy beverages is growing appreciably, and we are attracting new co-packaging clients. Our subsequent acquisition of Chill has presented synergies between the two businesses which should also result in increased production for Inhle. This growth will necessitate increased capital expenditure, which has been agreed and will proceed once formalities are concluded.

Chill provides a fully integrated in-house business platform – from product conception and development, through production, to sales and marketing. Chill owns a portfolio of recognised brands, including Score Energy, Fitch & Leedes, Bashews and Country Club, amongst others. Our interactions with the team at Chill have been most encouraging, and we are anticipating a strong contribution from this business. Although their key challenges are similar to those being experienced at Inhle, Chill is a business that is well-poised, and together with its professional and innovative management team, will provide the catalyst in growing our interests in the beverage sector.

Collectively, Inhle and Chill present an exciting opportunity for Long4Life to enhance its presence in the growing South African beverage space. Although both companies market products across most of the country, Chill operates predominantly in the Western Cape area, while Inhle's base is centred around the Gauteng region. We believe that this north/south operational footprint can be leveraged to great advantage for the division and for Long4Life.

PROSPECTS

Long4Life's primary focus remains on acquiring equity interests in businesses which meet one or more of the following characteristics: a proven track record; strong cash-flow generation; market-leading brands; capital-light profiles; attractive growth prospects; opportunities to consolidate their respective markets; established market positions; and experienced and entrepreneurial management.

Our strong balance sheet and available resources position us well to grow the Group substantially. We are assessing numerous acquisition opportunities as well as having allocated R100 million for selected venture capital (VC) initiatives. This VC fund is of particular interest to me personally, as it allows us the opportunity to support young entrepreneurs disrupting South African industries, as well as to broaden our investment horizon beyond the familiar. Our divisions are well structured and as the management teams already have an entrepreneurial mindset – which is a strong characteristic across the Group – they have adapted particularly well to Long4Life's devolved operating structure. Each of the businesses provide solid expansion opportunities and only require varying levels of input and guidance from the Long4Life executive team.

While the economy is somewhat subdued we remain optimistic and confident in our ability to achieve (if not exceed) the growth objectives that we have set ourselves.

CONCLUSION

Long4Life is evolving, and while we are proud of what we have accomplished in our first year we are still in our infancy. We have made progress, but we have in reality only put in place a few key building blocks. It is now necessary to accelerate the implementation of our strategic imperatives. To this end, we are ramping up our interaction with the investee companies and are actively engaged in various initiatives, including strategic planning, introducing appropriate management and/or reporting structures in certain instances, improving operational processes and planning intelligently for future years.

We have much to do and to accomplish. Nevertheless, we remain confident that we will succeed in our endeavours, given our strong, multi-disciplined and energised executive team. This is of course complemented by the valuable and proactive input of the board, for which we are all deeply thankful.

Brian Joffe
Chief Executive Officer

CREATING AND SUSTAINING VALUE 13

BUSINESS **MODEL**

OUR KEY **INPUTS**

HUMAN CAPITAL

- Board of Directors have a wealth of operational and deal-making experience across various industries
- Proficient investment team
- Strong and committed leadership
- Experienced and dynamic executive and senior management
- Appropriate skills

SOCIAL AND RELATIONSHIP CAPITAL

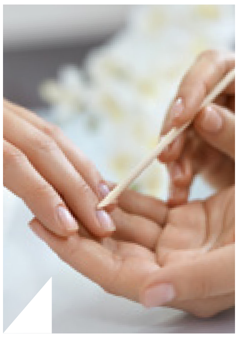
- Business networks
- Broad shareholder profile
- Long-term investment focus
- Proven track record of successful partnering
- Key stakeholder relationships
- Strong brands and reputation

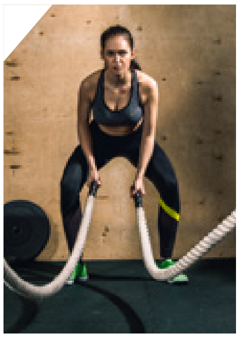
INTELLECTUAL CAPITAL

- Track record of adding value
- Reputation for fair and ethical business practices
- Balance sheet management expertise
- Optimisation of financial capital
- Organisational structure, systems and protocols

FINANCIAL CAPITAL

- Reinvestment of retained earnings
- Strong cash flow generated by our operations
- Equity funding
- Debt funding
- Interest earned on capital raised





OUR APPROACH TO **MANAGEMENT**

DECENTRALISED MODEL

Long4Life pursues a decentralised management model. Corporate executive concentrates on the provision of support rather than on being involved in the day-to-day management of business units. This support comprises strategic, financial and managerial input and guidance and the unlocking of value through deal-making.

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OUR ACTIVITIES

IDENTIFYING INVESTMENT OPPORTUNITIES

- Leveraging networks
- Board plays an active role in identifying, approving and executing attractive investment opportunities
- Approaches from investment banks and corporate finance houses
- Approaches from businesses seeking investment
- Appropriately assessing risk characteristics
- Rigorous fair-value evaluation methodology
- Identifying ethical, competent and like-minded management teams

ENSURING QUALITY OPERATING EARNINGS

- Investing in preferred sectors
- Acquiring businesses with strong cash generation and record of profitability
- 100% control preferable in order to efficiently access free cash flows
- Also open to selective majority and minority stakes
- Encouraging vendors to co-invest through scrip in holding company
- Alert to turnaround/improving an underperforming business
- Disposing assets if circumstances warrant to optimise return
- Passionate about scalable brands with strong consumer equity
- Focused on investing in growth categories and growth markets
- Disrupting the categories in which we invest is in our DNA

MONITORING INVESTMENT PERFORMANCE

- Board representation and committee involvement
- Contribution of management expertise to invested operations
- Providing strategic insight to investee
- Dedicated corporate executives supporting subsidiaries
- Regular review of performance
- Robust discussions with investee companies

ENABLERS

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KEY OUTCOMES

- ENTREPRENEURIAL WEALTH CREATED
- REWARDED WORKFORCE
- DIVIDEND DECLARED
- HIGH INTRINSIC VALUE
- STRONG BALANCE SHEET
- WELL-RESOURCED
- SHAREHOLDER RETURNS
- ABILITY TO FUND SUBSIDIARIES AND GROW ORGANICALLY IN A SUSTAINABLE MANNER
- COMMITTED AND MOTIVATED INDEPENDENT DIVISIONAL MANAGEMENT TEAMS

RISK **MANAGEMENT**

Good corporate governance dictates that both the structures and processes of risk management be instituted to ensure effective risk mitigation.

The building blocks of an enterprise-wide risk-management methodology include a common language, an understanding of the impact of risk on the organisation and a standardised approach of identifying and sizing risks faced by the organisation.

Long4Life incorporates best-practice risk-management principles derived from various sources including King IV and tried-and-tested risk-management practices.

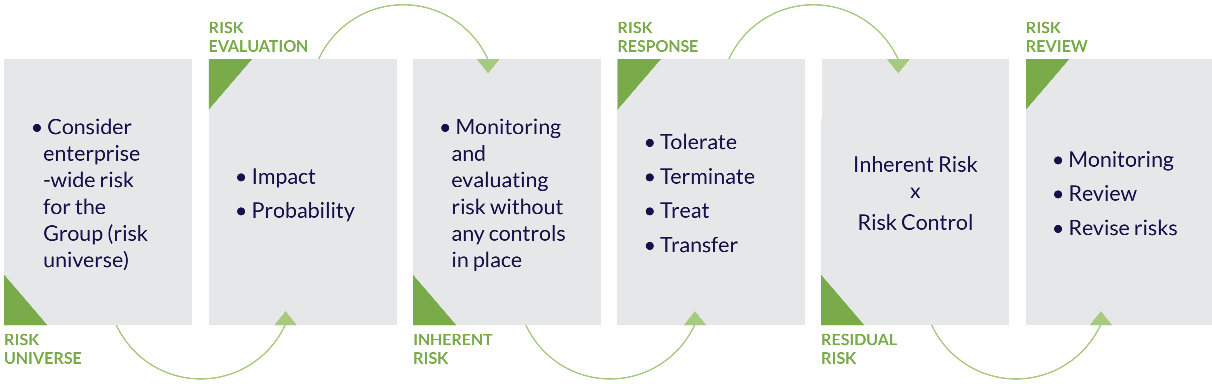
APPROACH

The most important aspect of risk management is the effective identification of the major risks that may impact on Long4Life achieving its objectives.

The achievement of a company's mission and strategic intent depends on how well resources are managed, opportunities are capitalised on, and challenges are met. This, therefore, filters down to how well individual risks are managed to ensure or enhance the probability that corporate objectives are achieved.

Risk identification and management is an iterative process. Workshops and discussions are held regularly with executive and operational management as is necessary in order to identify strategic risks; evaluate the risks identified to establish the potential magnitude; determine the appropriate response to the risk; and establish procedures for ongoing monitoring and revision.

THE PROCESS Long4Life APPLIES CAN BE ILLUSTRATED AS FOLLOWS:



The assessed inherent risk is thus a function of the impact of the potential risks and the probability that they will occur.

The risk response and the perception of the effectiveness of the existing controls are determined hereafter which results in the residual risk score calculated for each risk.

The assessment of residual risk and taking into consideration perceived control effectiveness provides management with guidance on whether internal controls and processes require revision, remedial action as necessary and/or whether a different approach to how management responds to the identified risks is required. The disciplines incorporated into this risk-management approach are being inculcated across the Long4Life Group and will be revised as the Group continues to acquire businesses.

MATERIAL RISKS

Key risks set out in the Group's Risk Management policy as well as strategic risks are identified across the Group and assessed accordingly. The five key risks as determined according to the process described above, are as follows:

1. That the generation of value through the execution of the identified business strategies might be compromised.
2. That the management of supplier relationships has potential for over-concentration or over-reliance on key suppliers.
3. That the Group's reputation and levels of service delivery are compromised.
4. That the Group's various acquisitions are inadequately integrated into the Long4Life culture, corporate identity and management style.
5. That asset losses are not sufficiently safeguarded against.

DIVISIONAL **OVERVIEWS**

INTRODUCTION

During the period under review, the Company acquired Sportsmans Warehouse, Outdoor Warehouse, Performance Brands (housed within previously listed Holdsport Limited), Sorbet and Inhle Beverages, while Chill Beverages has been acquired post period-end. The businesses were acquired on the basis of them generating approximately R520 million EBITDA, creating a significant platform for growth. These acquisitions have been decentralised into the Group's divisional structures of Sport and Recreation, Personal Care and Wellness, and Beverages.

Long4Life's acquired businesses have performed in line with expectations and have been positioned for growth. The companies are primarily wholly owned, which enables the full benefit of cash flows. Management is currently focused on numerous opportunities that exist to leverage off the foundation of these assets, including the extension of existing products and services, expanding the geographic footprint, as well as through complementary and bolt-on acquisitions.

DIVISIONAL APPROACH

Long4Life has a small corporate office with a skilled and experienced team. The Group's emphasis on decentralisation of operations and management responsibility is complemented by strategic and financial input, guidance and support to the management teams within the various structures. These teams carry responsibility and accountability for the day-to-day operation of their respective businesses and are required to focus on being disciplined in the deployment of capital, while being ambitious on returns.

OPERATIONAL LEADERSHIP

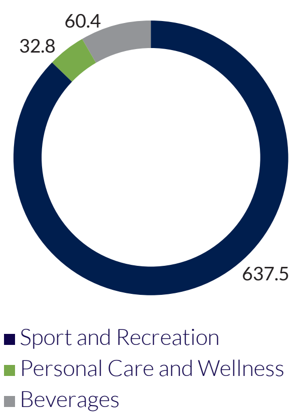
Developing a strong management team is fundamental as Long4Life pursues its objective of generating superior returns. To this end, the Group is fortunate to have highly capable, passionate and energised individuals driving the key operating divisions. Specifically:

- Cobus Loubser, previously CFO of Holdsport and with a thorough understanding of the business, was recently appointed CEO of Long4Life's Sport and Recreation division. Each business within the Sport and Recreation area is managed by experienced and competent CEOs, these being Brad Moritz (Sportsmans Warehouse), Kobus Potgieter (Outdoor Warehouse), Stuart Young (Performance Brands) and Johan Strydom (E-Commerce).
- Ian Fuhr, founder of Sorbet, leads our Personal Care and Wellness unit. Rudi Rudolph, who has been with Sorbet since inception, manages the Sorbet business, ably supported by Ashley Wood (CFO).
- Grant Hobbs, a founding member and CEO of Chill Beverages, heads the Group's Beverages division, strongly supported by John Steyn (CFO) and Niel Botha, co-founder and CEO of Inhle Beverages.

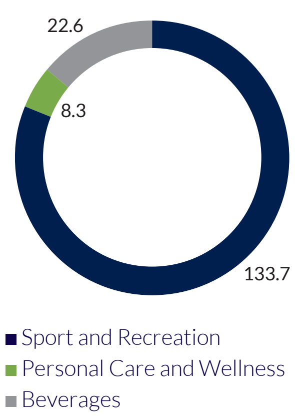
SEGMENT CONTRIBUTIONS EXCLUDING CORPORATE

R'm	Sport and recreation	Personal care and wellness	Beverages	Total Long4Life
Revenue	637,5	32,8	60,4	**730,7**
Operating profit	133,7	8,3	22,6	**164,6**

REVENUE



OPERATING PROFIT



SPORT AND **RECREATION DIVISION**

OVERVIEW

The acquisition of Sportsmans Warehouse, Outdoor Warehouse and Performance Brands has been transformational for Long4Life. It has added substance and scale while presenting considerable opportunities over and above the existing product and service offering that was already firmly established at the time of purchase.

HIGHLIGHTS

- Performance tracking in line with pre-acquisition expectation, annualised sales grew in real terms
- Price inflation was 1.4%, down from 8.1% in the previous year
- Sales mix marginally favoured Outdoor Warehouse and Wholesale, which continued to grow strongly
- Total number of stores increased to 66 from 63, with trading density remaining constant
- Weighted space increased by 3.5%
- Continued focus on working capital and supply chain efficiencies

BUSINESSES

Sportsmans Warehouse

This is a complete sports concept with a three-decade legacy that differentiates from other retailers in terms of its breadth and depth of offering. It provides sporting equipment and apparel, including "athleisure", and sources brands from international principals, as well as from the Performance Brands unit. Although it already boasts a vast national base, there is a cautious approach to expanding the footprint further, simultaneously remaining focused on ensuring superior returns and maximising sales per square metre. Examples of the latter are two newly-designed stores that recently opened, which are smaller in size, still offering a comprehensive product range and the same exemplary in-store experience.

OUTDOOR WAREHOUSE

This unique offering was also established 30 years ago and remains focused on the outdoor apparel and equipment market with an offering that has been successfully evolving, including the range of offerings, in-store services, and specialist advice. Despite a tough market environment, Outdoor Warehouse has been trading above expectation. It is entrenched as a destination business, where considerable opportunity exists, and has embarked on a positioning process aimed at enhancing the look and feel of the stores.

PERFORMANCE BRANDS

The division's Performance Brands, specifically First Ascent, Capestorm, Second Skins and African Nature are well-established in the market. A mix of internal sales as well as to external clients, such as corporate entities, schools, and game lodges in South and southern Africa, have been gaining momentum. Exciting prospects are evident with the unit performing well and showing signs of good market acceptance and growth.

E-Commerce

The division's fledgling e-commerce strategy is an important component that complements the in-store experience. Progress has been good, albeit coming off a low-base, but the potential is evident for robust future sales and profitability. The recently-launched *Rewards* programme is also showing good signs of acceptance, which offers another compelling opportunity. Additionally, the e-commerce learnings, techniques and applications for other Long4Life divisions are significant.

VELDSKOEN™
THE SOLE OF SOUTH AFRICA

An early venture capital investment was the acquisition of a 49% stake in lifestyle footwear company Veldskoen Shoes (Veldskoen). Veldskoen owns the iconic Veldskoen and Plakkies trademarks. The fledgling company is primarily an online retailer using social media and other digital e-commerce platforms. With the strategic ability and balance sheet strength that Long4Life provides, many opportunities exist for expansion. Outdoor Warehouse, for example, has a similar target market and will provide opportunities for traditional retail sales growth, as will an ability to sell outdoor and leisure gear into lodges across southern Africa.

PROSPECTS

The Sports and Recreation businesses have strong balance sheets and are cash generative, which will facilitate acquisitive in addition to organic growth. The Long4Life Board is of the opinion that the opportunity exists to grow the current network of sports and recreation stores by potentially rolling out a smaller retail format. Opportunities exist to cautiously expand the various brands into the rest of Africa, as well as to acquire rights to certain global brands.

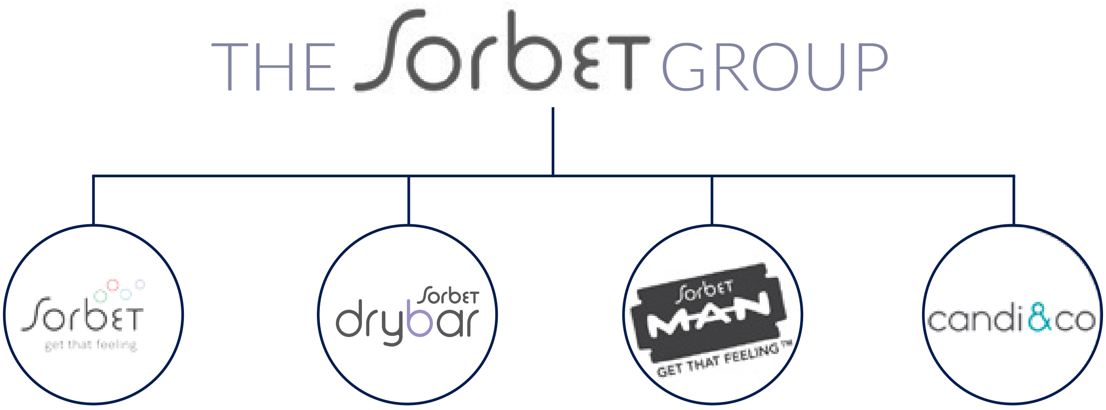
PERSONAL CARE AND **WELLNESS DIVISION**

OVERVIEW

Sorbet was acquired to form the basis for the Group's foray into the wellness, health and beauty sector, which has the potential for significant expansion through acquisition and bolt-on opportunities. Sorbet's highly recognised and respected brand, its national footprint and proven business model, have enabled the business to grow sustainably over the last few years. Satisfactory same-store growth is being achieved with new openings boosting overall revenue. With close on 200 stores run by a carefully selected group of franchisees, the full extent and leverage of Sorbet's offering, new products and ongoing initiatives is still to be derived. Additionally, meaningful benefits are anticipated through planned refinements to the supply chain and improved efficiencies in several areas of the business.

The Sorbet group includes wellness beauty and grooming outlets situated across South Africa. It offers a range of professional beauty therapy treatments, as well as premium body and skincare products for women and men.

The business operates through various store formats including Sorbet Salon (for all-round beauty therapy), Sorbet Dry Bar (express hairstyling), Sorbet Man (men's grooming) and Candi & Co (ethnic hair treatments and hairstyling).



HIGHLIGHTS

- Well-established female personal care business
- Male grooming growing from a low level
- Ethnic haircare brand Candi & Co exploring alternative business models to facilitate expansion
- Sorbet offers a strong platform for expansion within the Personal Care and Wellness category

PROSPECTS

There is potential for Sorbet to grow both organically and via selected "bolt-on" acquisitions in the health, beauty and grooming market. In particular, significant expansion opportunities exist for Sorbet Man, which currently only operates from a few stores. Additional growth opportunities include an extension to merchandise and product ranges sold by the Sorbet franchises instore as well as through online sales.

BEVERAGES **DIVISION**

OVERVIEW

Long4Life's first acquisition in this division was Inhle Beverages (Inhle), this subsequently having been complemented by the acquisition (post period-end) of Chill Beverages (Chill).

Through the acquisition of both Inhle and Chill, Long4Life has managed to accelerate its entry into the beverage industry. The various synergies that exist and which can be brought to bear between these complementary businesses, coupled with a broader national coverage afforded by their respective operational locations, presents exciting opportunities for Long4Life to enhance its presence in the growing South African beverage space. Long4Life sees this as an important and essential component of its chosen area of focus, namely the lifestyle and leisure sector.

HIGHLIGHTS

- Long4life has identified growth and collaboration opportunities for both Inhle and Chill, including creating a strong North/South geographic platform

BUSINESSES

Inhle, based near Heidelberg in Gauteng, is a beverage contract packaging (co-packaging) business that has the potential for strong growth and development. Inhle specialises in the canning and bottling of energy drinks and natural mineral water using cans and polyethylene terephthalate (PET). Direct access to the largest market in the country as well as its proximity to surrounding territories, positions Inhle extremely well from an expansionary point of view. This is augmented by the recently secured liquor licence (for packaging purposes) which represents an additional industry opportunity.

Chill, based in the Western Cape, is a leading producer, packer and distributor of a range of beverages with storage and distribution facilities located in major cities across South Africa. Chill provides a fully integrated in-house business platform from product conception and development, through production, to sales and marketing, in addition to providing co-packing services to a number of market leading entities. Chill owns a portfolio of recognised brands, including Score Energy, Fitch & Leedes, Bashews and Country Club, amongst others.

PROSPECTS

Significant growth opportunities exist to expand the Beverages division. These include expansion of Inhle's co-packaging business through the introduction of additional facilities and capacity, as well as expanding offerings to the market. These initiatives are expected to enhance the division's competitiveness and to expand its customer base within Southern Africa.

This is complemented and fuelled by Chill's diverse product offering that has an ability to drive product and brand development, as well as positioning, and further advance Long4Life's strategy of maintaining a good balance of branded products and co-packing arrangements.

The Long4Life Board intends to use the Inhle and Chill acquisitions as the base to pursue add-on opportunities in the beverage space. Except for Coca-Cola Beverages Africa and South African Breweries, the Long4Life Beverages division has the largest independent canning facilities in Southern Africa.

The Company's production facilities are furthermore ideally situated geographically to service the two main markets in South Africa as well as beyond its borders.

SUSTAINABILITY

APPROACH

As this is our first year of operation, our approach to sustainability has been guided at a minimum by the requirements of our listing on the Johannesburg Stock Exchange (JSE).

We intend to work with our acquisitions to ensure that they adopt our standards, policies and corporate culture. However, due to the diversified nature of our acquired businesses and our policy of decentralised management, the ultimate responsibility for and management of corporate sustainability rests with the various businesses themselves. This will be supported by oversight and monitoring at a corporate level.

In these early days of Long4Life we have identified and adopted critical environmental, labour and social indicators that we believe are of immediate relevance to the Group. We believe these indicators are indicative of key non-financial areas that have an impact on the running of our businesses from a performance and a risk-management perspective, as well as being of importance to all our stakeholders.

The sustainability figures provided are for a 12 month period to 28 February 2018.

GOVERNANCE

All sustainability issues at a group level are overseen by the Social, Ethics and Transformation Committee of the Board, which has been constituted in accordance with section 72 of the Companies Act of South Africa and in alignment with the recommendations of the King IV Report on Corporate Governance for South Africa 2016.

SUSTAINABLE RISK MANAGEMENT

While our acquisitions have differing risk profiles according to the types of businesses they are and the sectors in which they operate, we have identified core risk areas in relation to sustainability that are common to all and which have been informed by the management of the businesses themselves.

From an environmental perspective these include the use and supply of energy and water, and the provision of certified waste disposal sites for our businesses. At a social level, much of our focus is on our employees and ensuring that proper staff diversity, skills development, and remuneration policies are in place. We also recognise that our corporate social investment spend and activity is an integral component of our broader social role.

PERFORMANCE

Our corporate office and our three acquisitions were included in the reporting process. From an environmental perspective, an operational control approach was applied where owned assets were reported on or, in the case of leased assets, where we have control over the operational fabric of the assets such as lighting and water infrastructure.

ENVIRONMENTAL

		Sport and Recreation	Beverages	Personal Care and Wellness	Corporate Office (Rosebank, Gauteng)	Total Long4Life
Boundary description		Stores*, distribution centre, head office	Manufacturing plant and office	Head office, two regional offices, two stores**		
Indicator	***Unit***					
Total diesel (fleet & stationary)	*litres*	166 377	21 830	43 366	0	**231 573**
Total petrol (fleet)	*litres*	500 125	680	2 880	1 243	**504 928**
Total LPG (fleet and stationary)	*kilograms*	0	1 248	0	0	**1 248**
Renewable electricity	*kilowatt-hours*	0	175 514	0	0	**175 514**
Non-renewable electricity	*kilowatt-hours*	14 743 756	2 465 359	220 521	56 975	**17 486 611**
Total energy	*gigajoules*	76 666	10 427	2 758	248	**90 099**
Electricity cost	*ZAR*	27 102 362	2 716 178	378 335	123 906	**30 320 781**
Waste to landfill	*tonnes*	NR	NR	680	NR	**680**
Recycled waste	*tonnes*	NR	20,27	0	NR	**20,27**
Municipal water	*kilolitres*	NR	101 125	2 068	40	**103 233**
Other water (borehole)	*kilolitres*	0	35 764	0	0	**35 764**

* Inclusive of 41 Sportsmans Warehouse and 26 Outdoor Warehouse stores in South Africa and Windhoek, Namibia. All stores are leased, though the Sports and Recreation division maintains operational control.
** Exclusive of 200 stores across five brands in South Africa (Sorbet Salon, Sorbet Dry Bar, Sorbet Nail, Candi and Co and Sorbet Man) that are franchisee-owned and over which Sorbet does not have direct operational control.
NR – Not recorded

Sport and Recreation

Although the chain of Sportsmans Warehouse and Outdoor Warehouse stores across South Africa and in Windhoek, Namibia are all leased, operational control is held by the division. The largest impact is in electricity consumption, where the division has successfully either maintained consumption at or reduced it to below previous annual levels. Approximately 70 per cent of electricity use is a result of lighting with air-conditioning accounting for a further 25 percent. Due to steady supply from the relevant electricity grids during the reporting period, the use of alternative electricity generation (generators) was not required at any of the stores.

Water consumption in these stores is minimal and reported by landlords, while waste-management-recycling practices are still to be implemented.

The division's own fleet of 80 vehicles, mostly used at its distribution centre and stores, accounts for all petrol and diesel consumption, bar a minimal amount of diesel for generator maintenance.

Beverages

Inhle Beverages' environmental impact is contained within its canning and bottling plant and offices in Heidelberg, Gauteng.

Situated at the site of a natural spring and borehole point, Inhle's operations are both South African Bureau of Standards (SABS) approved for the handling and bottling of water of a subterranean nature and the relevant drinks manufacturing activities. In addition, Inhle holds the international Food Safety System Certification 22 000 for the manufacturing and bottling of still, carbonated and flavoured water and canned carbonated soft drinks. All current certifications extend through to 2020.

Most of Inhle's water (municipal and borehole) is used in production. Strict monitoring is exercised over both the quality and consumption of the water, and 24 hours of backup municipal water storage is held in the event of any loss of supply.

Inhle have installed solar panels to provide supportive renewable electricity to its operations and, in the event of power shortages, diesel generators are in place. All logistics of product in and out of the plant are controlled and operated on behalf of suppliers and customers.

A waste management contract is in place with a local recycling operation which is responsible for the extraction and deposition of all waste from the plant. Most of the waste is cardboard and plastic packaging and is sent for recycling. Measurement of waste to landfill, although minimal, is to be implemented during the 2019 financial year.

Personal Care and Wellness

Sorbet's operational control extends to its head office in Johannesburg, two regional offices (Cape Town and Durban) and the only two stores it owns – the Tyger Valley in the Western Cape and Liberty Dry Bars in Cape Town. The circa 200 outlets under the different Sorbet brands are franchisee-owned and its warehouse in Isando, Johannesburg, is leased with effective control being in the hands of the landlord.

Electricity, water and waste impact is minimal. However, with severe water restrictions being implemented in Cape Town (where 40 of the stores are located), Sorbet has introduced various water-efficient practices to reduce its consumption significantly. These have been well received by customers and have not compromised services provided.

Diesel and petrol usage is confined to Sorbet's vehicles servicing the head office and warehouse.

Corporate Office

The corporate office in Johannesburg is leased. Nevertheless, Long4Life does track electricity and water consumption and petrol used in the single company vehicle.

The office is 608 square metres, occupied by 11 full-time employees.

EMPLOYEES

<table>
<tr><th colspan="2"></th><th colspan="5">Sport and Recreation</th><th colspan="5">Beverages</th><th colspan="5">Personal Care and Wellness</th><th colspan="5">Corporate Office (Rosebank, Gauteng)</th><th colspan="5">Total Long4Life</th></tr>
<tr><td colspan="2">Indicator</td><td colspan="5"></td><td colspan="5"></td><td colspan="5"></td><td colspan="5"></td><td colspan="5"></td></tr>
<tr><td colspan="2">Total permanent employees</td><td colspan="5">1 676</td><td colspan="5">192</td><td colspan="5">136</td><td colspan="5">11</td><td colspan="5">2 015</td></tr>
<tr><td colspan="2">Total male employees</td><td colspan="5">710</td><td colspan="5">58</td><td colspan="5">14</td><td colspan="5">6</td><td colspan="5">788</td></tr>
<tr><td colspan="2">Total female employees</td><td colspan="5">966</td><td colspan="5">134</td><td colspan="5">122</td><td colspan="5">4</td><td colspan="5">1 226</td></tr>
<tr><td colspan="2"></td><td>A</td><td>I</td><td>C</td><td>W</td><td>F</td><td>A</td><td>I</td><td>C</td><td>W</td><td>F</td><td>A</td><td>I</td><td>C</td><td>W</td><td>F</td><td>A</td><td>I</td><td>C</td><td>W</td><td>F</td><td>A</td><td>I</td><td>C</td><td>W</td><td>F</td></tr>
<tr><td rowspan="2">Employee diversity*</td><td>Male</td><td>323</td><td>45</td><td>196</td><td>142</td><td>4</td><td>38</td><td>0</td><td>0</td><td>20</td><td>0</td><td>5</td><td>0</td><td>3</td><td>6</td><td>0</td><td>2</td><td>0</td><td>0</td><td>5</td><td>0</td><td>368</td><td>45</td><td>199</td><td>173</td><td>4</td></tr>
<tr><td>Female</td><td>433</td><td>30</td><td>392</td><td>109</td><td>2</td><td>130</td><td>0</td><td>0</td><td>4</td><td>0</td><td>37</td><td>8</td><td>24</td><td>39</td><td>14</td><td>0</td><td>0</td><td>0</td><td>4</td><td>0</td><td>600</td><td>38</td><td>416</td><td>156</td><td>16</td></tr>
<tr><td colspan="2" rowspan="2">Total temporary employees**</td><td colspan="3">M</td><td colspan="2">F</td><td colspan="3">M</td><td colspan="2">F</td><td colspan="3">M</td><td colspan="2">F</td><td colspan="3">M</td><td colspan="2">F</td><td colspan="3">M</td><td colspan="2">F</td></tr>
<tr><td colspan="3">343</td><td colspan="2">390</td><td colspan="3">0</td><td colspan="2">48</td><td colspan="3">0</td><td colspan="2">0</td><td colspan="3">0</td><td colspan="2">0</td><td colspan="3">343</td><td colspan="2">438</td></tr>
<tr><td colspan="2">Total expenditure on employee training (ZAR)</td><td colspan="5">1 404 717</td><td colspan="5">29 032</td><td colspan="5">510 129</td><td colspan="5">0</td><td colspan="5">1 943 878</td></tr>
<tr><td colspan="2">Total employee benefits (ZAR)***</td><td colspan="5">43 131 390</td><td colspan="5">1 554 216</td><td colspan="5">4 848 249</td><td colspan="5">4 583 335****</td><td colspan="5">54 117 190</td></tr>
<tr><td colspan="2">Total cost of salaries, wages and benefits (ZAR)</td><td colspan="5">259 701 870</td><td colspan="5">18 322 800</td><td colspan="5">39 804 090</td><td colspan="5">6 065 176</td><td colspan="5">323 893 936</td></tr>
<tr><td colspan="2">Average hours of training per employee per year</td><td colspan="5">14</td><td colspan="5">3</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">17</td></tr>
<tr><td colspan="2">Lost time injury frequency rate (per 200 000 hours)</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td></tr>
<tr><td colspan="2">Fatalities</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td><td colspan="5">0</td></tr>
</table>

* A = African; I = Indian; C = Coloured; W = White; F = Foreign national

** M = Male; F = Female

*** Includes life insurance, healthcare, disability coverage, parental care, retirement provision and equity ownership. Equity ownership, with the exception of shares allocated to Brian Joffe in lieu of salary, is conditional and not yet vested.

**** Includes the issue value of shares allocated or due to Brian Joffe in lieu of salary for the period to 28 February 2018. This single amount comprises the full value of benefits allocated to Corporate Office employees, as all Corporate Office employees are currently responsible for their own pension, provident fund and medical-aid contributions.

As directed by our Ethics Policy, Long4Life and our acquisitions are committed to treating staff in a non-discriminatory fashion with fair remuneration based on employees' contribution, market value and performance in their respective businesses.

This is supported by the Group Diversity Policy, whereby the gender, racial and cultural diversity of the Long4Life Board of Directors will be reflected through all levels of the company and acquisitions over time.

We have undertaken an analysis regarding adherence to minimum wage levels across the Group. Long4Life's philosophy is to pay above minimum wage thresholds pursuant to the Group's corporate responsibility ethos.

While there have been no incidents of any employee injury or fatality during the year, we will nevertheless continue to ensure that the most stringent and risk-free occupational health and safety processes are in place in all our business operations.

SOCIAL **INVESTMENT**

	Sports and Recreation	Personal Care and Wellness	Corporate Office (Rosebank, Gauteng)	Total Long4Life
Total investment spend (ZAR)	88 663	389 931	36 000	**514 594**

We believe that Long4Life and our acquired businesses are part of a wider community with a multitude of stakeholders, and that corporate social investment (CSI) provides important opportunities to be directly engaged with our communities. Our CSI activities are driven by each acquisition's management and are intended to be aligned to the communities and markets within which they operate.

The Sport and Recreation Division encourages its stores to sponsor outdoor and sporting events wherever appropriate. Donations are mostly in-kind and supportive of local community initiatives.

The Sorbet Empowering Women (SEW) initiative is Sorbet's flagship project in partnership with The Clothing Bank and focuses on assisting unemployed mothers to achieve social and financial independence. By sponsoring beauty skills training and potential full-time employment as qualified nail technicians, SEW is aiming to support 170 women reach employment by 2018. The cost of training each candidate is R25 000, which Sorbet is attempting to co-fund through sponsorship drives among its clientele.
(See SEW stories at https://www.sorbet.co.za/sew/)

The corporate office has directly supported two charities during the reporting period. The "Growing up Without a Father Foundation" works with children with absent fathers. The programme instils guidance, confidence and self-belief and educates society on the challenges faced by such families. The Gauteng Media Development Project's "Hot Cares" initiative supports the development of crèche's in informal settlements, emerging entrepreneurs, and non-profit organisations that require guidance and appropriate resources.

It is the intention of our Group to provide greater and more strategic support in the CSI space going forward.

FUTURE SUSTAINABILITY ACTIONS

We are acutely aware of stakeholder expectation for responsible corporate action. This, in addition to changing consumer behaviour in relation to sustainability, can create opportunities. In the year ahead we will focus on the development of a planned approach that will form the core of the Group's sustainability activities and that will further assist acquisitions in identifying, reporting and managing key areas of business interest.

New and relevant policies will be developed to guide our actions, and these will be informed by an analysis of material non-financial issues that will ultimately develop into a sustainability risk and opportunity matrix for Long4Life.

It is anticipated that further actions, such as the calculation of a group carbon footprint, the setting of appropriate sustainability targets, and third-party verification of reported figures will be necessary.

In addition, as per international trends, attention to the impact of our supply chain – both in terms of suppliers as well as franchisees and customers – will be required. Where necessary, training of management and staff will be enhanced, and appropriate marketing and communications adopted to support these initiatives.

GOVERNANCE 26

KING CODE AND **CORPORATE GOVERNANCE**

The Long4Life Board is responsible for ensuring that the Company complies with all of its statutory obligations as specified in the Memorandum Of Incorporation ("MOI"), the Companies Act, the Listings Requirements and all other regulatory requirements. The Long4Life Board at all times acts in the best interests of the Company in ensuring an effective compliance framework, the integrity of its financial reporting and risk management, together with timely and transparent disclosure to Shareholders.

The Company is committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business and affairs. The Directors endorse the King Code and recognise the need to conduct the affairs of the Company with integrity and in accordance with generally accepted corporate practices. The Directors recognise that they are ultimately responsible for the financial performance of the Company. A full analysis of the steps taken by the Company to comply with the King Code is available on the Company's website (www.long4life.co.za).

BOARD PRACTICES

The Long4Life Board consists of three executive Directors and five non-executive Directors. All five non-executive Directors on the Board are independent. In accordance with the Board's terms of reference (the "Board Charter"), the Long4Life Board composition reflects a majority of non- executive Directors. Pursuant to the abovementioned composition and the policies set out in the Board Charter, no one Director has unfettered powers of decision-making.

The Long4Life Board recognises and values the unique contribution people can make because of their individual background, different skills, experience, perspectives, demographics and gender. To this end, the Long4Life Board will establish relevant criteria for developing and maintaining a diversely constituted Board.

The Long4Life Board is ultimately responsible for the management of the Company's business, strategy and key policies. The Long4Life Board is also responsible for approving the Company's financial objectives and targets.

Appointments to the Long4Life Board are in terms of a transparent procedure. Appointments are effected with the assistance of the Nomination and Remuneration Committee, subject to Shareholder approval.

The Long4Life Board also has the power to appoint additional directors.

The Company's executive Directors oversee the business activities of the Group and are responsible for ensuring that the decisions of the Long4Life Board are implemented in accordance with the mandates given by the Long4Life Board.

The Long4Life Board holds a minimum of four scheduled meetings per financial year. *Ad hoc* meetings are held to consider special business, if required.

INTERNAL **CONTROL SYSTEMS**

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

The Company monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Long4Life Board, operating through the Audit and Risk Committee, oversees the financial reporting process and internal control systems. There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

COMPANY SECRETARIAL FUNCTION

Marlene Klopper CA(SA), the Company Secretary of the Long4Life Group, is a suitably-qualified, competent and experienced Company Secretary and has been appointed and appropriately empowered to fulfil duties with regard to assisting the Long4Life Board. The Company Secretary is not a Director of the Company. The Long4Life Board is satisfied that there is an arm's length relationship between the Company Secretary and the Long4Life Board.

The Long4Life Board reviews the competence, qualifications and experience of the Company Secretary annually and reports on whether or not it is satisfied therewith. This report is confirmed by reporting to Shareholders in the annual report of the Company. The Long4Life Board has determined that it is satisfied with the current competence, qualifications and experience of the Company's Company Secretary.

The Company Secretary of the Company is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers and is also required to

INTERNAL **CONTROL SYSTEMS** continued

ensure that the Directors are aware of all laws and legislation relevant to, or affecting the Company and reporting to any meetings, of the Shareholders of the Company or of the Directors, any failure on the part of the Company or a Director to comply with the MOI of the Company or the Companies Act.

The Company Secretary must certify in the Company's annual financial statements whether the Company has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date, and ensure that a copy of the Company's annual financial statements is sent or made available, in accordance with the Companies Act, to every person who is entitled to it. Furthermore, the Company Secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the Company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the Companies Act, and the enhanced accountability and transparency requirements set out in Chapter 3 of the Companies Act, to the extent applicable.

The Company Secretary is also required to ensure that minutes of all Shareholders' meetings, Directors' meetings and any committee meetings of the Directors are properly recorded in accordance with sections 24(d) and (e) and section 73 of the Companies Act.

COMMUNICATIONS WITH STAKEHOLDERS

The Company is committed to ongoing and effective communication with stakeholders. It subscribes to a policy of open and timeous communication in line with JSE guidelines and sound corporate governance and manages these through an investor relations programme.

NOMINATION AND **REMUNERATION COMMITTEE**

FUNCTION

The Nomination and Remuneration Committee oversees the remuneration of senior executives, including those benefits noted below (recommendations in this regard are made after considering both the interests of the Shareholders and the financial and commercial health of the Company). The Nomination and Remuneration Committee is also responsible for recommending to the Long4Life Board fees for the Directors and the Chairman, as well as fees for members and Chairmen of Committees of the Long4Life Board, for subsequent approval by Shareholders of the Company.

COMPOSITION

An Independent Non-executive Director chairs the Nomination and Remuneration Committee, which is comprised entirely of independent non-executive Directors. The members are SA Muller (Chairman), T Abdool-Samad and L Jacobs. C Datnow was previously Chairman until SA Muller's assumption of the role on 1 January 2018.

REMUNERATION POLICY

A key pillar of the Long4Life remuneration policy is adherence to the decentralised philosophy that drives the business strategy of the Group.

While the Nomination and Remuneration Committee will agree broad guidelines of remuneration strategy, the detailed implementation will be left to the Corporate Executive and Divisional Chief Executive Officers who we believe are well placed to reward their people in a way that best fits the culture and circumstances of their businesses. The remuneration of the Divisional CEOs and Corporate Executive will be determined by the Group CEO.

We strongly believe that:

- performance-driven short-term incentives are crucial in providing a high level of motivation and performance;
- long-term incentives, which may include specified performance criteria, as embodied in our share-ownership plans, properly align the interest of management and shareholders;
- appropriate benefits that include retirement funds, life assurance and healthcare benefits are important in providing security and wellbeing; and
- the package of benefits provided should periodically be assessed against appropriate surveys that verify that Long4Life employees are well rewarded relative to the market.

In relation to nominations, the remit of the Nomination and Remuneration Committee is to recommend to the board appropriate appointments as and when applicable.

The Nomination and Remuneration Committee meets a minimum of twice per financial year. *Ad hoc* meetings are held to consider special business as required.

Syd Muller

Chairman: Nomination and Remuneration Committee

SOCIAL, ETHICS AND **TRANSFORMATION COMMITTEE**

INTRODUCTION

In keeping with the decentralised operating philosophy of the Group, transformation, employment equity and sustainability practices will be driven at subsidiary level. In this regard they will be supported by the Long4Life corporate office and guided by the recommendations of the B-BBEE scorecard.

Other than Holdsport, which was previously listed on the JSE, our acquisitions were not beholden to JSE Listings Requirements regarding staff composition, nor do they have specific diversity targets in place. In response we have conducted a validation project to achieve B-BBEE certification by June 2018, which is when the first verification cycle against the scorecard will be available for all our subsidiaries. Based on the outcome of the project, we will work closely with the management of our acquired businesses to implement appropriate action plans to secure appropriate B-BBEE levels.

COMPOSITION

This Committee comprises L Jacobs, who chairs the Committee and T Abdool-Samad and CS Datnow. The Social and Ethics Committee monitors the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

The Social and Ethics Committee draws to the attention of the Long4Life Board, matters within its mandate as occasion requires and reports to the Shareholders at the Company's annual general meeting on such matters.

FUNCTION

In order to carry out its functions, the Social, Ethics and Transformation Committee is entitled to request information from any Directors or employees of the Company, attend and be heard at general Shareholders' meetings, and receive notices in respect of such meetings.

The Social, Ethics and Transformation Committee meets a minimum of twice per financial year. *Ad hoc* meetings are held to consider special business, as required.

The Social, Ethics and Transformation Committee is mandated with monitoring the company and its acquisitions' activities with regards to relevant environmental, labour, social and corporate investment legislation, charters and codes of best conduct.

Much of the work of the Committee during 2018 has focused on the company's compliance with Regulation 43 of the Companies Act across all acquisitions. We are compliant with the United Nations Global Compact principles, the OECD Anti-Bribery Convention, relevant employee health and safety standards, product safety and advertising/public relations compliance within consumer protection laws. Where shortcomings have been identified, remedial actions are being implemented and programmes of action adopted. This is particularly in regard to achieving satisfactory compliance with South Africa's Employment Equity Act and the Broad-Based Black Economic Empowerment Act. Similar focus has been directed towards the need for specific policies at both a group and individual level.

To date, we have implemented a Diversity Policy to provide guidance on age, gender, ethnicity, cultural background, race, industry experience and business experience diversity at board level. This Policy will, over time, be implemented at all levels within the Group.

In addition, a Code of Ethics has been developed for communication to our stakeholders, outlining our core values and how we engage and treat shareholders, employees, customers, suppliers, communities (including the environment), business partners and regulatory (and other) authorities.

As our acquisition profile grows and increasingly complex issues of sustainability are experienced, so we will develop additional policies to govern these areas of business.

B-BBEE

The generic Black Economic Empowerment Codes of Good Practice were amended in 2013, with an implementation date 1 May 2015. The Long4life Limited Group is currently obliged to be verified against this amended code scorecard, according to the BEE Act of 2003 as amended.

Long4Life is acutely mindful of our obligation and responsibility to improve our B-BBEE status and we are making conscious efforts to make progress in this respect. Moreover, we recognise the value of the B-BBEE scorecard in establishing baselines against which we will measure the progress of our subsidiaries, which progress will be supported and encouraged by our experienced Committee members.

Lionel Jacobs

Chairman: Social, Ethics and Transformation Committee

CHIEF FINANCIAL OFFICER'S **REPORT**

Peter Riskowitz

"Despite this being Long4Life's first annual integrated report as a listed entity, the Group has made significant and pleasing progress in terms of ensuring that structures and processes are in place to ensure relevant compliance and corporate responsibility in terms of policy and regulation, as well as the safeguarding of shareholders' funds."

Long4Life has transformed over the last year from, essentially, a shelf-company to a company that is JSE-listed, with a newly-formed corporate structure, a strong balance sheet, and having made numerous investments in operating entities within the leisure and lifestyle sectors. Among other areas, this transformation demanded significant focus and attention throughout the Group on financial year-end processes to ensure an appropriate level of compliance associated with a listed environment, and in terms of establishing a unified reporting structure. While further improvements and refinements are required in certain areas, excellent progress has been made and a solid platform created from which to facilitate and expand on the Group's reporting framework.

HEPS
30.2 cents

DIVIDEND (per share)
5.4 cents

CONTEXTUALISING THE FINANCIAL RESULTS

The evolution of Long4Life and the resulting structure understandably, and as anticipated, introduced certain complexities. These included a change in Long4Life's financial year-end to February (from March previously), meaning that the reporting period to 28 February 2018 was for an 11 month period. This fact, coupled with the timing associated with the closing of the various acquisitions, created disproportionate periods accounted for in the financial results. Corporate expenses and finance income earned covered the 11 months essentially from listing, while income earned from the acquired businesses was only for a four-month period from date of acquisition. There are no meaningful comparative figures as Long4Life was effectively dormant at 31 March 2017.

FINANCIAL OVERVIEW

The full financial statements for the period under review are contained elsewhere in this report, but certain key items are worthy of mention:

- Group income essentially comprised operating profit of R117 million and net finance income of R122.3 million.
- Profit before taxation amounted to R239.3 million.
- Total expenses included operating expenses of R287 million, share-based payment expenses of R12 million, and acquisition costs of R16.8 million.
- Headline earnings amounted to R170.4 million, equating to 30.2 cents per share based on circa 564 million weighted number of shares in issue.
- Total shares in issue at period-end of approximately 890 million included 405 million issued at listing and 484 million issued pursuant to the various acquisitions.
- Group net asset value (NAV) R4.5 billion; tangible NAV R1.9 billion.
- Cash generated by operations amounted to R151.7 million.
- Cash and cash equivalents totalled R1.7 billion at period-end, this reducing to R1.2 billion post period end following repayment of debt of R160 million and payment of the first tranche due in respect of the Chill Beverages acquisition.
- Gearing capacity in the order of R1.5 billion.
- Anticipated capital expenditure for the ensuing year in the order of R200 million.

MAIDEN DIVIDEND

The board declared a maiden dividend of 5.40 cents (gross) per ordinary share in respect of the period ended 28 February 2018. The dividend was based on earnings from the Group's businesses for the four months since acquisition, net of acquisition and corporate costs incurred for the full 11 months to 28 February 2018. This payment was made on 4 June 2018, net of South African dividend withholding tax at a rate of 20% where appropriate, resulting in a net dividend of 4.32 cents per share to those shareholders who were not exempt from paying dividends withholding tax.

TREASURY AND CASH MANAGEMENT

We continue to adopt a conservative approach in terms of depositing surplus cash, opting for uncomplicated short- to medium-term fixed or notice deposits with the primary banking institutions. Notwithstanding this cautious philosophy, we have achieved satisfactory rates, particularly considering the associated flexibility which the particular arrangements afford us. Finance income of R128.5 million was earned during the period.

As one would anticipate, acquired companies have varying banking arrangements in place and with differing institutions, necessitating a host of changes in order to achieve the desired treasury and cash management structures and processes. While this is never an event without challenges, we have made steady progress as we strive for a seamless and efficient structure.

The optimisation of working capital is and will of course remain a key focus for the Group, and we are confident that normal growth in our current businesses can be sustained without an excessive impact on cash and funding requirements in this respect. Although most of the Group's businesses endure peak or cyclical trading periods, we are fortunate to have operations that, overall, are able to produce and indeed maintain strong cash flows.

RISK MANAGEMENT

In a relatively short period of time, Long4Life has made good progress in the areas of risk management, compliance and assessing the level of controls (and any deficiencies) across the Group. While much work lies ahead, we have importantly sown the seeds of risks and related mitigations being identified and addressed at, and within, operational level as opposed to simply being a dictate and action from the top. Long4Life has started inculcating, again in line with the decentralisation philosophy, the principle that responsibility and accountability for these matters within the operational environment lies with the senior management of investee companies, always to be complemented by input and guidance from the Group's corporate office.

A full review was commissioned of all insurance cover across the entire Group, most notably within the acquired entities, culminating in meaningfully improved cover at competitive rates, particularly in the areas of business interruption and liability cover.

APPRECIATION

My sincere thanks is extended to Long4Life's finance personnel at corporate, divisional and operational levels, especially given the many aspects that need to be addressed as part of a fledgling, yet rapidly developing group. Similarly, my appreciation goes to my fellow Directors, including members of the Audit and Risk Committee, for their pragmatic and constructive approach and support, this being most relevant in light of Long4Life's evolutionary state.

Peter Riskowitz
Chief Financial Officer


BODY
LOTION

ANNUAL FINANCIAL STATEMENTS 33

DIRECTORS' RESPONSIBILITY FOR THE **FINANCIAL STATEMENTS**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), in terms of the Companies Act, No. 71 of 2008, as amended, of South Africa (Companies Act) and the interpretations adopted by the International Accounting Standards Board and the JSE Limited Listings Requirements ("JSE").

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe that the group and company will not be going concerns in the foreseeable future.

The independent auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and the Companies Act; their unmodified report appears on pages 41 to 43.

The consolidated and separate financial statements for the period ended 28 February 2018 were approved by the board of directors and are signed by:

Brian Joffe

Authorised director

Chief executive officer

Peter Riskowitz

Authorised director

Chief financial officer

8 May 2018

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I certify that to the best of my knowledge and belief, Long4Life Limited, in terms of section 88(2)(e) of the Companies Act, has lodged with the Commissioner of the Companies and Intellectual Property Commission, all such returns and notices as prescribed by the Companies Act and that all such returns and notices appear to be true and up to date.

Marlene Klopper

Company secretary

8 May 2018

PREPARER OF FINANCIAL STATEMENTS

The consolidated and separate financial statements have been prepared by Sarah Bishop CA(SA) (group financial manager) under the supervision of Peter Riskowitz CA(SA) (chief financial officer) and have been audited in compliance with section 30(2) of the Companies Act.

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the period ended 28 February 2018.

NATURE OF BUSINESS

Long4Life Limited (L4L) listed on the JSE of 7 April 2017 as an investment company, with a "lifestyle" focus that seeks to generate superior returns to its shareholders over the medium and long-term. The L4L group invests in businesses with attractive growth prospects, led by strong, entrepreneurial-minded management teams.

The Board, who collectively have a wealth of operational and deal-making experience across various industries, are responsible for capital allocation and play an active role in identifying, approving and executing attractive investment opportunities.

Long4Life's philosophy is to operate a decentralised management structure, providing financial, strategic and management support to its investee companies. Long4Life intends taking a long-term view on its chosen investments, while retaining the flexibility to dispose of investments which no longer meet its investment criteria.

FINANCIAL REPORTING

The directors are required by the Companies Act to produce financial statements which fairly present the state of affairs of the group and company as at the end of the financial period and the profit or loss for that financial period, in conformity with IFRS and the Companies Act. L4L's year-end was changed to the end of February, to align the company's financial year to that of its largest investee company, Holdsport. The financial statements represents the eleven month period from 1 April 2017 to 28 February 2018.

The group's results for the period ending 28 February 2018 include the acquisition of Holdsport Limited (Holdsport), Sorbet Holdings Proprietary Limited (Sorbet) and Inhle Beverages Proprietary Limited (Inhle) with revenue up to R730.7 million (2017:Nil). Profit attributable to ordinary shareholders is R168.95 million (2017: Loss R130 000). During the current financial year, L4L invested R2.9 billion (2017: Nil) by way of combination of cash and shares, for the acquisition of Holdsport, Sorbet and Inhle.

The financial statements on pages 44 to 84 fully set out the financial results of the group and company.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act and are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the group and of the company as at 28 February 2018 and the results of their operations and cash flows for the period then ended.

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going-concern basis in preparing the financial statements.

Stated capital

The company's authorised stated capital is 4 000 000 000 no par value ordinary shares. During the current period, 889 775 667 no par ordinary shares were issued. The total no par ordinary shares in issue as at and for the period ended 28 February 2018 is 889 775 767 (2017: 100).

Acquisitions

L4L has acquired 100% of the issued share capital of the following companies. Each of the acquisitions which became effective on 1 November 2017:

- Holdsport
- Inhle
- Sorbet

These acquisitions form part of the group's strategic expansion plans in lifestyle sectors. Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets acquired at fair value.

EVENTS AFTER THE REPORTING DATE

L4L acquired 100% of the issued share capital of Chill Holdings Proprietary Limited ("Chill") effective on 1 March 2018 for a consideration settled in a combination of cash and shares of R476 million. A contingent consideration remains payable based on the outcome of the audited 30 June 2018 EBITDA, refer to the SENS released on 28 November 2018 available on the L4L website at www.long4life.co.za. Management is still in the process of completing the initial allocation of goodwill acquired.

The board approved a R100 million venture capital fund on 8 May 2018 aimed at investing in, and supporting, individual entrepreneurs and small- to medium-sized companies to pursue and realise their respective visions of bringing products and services to market. An early investment for the fund was the acquisition of a 49% stake in lifestyle footwear company Veldskoen Shoes Proprietary Limited (Veldskoen). Veldskoen owns the iconic Veldskoen and Plakkies trademarks.

Other than the above, no other material events have occurred between the reporting date up to the date of the financial statements.

DIRECTOR'S REPORT (continued)

RESULTS OF OPERATIONS

The results of operations are dealt with in the consolidated statement of profit or loss, segmental analysis (refer note 3.3 and 7.9) and commentary.

DIVIDENDS

The board has declared a maiden dividend gross of 5.4 cents per ordinary share in respect of the period ended 28 February 2018. The dividend is based on earnings from the group's businesses for the four months since acquisition, net of acquisition and corporate costs incurred for the full twelve months to 28 February 2018.

The dividend has been declared out of income reserves as defined in the Income Tax Act. Where applicable, the dividend will be subject to South African dividends withholding tax at a rate of 20% which will result in a net dividend of 4.3 cents per share payable to those shareholders who are not exempt from paying dividends withholding tax.

The number of ordinary shares in issue as at the date of this declaration is 911 728 057 and the company's tax reference number is 9745546169.

The salient dates relating to the payment of the dividend are as follows:

Declaration date	Tuesday, 8 May 2018
Last day to trade *cum* dividend	Tuesday, 29 May 2018
First day to trade *ex* dividend	Wednesday, 30 May 2018
Record date	Friday, 1 June 2018
Payment date	Monday, 4 June 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 May 2018 and Friday, 1 June 2018, both days inclusive.

The dividend has been declared from income reserves.

DIRECTORATE

The directors who were in office during the period and the details of board meetings attended by each of the directors are as follows:

Director	Date of appointment	Date of resignation	15 May 17	29 Jun 17	21 Jul 17	18 Aug 17	28 Aug 17	26 Oct 17	15 Nov 17	16 Feb 18
Independent non-executive directors										
Colin Datnow	22-Mar-17	31-Dec-17	^	^	^	^	^	^	^	N/A
Graham Dempster	22-Mar-17		^	^	^	^	^	^	^	^
Keneilwe Moloko	01-Nov-17		N/A	N/A	N/A	N/A	N/A	N/A	-	^
Lionel Jacobs	27-Mar-17		^	^	^	^	^	^	^	^
Syd Muller	24-Oct-17		N/A	N/A	N/A	N/A	N/A	^	^	^
Tasneem Abdool-Samad	22-Mar-17		^	^	^	^	^	^	^	^
Alternate director										
Jason Joffe	22-Mar-17	07-Dec-17	^	^	^	^	^	^	^	N/A
Executive directors										
Brian Joffe	02-Jun-16		^	^	^	^	^	^	^	^
Colin Datnow	01-Jan-18		N/A	N/A	N/A	N/A	N/A	N/A	N/A	^
Kevin Hedderwick	19-May-17	06-Oct-17	N/A	^	^	^	^	N/A	N/A	N/A
Peter Riskowitz	03-May-17		^	^	^	^	^	^	^	^

^ Attended in person or by tele-conference

- Apologies

DIRECTORS' SHAREHOLDINGS

BENEFICIAL

The individual beneficial interests declared by the current directors and officers in the company's stated capital at 28 February 2018 held directly or indirectly were:

Director	2018 Number of Shares Direct	2018 Number of Shares Indirect	2017 Number of Shares Direct	2017 Number of Shares Indirect
Independent non-executive directors				
Graham Dempster	**1 000 000**	**–**	1 000 000	–
Lionel Jacobs	**536 573**	**–**	536 573	–
Syd Muller	**2 989 386**	**–**	–	–
Tasneem Abdool-Samad	**–**	**541 900**	–	200 000
Executive directors				
Brian Joffe	**6 750 100**	**21 040 960**	6 000 100	19 000 000
Colin Datnow	**–**	**5 678 836**	–	3 600 000
Peter Riskowitz	**100 000**	**18 000**	–	–
Total	**11 376 059**	**27 279 696**	7 536 673	22 800 000

There has been no change in the directors' shareholding since period end.

DIRECTORS' AND OFFICER'S DISCLOSURE OF INTEREST IN CONTRACTS

At 28 February 2018, no contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

COMPANY SECRETARY

During the period under review, and in compliance with paragraph 3.84(h) of the JSE Listings Requirements, the board evaluated Ms Marlene Klopper, the company secretary, and is satisfied that she is competent, suitably qualified and experienced.

Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, it was confirmed that she maintains an arm's-length relationship with the board.

The business and postal addresses of the secretary, which are also the registered addresses of the company, are 7th Floor, Rosebank Towers, 13-15 Biermann Avenue, Rosebank, 2196 and Box 521870, Saxonwold, 2132, respectively.

CHANGE IN FINANCIAL YEAR END

The company changed its financial year end from the end of March to the end of February, to align with that of its largest investee company.

It is noted that the company was, for all intents and purposes, dormant as at 31 March 2017, and accordingly the financial information presented is not meaningful from a comparative point of view.

CHANGE IN DIRECTORATE

During the period Kevin Hedderwick and Jason Joffe resigned from the board on 6 October 2017 and 7 December 2017, respectively.

Syd Muller and Keneilwe Moloko were appointed as independent non-executive directors of the group with effect from 24 October 2017 and 1 November 2017, respectively. On 1 January 2018, Colin Datnow's status as an independent non-executive changed to that of full-time executive director.

AUDIT AND RISK COMMITTEE REPORT

This report by the Audit and Risk Committee ("the Committee"), as appointed by the shareholders in respect of the period under review, is prepared in accordance with the recommendations of King IV, the JSE Listings Requirements and the requirements of the Companies Act (No. 71 of 2008), as amended ("Companies Act") and describes how the Committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial period ended 28 February 2018.

Committee members and attendance at meetings

The committee comprises of three independent non-executive directors (as set out in the table below) and is chaired by Ms Tasneem Abdool-Samad. All the Committee members are suitably skilled and experienced. In terms of the Committee's mandate, at least three meetings should be held annually.

Composition of the committee

Committee member *	Number of meetings held	Number of meetings attended
Tasneem Abdool-Samad (Chair)	4	4
Lionel Jacobs	4	4
Colin Datnow**	4	3
Keneilwe Moloko ***	4	1

* Abridged curriculum vitae of all the directors of the Company are set out on pages 6 and 7 of the Integrated Annual Report.
** Colin Datnow was appointed as Executive Director effective 1 January 2018 and thus ceased to be a member of the Audit and Risk Committee.
** Keneilwe Moloko was appointed as Non-executive Director and member of the Audit and Risk Committee effective 1 November 201 7.

The Chief Executive Officer, Chief Financial Officer and representatives of the external auditors attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and external auditors, as well as management.

Duties and responsibilities

The Committee's role and responsibilities include its statutory duties as per the Companies Act and the recommendations of King IV, as well as the responsibilities assigned to it by the Board and set out in the Audit and Risk Committee Terms of Reference. The Committee has formally adopted its Terms of Reference which is reviewed and updated on an annual basis.

Statutory duties

It is the duty of the Committee, *alia inter*, to monitor and review:

- the appointment, reports and findings of external auditors;
- the performance of the Chief Financial Officer;
- the governance and effectiveness of the group's information technology (IT) systems;
- interim and annual financial and operating reports, the consolidated and separate annual financial statements and all other widely distributed financial documents;
- the effectiveness of the internal audit function (where relevant);
- accounting policies of the group and proposed revisions;
- compliance with applicable legislation, requirements of appropriate regulatory authorities and the group's code of ethics;
- the nature and extent of all non-audit services provided by the external auditor, and to approve the applicable non-audit services undertaken and confirm the associated fees;
- the integrity of the annual financial statements and associated reports by ensuring that their content is reliable and recommending them to the board for approval; and
- policies and procedures for preventing and detecting fraud.

The Board is satisfied that the Committee has complied with its Terms of Reference, and with its legal and regulatory responsibilities as set out in the Company's Act, King IV and the JSE Listings Requirements.

External audit

In the conduct of its duties, the Committee has performed the following statutory duties:

- Recommended Deloitte & Touche and Mr Trevor Brown who, in the opinion of the Committee, is independent of the Company and group, to the shareholders for appointment as the external auditors and Group Audit Engagement partner respectively for the financial period ended 28 February 2018.
- Ensured that the appointment of the external auditors complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
- Ensured that a formal policy is in place to govern the process whereby the external auditors of the Company are considered for non-audit services. In terms of the policy, the Committee is responsible for determining the nature and extent of any non-audit services that the external auditors may provide and pre-approves any proposed contract with the external auditors for the provision of non-audit services. The Committee is satisfied that it has adhered to this policy in all respects. The nature of non-audit services provided by the external auditors for the financial period ended 28 February 2018 comprise mainly of due diligence work in respect of the acquisitions of Holdsport Limited, Inhle Beverages Proprietary Limited and Sorbet Holdings Proprietary Limited. Fees for non-audit services appear disproportionate to audit fees due to the fact that the audit fees as reflected do not include those fees relating to acquired operations expensed prior to acquisition. All fees for non-audit services were approved by the Committee.
- The Committee, in consultation with Long4Life's executive management, agreed to the external auditors' terms of engagement. The audit fee for external audit was considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.
- The Committee approved the annual audit plan presented by the external auditors and monitored progress against the plan, which is designed to provide management with the necessary assurance on risk management, the internal control environment and IT governance.
- The Committee reviewed and assessed the independence of the external auditors and confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board Auditors (IRBA), has been adhered to. The Committee is therefore satisfied that the Company's external auditors, Deloitte & Touche, are independent of the Company and are able to conduct their audit functions without any influence from the Company. Deloitte & Touche have been the auditors of Long4Life for the past two financial years (inclusive of the current financial year). In addition, the external auditors had unrestricted access to the Committee, the Committee Chairman and the Chairman of the Board, ensuring that the external auditors were and are able to maintain their independence.
- The Committee is comfortable that the external auditors and the designated audit partner have not exceeded their mandatory rotation periods which are set at 10 and five years respectively.
- The Committee satisfied itself with the quality of the audit performed and that the appointments of Deloitte & Touche and Mr Trevor Brown comply with all legal and regulatory requirements for the appointment of an auditor.

Based on the details set out above and in accordance with the JSE Listings Requirements paragraph 3.84 (g)(iii) and 22.15 (h), the Committee recommends that Deloitte & Touche be reappointed for the 2019 financial year, and that Mr Trevor Brown be reappointed as the Group Audit Engagement partner.

Internal financial control

The Committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly-owned investee companies. In this regard the Committee has evaluated reports on the effectiveness of the systems of internal financial controls, considered information provided by management and held discussions with the external auditors on the results of their audit. The Committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements.

The Committee has furthermore and as required in terms of paragraph 3.84 (g)(ii) of the JSE Listings Requirements, established and confirmed that the Company has established appropriate financial reporting procedures and that those procedures are operating effectively across the Group.

Long4Life executives serving on the Boards of investee companies are responsible for executing the Company's significant influence to ensure that effective internal controls are implemented and complied with.

Combined assurance and internal audit

The Committee reviewed the plans and reports of the external auditors, the assessments performed and assurance provided by management and concluded that these were adequate to address the significant financial and other risks facing the business.

The Committee in conjunction with management is currently considering the most effective design for a fit-for-purpose Combined Assurance model which will be implemented across the Group over the course of the next financial year. The design of an appropriate Combined Assurance model will incorporate the use of and operating model of an Internal Audit function in respect of the Group.

Key areas of judgement

The committee has applied its mind to the key areas of judgement and has considered all significant matters in relation to the financial statements. The Committee is aligned with the key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. The key audit matter which required significant judgement, was the accounting for the acquisition of Holdsport Limited, Sorbet Holdings Proprietary Limited and Inhle Beverages Proprietary Limited respectively, for a total consideration of R2 910 million, which resulted in intangibles of R644 million and goodwill of R1 927.6 million being recognised. Refer to note 7.4 of the consolidated annual financial statements for detailed disclosure in this regard.

AUDIT AND RISK COMMITTEE REPORT (continued)

Expertise and experience of the Chief Financial Officer and finance function

The Committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer (CFO), Mr Peter Russell Riskowitz, whose curriculum vitae appears in the Integrated Annual Report.

The Committee has furthermore considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function and that of its wholly-owned investee companies.

Audit and Risk Committee recommendation to the Board

Based on information from and discussion with management and external auditors, the Committee has no reason to believe that there was any material breakdown in design and operating effectiveness of internal financial controls during the period, and the financial records may be relied upon as the basis for preparation of the consolidated and separate financial statements.

In discharging its responsibilities, the Committee evaluated significant judgements and reporting decisions; determined that the going-concern basis of reporting is appropriate; evaluated the material factors and risks that impact the annual financial statements and associated reports; and evaluated the completeness of the financial statements and the disclosure included therein.

The Committee is of the opinion that the consolidated and separate financial statements comply in all material respects with the statutory requirements of the various regulations governing their disclosure and reporting. These include IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE Listings Requirements. The Committee accordingly recommended the consolidated and separate financial statements to the Board for its approval.

Tasneem Abdool-Samad

Chairman: Audit and Risk Committee

Johannesburg

8 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Long4Life Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Long4Life Limited (the Group) set out on pages 44 to 84, which comprise the statements of financial position as at 28 February 2018, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have determined that there are no key audit matters to communicate in our audit report with regard to the separate financial statements of the Company for the period.

INDEPENDENT AUDITOR'S REPORT (continued)

ACQUISITION OF HOLDSPORT PROPRIETARY LIMITED GROUP ("HOLDSPORT"), SORBET HOLDINGS PROPRIETARY LIMITED ("SORBET") AND INHLE BEVERAGES PROPRIETARY LIMITED ("INHLE")

Key audit matter	How the matter was addressed in the audit
The Group concluded the acquisition of the Holdsport Proprietary Limited Group, Sorbet Holdings Proprietary Limited Group and Inhle Beverages with an effective date of 1 November 2017, as disclosed in note 7.3, for a total consideration of R2 910 million. The Directors have performed a Purchase Price Allocation ("PPA") to determine the fair value of the acquired assets and liabilities at 1 November 2017 in accordance with IFRS 3 – Business Combinations ("IFRS 3"). The directors engaged an independent expert to perform the valuation of the identified intangible assets within the Holdsport Group and Sorbet Group. Goodwill of R1 885 million was recognised as a result of the acquisition along with identifiable Intangible assets of R645 million. Significant judgements were made by the Directors in: • the identification of the intangible assets (trademarks); • the methods used to value these in accordance with IFRS 3; and • assumptions used in the valuation of the intangible assets, in particular the estimated future financial performance and cash flows, growth rates and associated discount rates. Accordingly, due to the significance of the acquisitions and the resulting goodwill and indefinite useful life assets, together with the significant judgements involved, this was considered to be a key audit matter.	We confirmed, through inspection of the terms and conditions of the purchase agreements, that the effective date of the acquisition was the date that the Group gained control of the subsidiaries and is therefore in compliance with IFRS 3. We performed an independent assessment of the fair values of the identified assets and liabilities on acquisition date. This independent assessment was evaluated against the directors' assessment by performing the following procedures: • We assessed the competence, capabilities and objectivity of the directors' independent expert acquired and verified their qualifications. • We assessed the scope of work of experts to determine that there were no matters affecting their independence and objectivity and that no scope limitations were imposed upon them. • We confirmed that the valuation techniques used are consistent against industry norms. • We engaged our Deloitte valuation experts to perform an independent assessment of the assumptions and methods used by the Directors' independent expert in determining the fair value of the trademarks acquired as part of the Holdsport acquisition. • We assessed that the assumptions and valuation techniques used by the Directors to value the other identifiable assets and liabilities are consistent against the industry norms. • We assessed that identifiable assets acquired and liabilities assumed were appropriately valued in all material respects. • We assessed that the total consideration, including the value of the shares issued, was determined appropriately. We found that the goodwill and intangible assets recognised as a result of the PPA are appropriate and the disclosures required by IFRS 3 were sufficient and appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, the Audit and Risk Committee's report and the Declaration by company secretary certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

We communicate with the Audit and Risk Committee 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 Audit and Risk Committee 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, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte and Touche has been the auditor of Long4Life Limited for two years.

Deloitte & Touche
Registered Auditor

Per: **Trevor Brown**

Partner

8 May 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the period ended 28 February 2018

	Notes	11 months 2018 R'000	9 months 2017 R'000
Revenue	3.1	**730 661**	–
Cost of sales		**(312 131)**	–
Gross profit		**418 530**	–
Operating expenses		**(286 797)**	(130)
Staff and personnel costs		**(129 092)**	(130)
Administrative expenses		**(149 144)**	–
Other costs		**(8 561)**	–
Other income		**15 717**	–
Trading profit (loss)		**147 450**	(130)
Share-based payment expense	8.1	**(12 100)**	–
Acquisition costs		**(16 839)**	–
Net capital items	5.3	**(1 469)**	–
Operating profit (loss)	3.2	**117 042**	(130)
Net finance income	6.2	**122 298**	–
Finance income		**128 481**	–
Finance charges		**(6 183)**	–
Profit (loss) before taxation		**239 340**	(130)
Taxation	4.1	**(69 680)**	–
Profit (loss) for the period		**169 660**	(130)
Attributable to			
Shareholders of the company		**168 948**	(130)
Non-controlling interests		**712**	–
		169 660	(130)
Basic earnings (loss) per share (cents)	5.1	**30.0**	(130.0)
Diluted basic earnings (loss) per share (cents)	5.2	**29.6**	(130.0)
Headline earnings (loss) per share (cents)	5.3	**30.2**	(130.0)
Diluted headline earnings (loss) per share (cents)	5.4	**29.8**	(130.0)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period ended 28 February 2018

	11 months 2018 R'000	9 months 2017 R'000
Profit (loss) for the period	**169 660**	(130)
Other comprehensive income net of taxation		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	**(393)**	–
Total comprehensive income (loss) for the period	**169 267**	(130)
Attributable to		
Shareholders of the company	**169 061**	(130)
Non-controlling interest	**206**	–
	169 267	(130)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February 2018

	Notes	2018 R'000	2017 R'000
Assets			
Non-current assets		**2 800 362**	–
Property, plant and equipment	7.1	**198 955**	–
Intangible assets	7.2	**644 127**	–
Deferred taxation assets	4.2	**6 692**	–
Goodwill	7.3	**1 927 606**	–
Investments	7.5	**22 982**	–
Current assets		**2 344 015**	*
Inventories	7.6	**580 363**	–
Trade and other receivables	7.7	**66 642**	–
Cash and cash equivalents	6.3	**1 691 662**	*
Taxation receivable		**5 348**	–
Total assets		**5 144 377**	*
Equity and liabilities			
Capital and reserves		**4 523 863**	(18 893)
Stated capital	9.1	**4 339 723**	(18 893)
Reserves attributable to shareholders of the company		**163 361**	–
Non-controlling interests		**20 779**	–
Non-current liabilities		**257 089**	–
Deferred taxation liabilities	4.2	**159 610**	–
Long-term provisions		**2 126**	–
Other financial liability	6.4	**48 000**	–
Long-term portion of straight-lining of leases	7.10	**47 353**	–
Current liabilities		**363 425**	18 893
Trade and other payables	7.8	**200 377**	18 893
Taxation		**2 710**	–
Borrowings	6.5	**160 338**	–
Total equity and liabilities		**5 144 377**	*

* Amount below R1 000

Net asset value (deficit) per share attributable to shareholders of the company (cents)		**506**	(18 893 000)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 28 February 2018

	Notes	11 months 2018 R'000	9 months 2017 R'000
Cash flows from operating activities		**200 135**	–
Cash generated by operations	3.4	**151 702**	–
Finance income received	6.2	**128 481**	–
Finance charges paid	6.2	**(6 183)**	–
Taxation paid	4.3	**(73 865)**	–
Cash effects of investment activities		**(489 878)**	–
Investments acquired		**(64 927)**	–
Additions to property, plant and equipment	7.1	**(41 234)**	–
Additions to intangible assets	7.2	**(58)**	–
Proceeds on disposal of property, plant and equipment		**15 650**	–
Net cash outflow on acquisition of subsidiaries	7.4	**(399 309)**	–
Cash effects of financing activities		**1 981 411**	–
Capital raised on listing	9.1	**2 000 000**	–
Borrowings repaid		**(17 850)**	–
Dividends paid to non-controlling interests		**(739)**	–
Net increase in cash and cash equivalents		**1 691 668**	–
Cash and cash equivalents at beginning of period		*	*
Effects of exchange rate fluctuations on cash and cash equivalents		**(6)**	–
Cash and cash equivalents at end of period		**1 691 662**	*

* Amount below R1 000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 28 February 2018

	Note	2018 R'000	2017 R'000
Equity attributable to shareholders of the company		**4 503 084**	(18 893)
Stated capital	9.1	**4 339 723**	*
Balance at beginning of the period		**–**	*
Shares issued during the period		**4 339 723**	–
Transactional costs for issuing equity instruments		**(20 435)**	(18 763)
Balance at beginning of the period		**(18 763)**	–
Transaction costs incurred		**(1 672)**	(18 763)
Foreign currency translation reserve		**(393)**	–
Balance at beginning of the period		**–**	–
Exchange differences on translating foreign operations		**(393)**	–
Equity-settled share-based payment reserve	8.1	**15 371**	–
Balance at beginning of the period		**–**	–
Recognition of share-based payments		**12 100**	–
Deferred taxation recognised directly in reserve		**3 271**	–
Retained earnings (loss)		**168 818**	(130)
Balance at beginning of the period		**(130)**	–
Profit for the period		**168 948**	(130)
Equity attributable to non-controlling interests of the company		**20 779**	–
Balance at beginning of the period		**–**	–
Other comprehensive income		**206**	–
Profit for the period		**712**	–
Exchange differences on translating foreign operations		**(506)**	–
Dividends paid		**(739)**	–
Arising on acquisition of subsidiaries	7.4	**21 312**	–
Total equity		**4 523 863**	(18 893)

* Amount below R1 000

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for the period ended 28 February 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 28 February 2018

1. BASIS OF PREPARATION

ACCOUNTING POLICIES

The accounting policies applied in the consolidated and separate financial statements are in terms of IFRS and, where applicable, are consistent with those applied in the consolidated financial statements for the period ended 31 March 2017. During the period additional accounting policies, where required, were adopted. No IFRS amendments had an impact on the financial statements during the current period. The financial statements are presented in South African rand, which is the group's functional currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

L4L's year-end was changed to the end of February, to align the company's financial year to that of its largest investee company, Holdsport. The financial statements represents the eleven month period from 1 April 2017 to 28 February 2018. In the prior period, the year end changed from 30 June to 31 March. As a result, the comparative information is for 9 months and the current period information is for 11 months.

STATEMENT OF COMPLIANCE

The consolidated and separate financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), the Interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 28 February 2018, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and comply with the Companies Act and the Listing Requirements of the JSE Limited.

The consolidated financial statements as at and for the period ended 28 February 2018 comprise the company and its subsidiaries (together referred to as the "group" or "consolidated" and separately "separate" or "company").

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are discussed in note 10.1.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and its subsidiaries. Subsidiaries are entities controlled by the group. Control is achieved when the company has the power over an investee, is exposed or has rights to variable returns from its involvement with an investee and has the ability to use its power to affect its returns. The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements. When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's significant accounting policies.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. BASIS OF CONSOLIDATION (continued)

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the reporting date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the statement of profit or loss.

Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Acquisitions and disposals of foreign operations are accounted for at the exchange rate ruling on the date of the transaction.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

3. OPERATIONAL PERFORMANCE

		11 months 2018 R'000	Nine months 2017 R'000
3.1	**Revenue**		
	Sale of goods	**705 433**	–
	Rendering of services	**2 688**	–
	Royalty income	**1 717**	–
	Franchise and administration fees	**20 823**	–
	Total	**730 661**	–

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services rendered to customers in the ordinary course of business, net of value added tax. Revenue is net of returns and allowances, trade discounts and volume rebates.
Sale of goods are generally recognised when goods are delivered and title has passed. Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Franchise income and royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements in terms of which entitle the company to such income and royalties as soon as the service or product in question has been delivered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. OPERATIONAL PERFORMANCE (continued)

		11 months 2018 R'000	Nine months 2017 R'000
3.2	**Operating profit**		
	Determined after charging		
	Amortisation	453	–
	Trademarks	420	–
	Computer software	33	–
	Auditors' remuneration	4 901	–
	Audit fees[1]	2 088	–
	Non-audit services	1 824	–
	Current period[1]	1 281	–
	Prior period	543	–
	Other audit firms – advisory services	989	–
	Depreciation of property, plant and equipment	23 298	–
	Freehold buildings	175	–
	Leasehold premises	1 115	
	Plant and equipment	924	–
	Office equipment, furniture and fittings	19 878	–
	Vehicles	1 206	–
	Foreign exchange losses	6 761	–
	Impairment of loans in associate	1 364	–
	Premises costs includes:	78 508	
	Building and office rental expense	74 025	–
	Straight-lining of leases (buildings)	4 483	–
	Loss on disposal of property, plant and equipment	105	–
	Staff and personnel costs includes:	129 092	(130)
	Directors' remuneration	11 456	(130)
	Non-executive directors	1 953	(130)
	Executive directors	9 503	–
	Salaries and wages	106 209	–
	Pension, medical aid contributions and other staff related costs	11 427	–

Directors remuneration

Full details of directors remuneration are included in note 8.2.

[1] *Fees for non-audit services appear disproportionate to audit fees due to the fact that the audit fees as reflected do not include those fees relating to acquired operations expensed prior to acquisition. All fees for non-audit services were approved by the audit and risk committee.*

		11 months 2018 R'000	Nine months 2017 R'000
3.3	**Segmental performance**		
	Having acquired various businesses during the period, the group has the following reportable segments; sport and recreation, personal care and wellness, beverages and corporate.		
	Operating segments are identified based on the nature of the underlying businesses and on the same basis that financial information is reported internally for the purpose of allocating resources between segments and assessing their performance by the group's chief operating decision-maker, defined as the group executive committee. Reportable segments have been identified after applying the quantitative thresholds per IFRS 8: Operating Segments, and after aggregating operating segments with similar economic characteristics.		
	Segmental revenue		
	Trading operation	**730 661**	–
	Sport and recreation	**637 508**	–
	Personal care and wellness	**32 769**	–
	Beverages	**60 384**	–
	Segmental operating profit/(loss)		
	Trading operation	**164 604**	–
	Sport and recreation	**133 722**	–
	Personal care and wellness	**8 261**	–
	Beverages	**22 621**	–
	Corporate	**(47 562)**	(130)
		117 042	(130)
	Segmental net finance income/(charges)		
	Trading operation	**(2 037)**	–
	Sport and recreation	**(1 903)**	–
	Personal care and wellness	**(372)**	–
	Beverages	**238**	–
	Corporate	**124 335**	–
		122 298	–
	Profit before tax	**239 340**	(130)
	Segmental depreciation		
	Trading operation	**22 040**	–
	Sport and recreation	**20 502**	–
	Personal care and wellness	**353**	–
	Beverages	**1 185**	–
	Corporate	**1 258**	–
		23 298	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. OPERATIONAL PERFORMANCE (continued)

		11 months 2018 R'000	Nine months 2017 R'000
3.4	**Cash generated by operations**		
	Reconciliation of operating profit to cash generated from operations:		
	Operating profit/(loss)	**117 042**	(130)
	Costs incurred in respect of acquisitions	**11 384**	–
	Adjustment for executive remuneration by share issue	**4 584**	
	Adjustment for depreciation and amortisation	**23 751**	–
	Adjustment for other non-cash items	**12 985**	–
	Share-based payment expense	**12 100**	–
	Unrealised profit on investments	**(5 631)**	
	Fair value gain on foreign exchange contracts	**5 334**	–
	Increase in lease charges for straight-lining of leases	**2 032**	
	Loss on sale of property, plant and equipment	**105**	
	Other non-cash items	**(955)**	
	Working capital changes	**(18 044)**	130
	Decrease in inventories	**29 171**	–
	Decrease in trade and other receivables	**992**	–
	Decrease in trade and other payables	**(48 207)**	130
	Cash generated by operations	**151 702**	–

4. TAXATION

		11 months 2018 R'000	Nine months 2017 R'000
4.1	**Income taxation expense**		
	Current taxation for the period	**75 468**	–
	Deferred taxation for the period	**(5 789)**	–
	Total taxation per consolidated statement of profit or loss	**69 680**	–
	The reconciliation of the effective taxation rate with the South African Company taxation rate is:		
	Taxation for the year as a percentage of profit before taxation	**29.1%**	–
	Exempt portion of capital gains	**0.1%**	–
	Deferred taxation asset not raised	**(0.2%)**	–
	Non deductible expenses	**(1.0%)**	–
	Rate of South African company taxation	**28.0%**	–
	The group has estimated taxation losses of R3.8 million for which no deferred tax asset has been recognised as there is no probability that the assessable loss will be utilised. Income taxation expense comprises current and deferred taxation. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.		
4.2	**Deferred taxation**		
	Deferred taxation assets	**6 692**	–
	Deferred taxation liabilities	**(159 610)**	–
	Net deferred taxation liability	**(152 918)**	–
	Movement in net deferred taxation assets and liabilities		
	Balance at beginning of period	**–**	–
	Per consolidated statement of profit or loss	**5 789**	–
	Items recognised directly in equity and other comprehensive income	**3 271**	–
	On acquisition of businesses	**(161 978)**	–
	Balance at end of period		
		(152 918)	–

	2018 R'000	2017 R'000
Temporary differences		
Differential between carrying values and tax values of property, plant and equipment	(5 613)	–
Differential between carrying values and tax values of intangible assets	(180 103)	–
Estimated taxation losses	1 060	–
Staff-related allowances and liabilities	6 115	–
Share-based payments	6 660	
Operating lease liabilities	13 259	–
Inventory obsolescence provision	6 799	–
Unrealised fair value gains on investments	(887)	–
Prepayments and provision for doubtful debts	(6 426)	–
Receipts in advance and provisions	6 218	–
	(152 918)	**–**

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred taxation is charged to the statement of profit or loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the statement of profit or loss, except to the extent that it relates to items previously charged or credited directly to equity. A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

		11 months 2018 R'000	Nine months 2017 R'000
4.3	**Taxation paid**		
	Balance at the beginning of the period	–	–
	Current taxation charge	75 468	–
	On acquisition of business	(4 241)	–
	Net receivable at end of period	2 638	–
	Amounts paid	73 865	–

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment of tax payable for previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

		11 months 2018 R'000	Nine months 2017 R'000
5.	**BASIC AND HEADLINE EARNINGS PER SHARE**		
5.1	**Basic earnings/(loss) per share**		
	Profit attributable to shareholders of the company	168 948	(130)
	Weighted number of shares in issue ('000)	564 067	*
	Basic earnings/(loss) per share (cents)	30.0	(130)
	Basic earnings per share is calculated by dividing the profit attributable to shareholders of the group by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.		
5.2	**Diluted basic earnings/(loss) per share**		
	Profit attributable to shareholders of the company	168 948	(130)
	Diluted weighted average number of shares ('000)	571 729	(130)
	Weighted average number of shares in issue	564 067	(130)
	Weighted number of shares in issue adjusted for:		
	Contingent issuable shares in terms of conditional share plan to be issued at fair value	6 281	–
	Outstanding share appreciation rights deemed to be issued at fair value	1 381	–
	Diluted earnings/(loss) per share (cents)	29.6	130.0

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of potential all dilutive ordinary shares. The share awards granted to participants has a dilutive potential on ordinary shares.

		11 months 2018 R'000	Nine months 2017 R'000
5.3	**Headline earnings/(loss) per share**		
	Profit attributable to shareholders of the company	168 948	(130)
	Adjusted for:		
	Loss on disposal of property, plant and equipment	105	–
	Impairment of associate	1 364	–
	Tax effects	(29)	–
	Headline earnings	170 388	(130)
	Weighted average number of shares in issue ('000)	564 067	*
	Headline earnings/(loss) per share (cents)	30.2	(130)
5.4	**Diluted headline earnings/(loss) per share**		
	Diluted headline earnings	170 388	(130)
	Diluted weighted average number of shares ('000)	571 729	*
	Diluted headline earnings/(loss) per share (cents)	29.8	(130)

6. FINANCIAL RISK MANAGEMENT AND NET DEBT

6.1 Financial risk management

Financial risk management objectives

The group has exposure to the following risks: capital risk, liquidity risk, market risk (including interest rates and foreign exchange) and credit risk.

This note presents information about the group's exposure to each of the aforementioned risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

L4L's philosophy is to empower management through a decentralised structure thereby making operational management responsible and accountable for the performance of their operations, including managing the financial risks of the operation. The operational management report to the CEO who in turn reports to the Long4Life board of directors. Operational management's remuneration is based on their operation's performance resulting in a decentralised and entrepreneurial environment.

The audit and risk committee approves written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative instruments, and investment of excess liquidity. The L4L group audit and risk committee is governed by a charter and reports regularly to the board of directors on its activities.

The overall process of risk management in the L4L group, which includes the related system of control, is the responsibility of the L4L board of directors.

The carrying amount and maturity profile of financial assets and liabilities were as follows:

	Notes	Carrying amount R'000	Current year R'000	One -two years R'000	Two - five years R'000	More than five years R'000
At 28 February 2018						
Financial assets						
At amortised cost						
Trade and other receivables (excluding VAT)	7.7	**39 077**	**39 077**	**–**	**–**	**–**
Cash and cash equivalents	6.3	**1 691 662**	**1 691 662**	**–**	**–**	**–**
At fair value						
Investments - Listed held-for-trading - *level 1*	7.5	**22 982**	**22 982**	**–**	**–**	**–**
Total		**1 753 721**	**1 753 721**	**–**	**–**	**–**
Financial liabilities						
At amortised cost						
Borrowings	6.5	**(160 338)**	**(160 338)**	**–**	**–**	**–**
Trade and other payables (excluding FEC's and VAT)	7.8	**(189 713)**	**(189 713)**	**–**	**–**	**–**
At fair value						
Foreign exchange contracts – *level 1*	7.8	**(5 334)**	**(5 334)**	**–**	**–**	**–**
Other financial liability – *level 3*	6.4	**(48 000)**	**–**	**(23 721)**	**(24 279)**	**–**
Total		**(403 385)**	**(355 385)**	**(23 721)**	**(24 279)**	**–**

Financial instruments are recognised when the group or company becomes party to the contractual provisions of the arrangement. Financial instruments are initially measured at fair value plus, for instruments not carried at fair value through profit or loss, any directly attributable transaction costs. An instrument is classified as at fair value through profit or loss if it is held-for-trading, is a derivative or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the near future or it has been part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit making.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

6.1 Financial risk management (continued)

Listed and unlisted investments are classified as investments at fair value through profit or loss or available-for-sale financial assets. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the reporting date. Fair value of unlisted investments is determined by using appropriate valuation models.

Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised financial asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial risk management techniques

Capital risk management

The group's objectives when managing capital are to maintain a strong capital base as to sustain the group's ability to continue as a going concern, to provide sustainable returns for shareholders, benefits for other stakeholders and to maintain, over time, an optimal structure to reduce the cost of capital.

The capital structure of the group consists of cash and cash equivalents (note 6.3), debt which includes borrowings (note 6.5) and equity as disclosed in the statement of financial position. There are no externally imposed capital requirements.

There have been no changes to the group's approach to capital management during the period.

Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the group's reputation.

The group's liquidity risk is mitigated by the availability of funds to cover future commitments. The group has significant cash resources, sufficient available bank facilities and access to capital.

Significant liquid resources were held at year-end. The group had the following undrawn facilities available at 28 February:

	11 months 2018 R'000	Nine months 2017 R'000
Unsecured bank overdraft facility	**160 000**	–
Utilised	**–**	–
Unutilised	**160 000**	–
Secured loan facilities maturity date	**160 000**	–
Utilised	**160 000**	–
Unutilised	**–**	–

Market risk

Foreign exchange risk

The group interacts with international suppliers and is exposed to foreign exchange risk arising from various currency exposures.

The currency in which transactions are entered into is mainly denominated in:

- US Dollar (USD);
- Australian Dollar (AUD);
- Pound Sterling (GBP); and
- European Euro (EUR)

The group's presentation currency is South African rand, but as it has investments internationally, it is exposed to the United States Dollar (USD).

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and from net investments in foreign operations. These transactions include certain inter-company loans which expose the group to foreign exchange risk.

The group uses foreign exchange contracts (FECs) transacted with commercial banks to manage foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange contracts are used to eliminate or reduce the exposure of the group's foreign currency denominated liabilities, and to hedge future transactions and cash flows. No uncovered positions existed at 28 February 2018. The group had contracted to buy the following amounts under forward contracts as at 28 February 2018 (2017: Nil); all within three months.

	2018			
	000 USD	AUD	GBP	EUR
Foreign currency exposure				
Foreign exchange contracts	3 826	40	45	11
Exchange rates used for conversion of foreign denominated items	11.79	9.25	16.33	14.55
Total Rand value	45 109	370	735	160
Sensitivity				
10% increase in foreign exchange rates	4 511	37	73	16

A decrease in foreign exchange rates would have an equal and opposite effect on the foreign currency exposure.

Interest rate risk

The group has interest-bearing assets, that mainly consists of cash deposits invested in money market accounts. The group's operating income and operating cash flows are substantially independent of changes in the market interest rates.

The group's interest rate risk arises from a mix of long-term and short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates economically exposes the group to fair value interest rate risk. The variable rates are influenced by movements in the prime rate.

Investments in equity securities accounted for as held-for-trading financial assets, trade and other receivable and trade and other payables are not exposed to interest rate risk.

At the reporting date the interest rate profile of the group's interest bearing financial instruments was:

	11 months 2018 R'000	Nine months 2017 R'000
Variable rate instruments		
Financial assets		
Cash and cash equivalents	1 691 662	–
Financial liabilities		
Borrowings	(160 338)	–
Sensitivity analysis		
The sensitivity below has been prepared using average rates for cash and borrowings for the financial period as the actual balances at 28 February are not representative of cash and borrowings during the period.		
Impact on post tax profits		
1% increase interest rates	11 969	–

A decrease in interest rates would have an equal and opposite effect on profit after tax.

Credit risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's cash and short-term deposits, as well as trade and other receivables. The group is not exposed to significant credit risk arising from sales as the majority of sales are cash based.

To manage credit risk the group deposits the surplus cash with major banks with high-quality credit standing and maintains an appropriate spread of cash deposits between various financial institutions to limit exposure to any one counterparty. For banks and financial institutions, only independently rated parties are accepted.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

The group evaluates credit risk relating to customers on an ongoing basis. Customers' credit quality is assessed, taking into account their financial position, past experience and other factors and a credit limit is assigned to each customer. The group does not consider there to be any significant concentration of credit risk which has not been adequately provided for at the period-end. Refer to note 7.7 for disclosure on credit risk.

		11 months 2018 R'000	Nine months 2017 R'000
6.2	**Net finance income**		
	Finance income		
	Interest received - short-term deposits	**128 481**	–
	Finance charges	**(6 183)**	–
	Interest paid – financed assets	**(418)**	–
	Interest paid – long-term facilities	**(5 363)**	–
	Interest paid – short-term facilities	**(402)**	–
	Net finance income	**122 298**	–

Finance income and charges comprises interest receivable and on funds invested and borrowed. Finance income and charges is recognised using the effective interest method. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimates future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

		11 months 2018 R'000	Nine months 2017 R'000
6.3	**Cash and cash equivalents**		
	Bank balances and deposits	**1 691 662**	–

Bank balances and deposits comprise cash on hand, deposits held on call with banks, net investments in money market instruments, all of which are available for use by the group unless otherwise stated. Bank balances, deposits and bank overdrafts are measured at amortised cost.

		11 months 2018 R'000	Nine months 2017 R'000
6.4	**Other financial liability**		
	Put option liability		
	The group has the following put options that arose at acquisition:		
	Arising on acquisition of majority interest in subsidiary on the granting of put option to non-controlling interest – *level 3*	**48 000**	–

Put options held by non-controlling interests in the group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the group at predetermined values and on contracted dates. In such cases, the group consolidates the non-controlling interest's share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, a corresponding entry is reflected in equity and any excess or shortfall is charged or realised directly in profit and loss.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the statement of profit or loss using the effective interest method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded in profit and loss. No profit or loss attributable to non-controlling interest is recorded.

The put options available to the non-controlling interest of Shelf Life Proprietary Limited (Shelf Life) expire on 31 May 2025. The first put option is exercisable after 1 March 2020 and the second put option is exercisable after 1 March 2022. The value of the put options is based on the average non-controlling interest proportionate share of the profit after tax of Shelf Life for the period from 1 March 2017 until the end of the financial year of Shelf Life immediately preceding the date upon which each option is exercised at an applicable multiple. This is a level 3 fair value valuation.

Valuation technique

The value of the put option liability was determined using a profit multiple designed to approximate the fair value of the shares of the non-controlling interest's proportionate share of the profit after tax for the period ending 28 February 2018, discounted using a risk-adjusted discount rate.

	11 months 2018 R'000	Nine months 2017 R'000
Significant unobservable inputs		
Profit after tax growth rates	**25% to 32%**	
Profit after tax multiple	**9.0 to 9.5**	
Risk-adjusted discount rate	**16%**	

Inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- the profit after tax were higher/(lower); or
- the risk-adjusted discount rate were lower/(higher).

		Repayable	Year-end interest rates		
6.5	**Borrowings**				
	Secured borrowings				
	Term loan secured by moveable assets in Holdsport	Repaid 5 March '18	Jibar+1.85%	160 000	–
	Unsecured borrowings				
	Loans from non-controlling interests	No repayment terms	0%	338	–
	Borrowings			160 338	–

Borrowings are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability at least 12 months after the reporting period.

7. NET OPERATING ASSETS

		11 months 2018 R'000	Nine months 2017 R'000
7.1	**Property, plant and equipment**		
	Freehold land and buildings	**15 746**	–
	Cost	**18 996**	–
	Accumulated depreciation	**(3 250)**	–
	Leasehold premises	**11 332**	–
	Cost	**12 711**	–
	Accumulated depreciation	**(1 379)**	–
	Plant and equipment	**25 475**	–
	Cost	**56 313**	–
	Accumulated depreciation	**(30 838)**	–
	Office equipment, furniture and fittings	**127 406**	–
	Cost	**428 873**	–
	Accumulated depreciation	**(301 467)**	–
	Vehicles	**10 264**	–
	Cost	**20 137**	–
	Accumulated depreciation	**(9 873)**	–
	Capital work-in-progress	**8 732**	–
		198 955	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. NET OPERATING ASSETS (continued)

7.1 Property, plant and equipment (continued)

	11 months 2018 R'000	Nine months 2017 R'000
Movement in property, plant and equipment		
Carrying value at beginning of period	–	–
Capital expenditure	41 234	–
Freehold land and building	30	–
Leasehold premises	6 765	–
Office equipment, furniture and fittings	24 540	–
Vehicles	1 167	–
Capital work in progress	8 732	–
Acquisition of businesses	196 774	–
Freehold land and buildings	28 224	–
Leasehold premises	5 682	–
Plant and equipment	26 399	–
Office equipment, furniture and fittings	126 016	–
Vehicles	10 453	–
Disposals	(15 755)	–
Freehold land and buildings	(12 333)	–
Office equipment, furniture and fittings	(3 272)	–
Vehicles	(150)	–
Depreciation (refer note 3.2)	(23 298)	–
Carrying value at end of period	198 955	–

Property, plant and equipment are reflected at cost to the group, less accumulated depreciation and accumulated impairment losses. Land is stated at cost and is not depreciated. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset. Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant, equipment and vehicles to anticipated residual values.

Estimate useful lives are:

Freehold buildings	20 years
Leasehold premises	Over the period of the lease to 25 years
Plant and equipment	3 to 15 years
Office equipment, furniture and fittings	4 to 6 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Moveable assets with an estimated carrying value of R134 million (2017: Rnil) were pledged as security for borrowings of

R160 million (2017: Rnil) (refer note 6.3).

A register of land and buildings is available for inspection by shareholders at the registered offices of the operations.

		11 months 2018 R'000	Nine months 2017 R'000
7.2	**Intangible assets**		
	Trademarks	644 057	–
	Cost	644 477	–
	Accumulated amortisation	(420)	–
	Computer software	70	–
	Cost	821	–
	Accumulated amortisation	(751)	–
		644 127	–
	Movement in intangible assets		
	Carrying value at beginning of period	–	–
	Additions		
	Computer software	58	–
	Acquisition of businesses	644 575	–
	Trademarks	644 530	–
	Computer software	45	–
	Exchange rate adjustments		
	Trademarks	(53)	–
	Amortisation (refer note 3.2)	(453)	–
	Carrying value at end of period	644 127	–

Other intangible assets acquired by the group are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on research, internally generated goodwill and brands is recognised in the statement of profit or loss as an expense when incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at the reporting date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are currently:

Trademarks	10 years to indefinite
Computer software	2 to 3 years

		11 months 2018 R'000	Nine months 2017 R'000
7.3	**Goodwill**		
	Arising on at acquisition of businesses during the period:		
	Holdsport	1 636 378	–
	Sorbet	77 550	–
	Inhle	213 678	–
		1 927 606	–

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired, liabilities and contingent liabilities assumed, less any impairment.

Goodwill acquired through business combinations, is allocated to cash-generating units ("CGU") which reflect how it is monitored for internal management purposes, namely the various segments of the group. The carrying amount of goodwill was not subject to an impairment test at year-end due to the acquisitions only having become effective in November 2017. Going forward, the carrying amount of goodwill will be subject to an impairment test at year-end using either the fair value less cost to sell method or the discounted cashflow method. The recoverable amount will be determined using the higher of fair value less cost to sell or the discounted cash flow method for each CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. NET OPERATING ASSETS (continued)

7.4 Acquisition of subsidiaries

L4L acquired 100% of Holdsport, Sorbet and Inhle during the financial period. The effective date of each of these transactions was 1 November 2017 and were funded through a combination of cash and shares. Goodwill arose on the acquisitions as the anticipated value to the group exceeded the fair value of the net assets acquired. The consideration paid for the business combinations effectively included amounts in relation to the benefit of revenue growth and future market development of Holdsport, Sorbet and Inhle. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The acquisitions have enabled the group to establish its presence in the lifestyle sector and as a consequence, has broadened the group's base in the marketplace.

	2018				2017
	Holdsport R'000	Sorbet R'000	Inhle R'000	Total R'000	R'000
Fair value of tangible assets/(liabilities) acquired					
Property, plant and equipment	145 585	7 981	43 208	196 774	–
Trademarks	563 900	80 630	–	644 530	–
Other intangible assets	–	45	–	45	–
Investments	92 790	–	–	92 790	–
Inventories	598 381	5 812	5 341	609 534	–
Trade and other receivables	41 782	9 716	16 136	67 634	–
Cash and cash equivalents	12 139	(5 294)	41 511	48 356	–
Straight-lining of leases	(44 676)	(465)	–	(45 141)	–
Borrowings	(160 000)	(331)	(18 538)	(178 869)	–
Put option liability	(48 000)	–	–	(48 000)	–
Trade and other payables	(180 017)	(27 954)	(15 651)	(223 622)	–
Provisions	–	(136)	(2 000)	(2 136)	–
Deferred taxation	(140 256)	(17 679)	(4 043)	(161 978)	–
Taxation	12 067	52	(7 878)	4 241	–
Net assets acquired	893 695	52 377	58 086	1 004 158	–
Consideration transferred					
Cash	181 613	39 820	214 848	436 281	–
Issue of shares	2 203 907	75 150	56 916	2 335 973	–
Fair value of previously held interest	45 408	–	–	45 408	–
Inter-group loan	92 790	–	–	92 790	–
	2 523 718	114 970	271 764	2 910 452	
Plus: Non-controlling interest measured at their share of net assets acquired	6 355	14 957	–	21 312	–
Less: Fair value of identifiable net assets acquired	(893 695)	(52 377)	(58 086)	(1 004 158)	–
Goodwill arising at acquisition	1 636 378	77 550	213 678	1 927 606	–
Consideration paid in cash	(181 613)	(39 820)	(214 848)	(436 281)	–
Overdraft/(cash) acquired	12 139	(5 294)	41 511	48 356	–
Costs incurred in respect of acquisitions	(8 269)	(1 703)	(1 412)	(11 384)	–
Net cash outflow on acquisition of subsidiaries	(177 743)	(46 817)	(174 749)	(399 309)	–
Contribution to results for the period since acquisition					
Revenue	637 508	32 769	60 384	730 661	–
Operating profit	133 722	8 261	22 621	164 604	–

Had these acquisitions been effective from 1 April 2017, the revenue of the group would have been R2.1 billion and the profit before taxation would have been R407.6 million for period ended 28 February 2018. The directors consider this to represent an approximate measure of the performance of the combined group for the full eleven months. In determining the profit before taxation on this basis the directors have excluded once off pre-acquisition costs not associated with ordinary operating activities.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. The group recognises any non-controlling interest, at the non-controlling interest's proportionate share of the subsidiary's net assets on an acquisition-by-acquisition basis. When a business combination is achieved in stages, the group's previously held equity interest in an entity is remeasured to its acquisition date fair value and the resulting gain or loss recognised in profit or loss. The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

		11 months 2018 R'000	Nine months 2017 R'000
7.5	**Investments**		
	Listed held-for-trading	**22 982**	–
	The fair value hierarchy of the held-for-trading investment (listed on the JSE under the Consumer Goods sector) was determined by using the unadjusted quoted market prices in an active market for identical assets – *level 1*. Refer to note 10.2.		
	A register of the investment is available for inspection by shareholders at the registered office of the company.		
7.6	**Inventories**		
	Merchandise	**546 485**	–
	Raw materials	**35 095**	–
	Goods-in-transit	**17 350**	–
	Work in progress	**5 716**	–
	Provision for inventory obsolescence	**(24 283)**	–
		580 363	–
	Write-down of inventory to net realisable value charged to the statement of profit or loss	**1 672**	–
	Cost of inventories recognised as an expense during period in the statement of profit and loss	**312 131**	–
	Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.		
	The cost of raw materials and finished goods is determined on either the first-in first-out or average cost basis. The cost of finished and work-in-progress includes materials, direct labour, other direct costs and includes an appropriate portion of overheads, but excludes interest expense. The carrying amount of inventory is recognised as an expense in the period in which the related revenue is recognised.		
	The provision for inventory obsolescence was estimated by management based on historical data, inventory profile and age and forecast markdowns.		
	Movements in the provision for obsolescence were as follows:		
	Net charge for the period	**713**	–
	Acquisition of businesses	**23 570**	–
	Balance at the end of the period	**24 283**	–
7.7	**Trade and other receivables**		
	Trade receivables	**32 854**	–
	Impairment allowances	**(815)**	–
	Net trade receivables	**32 039**	–
	Prepayments	**23 766**	–
	Other receivables	**7 038**	–
	Value added tax receivable	**3 799**	–
		66 642	–

Trade receivables consist of a widespread customer base. The majority of sales are to retail customers are settled in cash or using major credit cards. Where appropriate ongoing credit evaluation is performed by the operational management on the financial condition of the operation's customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. NET OPERATING ASSETS (continued)

7.7 Trade and other receivables (continued)

Trade receivables are measured initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate method.

The directors considers that the carrying amounts of trade receivables and other current assets approximate their fair values due to the short-term nature of these assets. The total amount receivable represents the maximum exposure to the credit risk for trade receivables and other current assets.

There is no significant concentration of credit risk.

Included in the group's trade receivables balance are debtors with a carrying value of R623 000 (2017: Nil) which are past due at the reporting periods specific provisions has been made for these debtors. These amounts are still considered recoverable. The group does not hold any collateral over these balances.

	11 months 2018 R'000	Nine months 2017 R'000
Ageing of past due but not impaired receivables		
30 days and less	**19 531**	–
31 – 60 days	**9 544**	–
61 – 90 days	**2 134**	–
91 – 180+ days	**830**	–
Total	**32 039**	–

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. With the exception of a few trade debtors, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believes that there is no further credit provision required in excess of the impairment allowance.

An allowance of R815 000 (Rnil) has been made for estimated irrecoverable amounts from the sale of goods, franchise fees and royalty income.

The review of the impairment allowances in respect of trade and other receivables is monitored under the oversight of the operational management teams. The operations' average credit period depend on each operation's trends as well as the credit worthiness of their customers. The majority of the customers are either cash customers or have a credit period of 30 days from statement date. The largest impairment raised for a specific trade receivable was obtained for each reporting operation and calculated as a percentage of the group's total impairment allowance. It was determined that such percentage did not exceed 12,8% (2017: Nil) of the total allowance raised at year-end.

Movement in impairment allowance in respect of trade receivables	11 months 2018 R'000	Nine months 2017 R'000
Balance at the beginning of the period	**–**	–
Allowances raised during the period	**(180)**	–
Bad debts written off during the period	**184**	–
Acquisition of businesses	**(819)**	–
Balance at year-end	**(815)**	–

7.8 Trade and other payables

	11 months 2018 R'000	Nine months 2017 R'000
Trade payables	**108 023**	–
Forward exchange contracts liability	**5 334**	–
Accrued expenses	**81 406**	18 893
Value added tax liability	**5 330**	–
Short-term portion of operating lease liabilities	**284**	
	200 377	18 893

The majority of trade and other payables consist of amounts outstanding for trade purchases and ongoing costs. No interest is charges on trade payables.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The directors consider that the carrying amounts of trade payables and other current liabilities approximates their fair values.

	11 months 2018 R'000	Nine months 2017 R'000
7.9 Segmental operating assets and liabilities		
Segmental assets and liabilities		
Segmental assets		
Trading operation	4 167 907	–
Sport and recreation	3 962 188	–
Personal care and wellness	104 573	–
Beverages	101 146	–
Corporate	5 095 365	–
	9 263 272	–
Inter-group eliminations	(4 118 895)	–
	5 144 377	–
Segmental liabilities		
Trading operation	3 034 633	–
Sport and recreation	2 968 997	–
Personal care and wellness	39 225	–
Beverages	26 411	–
Corporate	1 704 776	18 893
	4 739 409	–
Inter-group eliminations	(4 118 895)	–
	620 514	18 893
Segmental capital expenditure on property, plant and equipment		
Spent on expansion		
Trading operation	14 348	–
Sport and recreation	5 512	–
Personal care and wellness	62	–
Beverages	8 774	–
Corporate	7 583	–
	21 931	–
Spent on replacement		
Trading operation	19 303	–
Sport and recreation	19 003	–
Personal care and wellness	300	–
	19 303	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. NET OPERATING ASSETS (continued)

		11 months 2018 R'000	Nine months 2017 R'000
7.10	**Straight-lining of leases**		
	The operating lease smoothing accrual represents the difference between the cash flow impact and profit or loss impact of the leases in note 7.11.		
	Operating lease smoothing accrual	47 637	–
	Less short-term portion included in trade and other payables	(284)	–
	Long-term portion	47 353	–
7.11	**Operating lease commitments**		
	Land and buildings	617 439	–
	Due in one year	155 772	–
	Due after one year but within five years	394 569	–
	Due after five years	67 098	–
	Less amounts raised as liabilities	(47 637)	–
		569 802	–

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leases which have fixed determinable escalations are charged to the statement of profit or loss on a straight-line basis and liabilities are raised for the difference between the actual lease expense and the charge recognised in the statement of profit or loss. The liabilities are classified based on the timing of the reversal which will occur when the actual cash flow exceeds the statement of profit or loss amounts.

		11 months 2018 R'000	Nine months 2017 R'000
7.12	**Capital commitments**		
	Capital expenditure approved:		
	Contracted for	17 500	–
	Not contracted for	89 700	–
		107 200	–

Capital expenditure is in respect of property, plant and equipment. It is anticipated that capital expenditure will be financed out of existing cash resources.

8. STAFF REMUNERATION

8.1 Share-based payments

Long4Life's current share incentive plans comprise of a Share Appreciation Rights Plan ("SARs") and a Conditional Share Plan ("CSP").

Long4Life Limited Share Appreciation Rights Plan ("SARs")

SARs participants were granted share awards ("Awards") that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. The exercise price for the SAR award is determined using the closing price of the Long4Life Limited share on the JSE, for the business day immediately preceding the award date. Awards not exercised within a seven-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised. Participants are only entitled to exercise their awards if they are in the employment of the Long4Life group in accordance with the terms of the SAR plan rules, unless otherwise recommended by the nomination and remuneration committee.

The number and weighted average exercise prices of share awards granted are:

	2018		2017	
	Number	Average price R	Number	Average price R
Beginning of the period	–	–	–	–
Granted	**7 050 606**	**4.46**	–	–
End of the period	**7 050 606**	**4.46**	–	–
Share awards outstanding by end of period of grant were:				
2018	**7 050 606**	**4.46**	–	–

The awards outstanding at 28 February have a weighted average strike price of R4.46 (2017: Nil) contractual life of seven years from the grant date (2017: Nil). The fair value of services received in return for share awards granted is measured based on a modified binomial tree model. The contractual life of the awards is used as an input into this model.

The fair value of the share awards granted on the below mentioned dates and the assumptions used are:

	1 Nov 2017	18 Dec 2017	7 Feb 2018
Fair value at measurement date (Rand)	1.18	1.29	**1.53**
Strike price (Rand)	R 5.01	R 4.21	**R 5.29**
Expected volatility (%)	17.51%	20.28%	**22.57%**
Option life (years)	7	7	**7**
Distribution yield (%)	4.02%	4.39%	**3.34%**
Risk-free interest rate (based on South African Government Bonds) (%)	8.03%	8.09%	**7.67%**

The volatility was calculated using the exponentially weighted moving average volatility method. Since, L4L is newly listed, insufficient share price history exists and hence, a proxy company was used to calculate an appropriate volatility for the valuation of the SARs.

Long4Life Limited Conditional Share Plan ("CSP")

Conditional share awards which are made to selected executives of Long4Life grants such executives a conditional right to receive shares in Long4Life free of any cost, subject to certain predetermined conditions and targets. CSPs participants were granted share awards that vest in tranches after three years (75%) and four years (25%) respectively.

Executive directors were awarded conditional share awards in terms of the Long4Life conditional share plan , approved by shareholders on 29 March 2017.

These share awards do not carry voting rights attributable to ordinary shareholders. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award discounted by anticipated future distribution flows. A total number of 6.3 million of the 20.6 million CSP awards are expected to vest, taking into account the performance of the group to date and forecasts to the end of the performance period, against the targets set at the time of the award.

The number of conditional share awards in terms of the CSP are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. STAFF REMUNERATION (continued)

8.1 Share-based payments (continued)

CSP awards

	Balance at 31 March 2017	CSP awards awarded	Forfeited	Closing balance 28 February 2018
Executive directors				
Brian Joffe	–	12 600 000	–	**12 600 000**
Colin Datnow	–	2 000 000	–	**2 000 000**
Kevin Hedderwick	–	3 000 000	(3 000 000)	**–**
Peter Riskowitz	–	2 000 000	–	**2 000 000**
Executives	–	4 000 000	–	**4 000 000**
	–	23 600 000	(3 000 000)	**20 600 000**

The fair value of the share awards granted on the below mentioned dates and the assumptions used are:

	01 April 2017	15 June 2017	14 Feb 2018
Fair value at measurement date (Rand)	2.45	4.34	**2.77**
Expected volatility (%)	23.36%	21.02%	**23.39%**
Option life (years)	7	7	**7**
Distribution yield (%)	3.16%	2.78%	**2.95%**
Risk-free interest rate (based on South African Government Bonds) (%)	7.44%	7.05%	**7.12%**

The volatility was calculated using the exponentially weighted moving average volatility method. Since, L4L is newly listed, insufficient share price history exists and hence, a proxy company was used to calculate an appropriate volatility for the valuation of the CSPs.

During the current period three million conditional share awards were forfeited (2017: Nil) as a result of performance conditions not being met. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R2.88 per share.

The fair value of services received in return for share awards granted is measured based on a Monte Carlo model as it best captures the path dependent nature and specific features of these awards.

The L4L share incentive awards enables share award participants to acquire shares in the holding company, Long4Life. The fair value of share awards granted is recognised as an employee expense with a corresponding increase in equity. All L4L share incentive awards are treated as equity-settled share-based payment schemes at a group and subsidiary level. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share awards.

The fair value of the options is measured using a binomial model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

8.2 **Remuneration of directors**

The remuneration paid to executive directors while in office of the company during the period ended 28 February 2018 can be analysed as follows:

	11 months 2018 R'000 Basic salary	Nine months 2017 R'000 Basic salary
Remuneration and benefits paid to directors by the company		
Director		
Brian Joffe[1]	**4 584**	–
Colin Datnow[2]	**500**	–
Kevin Hedderwick	**1 269**	–
Peter Riskowitz	**3 150**	–
Total	**9 503**	–
Share-based payment expense (refer note 8.1)		
Director		
Brian Joffe	**7 851**	–
Colin Datnow	**56**	–
Peter Riskowitz	**1 827**	–
Total	**9 734**	–
Director's and other related fees		
The remuneration paid (including VAT where applicable) to non-executive directors while in office of the company during the period ended 28 February 2018 is analysed as follows:		
Non-executive director		
Colin Datnow[2]	**440**	40
Graham Dempster	**417**	50
Keneilwe Moloko[3]	**70**	–
Lionel Jacobs	**490**	–
Syd Muller[3]	**137**	–
Tasneem Abdool-Samad	**576**	40
Total	**2 130**	130

[1] As previously approved by shareholders, Brian Joffe's executive remuneration is settled by way of a share issue of 250 000 shares per quarter at R5 per share.

[2] Colin Datnow was appointed as executive director effective 1 January 2018.

[3] Appointed as independent non-executive directors during the current period. Refer to page 36 for appointment dates.

Prescribed officers

Due to the nature and structure of the group and the number of executive directors on the board of the company, the directors have concluded that there are no prescribed officers of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION

		11 months 2018 R'000	Nine months 2017 R'000
9.1	**Stated capital**		
	Stated capital		
	Balance at beginning of the period	*	*
	Shares issued pursuant to listing on the JSE	2 000 000	–
	Shares issued for business acquisitions	2 335 973	–
	Shares issued for executive remuneration	3 750	–
	Balance at the end of the period	**4 339 723**	*

* Amount below R1 000

Authorised

4 000 000 000 ordinary shares of no par value

(2017: 4 000 000 000 ordinary shares of no par value)

Issued

889 775 767 ordinary shares of no par value (2017: 100 ordinary shares of no par value)

Reconciliation of number of shares in issue

	2018 Number	2017 Number
Balance at beginning of the year		
Issued during the period	100	100
Shares issued for listing on the JSE	889 775 667	
Shares issued for business acquisitions	405 000 000	–
Shares issued for executive remuneration	484 025 667	–
Less: Shares held by subsidiary as treasury shares[1]	750 000	–
	(134 103)	–
	889 641 664	100

[1] The treasury shares were acquired at no cost to the group.

88 964 176 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

Stated capital and treasury shares

No par value ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted against the stated capital account.

Shares in the company, held by its subsidiary, are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the treasury shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted from the stated capital account.

9.2 Group composition

The consolidated financial statements include the accounts of Long4Life Limited (the company) and all of its subsidiaries for the period ended 28 February 2018.

Long4Life Limited is registered in South Africa and operates primarily in South Africa.

The group holds majority voting rights in all of its subsidiaries. Non-controlling shareholders have significant equity interests in two of the group's subsidiaries.

Subsidiaries	Nature of business	Country of incorporation	Effective holdings 2018	2017
Directly held				
Holdsport Limited	4	South Africa	**100**	–
Inhle Beverages (Pty) Ltd	1	South Africa	**100**	–
Long18 (Pty) Ltd	2	South Africa	**100**	100
Long36 (Pty) Ltd	2	South Africa	**100**	100
Sorbet Holdings (Pty) Ltd	3	South Africa	**100**	–
Indirectly held				–
Candi&Co (Pty) Ltd	3	South Africa	**100**	–
Inhle Beverages SA (Pty) Ltd	5	South Africa	**100**	
KTR Sport (Pty) Ltd	4	South Africa	**100**	–
Moresport (Pty) Ltd	4	South Africa	**100**	–
Moresport Namibia (Pty) Ltd	4	Namibia	**100**	–
Moresport Namibia Branch	4	Namibia	**100**	–
Performance Brands (Pty) Ltd	4	South Africa	**100**	–
S I Holdings Limited	3	Guernsey	**63**	–
Second Skins (Pty) Ltd	4	South Africa	**100**	–
Sew Trust (Pty) Ltd	3	South Africa	**100**	–
Shelf Life (Pty) Ltd	4	South Africa	**51**	–
Sorbet Brands (Pty) Ltd	3	South Africa	**75**	
Sorbet Man (Pty) Ltd	3	South Africa	**100**	–
The Sorbet Experience (Pty) Ltd	3	South Africa	**100**	–
Associate				
The Sorbet Experience UK Limited[1]	3	United Kingdom	**27**	–

Nature of business

1. Beverage

2. Group services and investments

3. Personal care and wellness

4. Sport and recreation

5. Dormant

[1] All loans advanced to The Sorbet Experience UK Limited have been impaired. The shareholder contribution was capitalised to the investment. Equity-accounted losses were applied and the balance was recognised as an impairment.

		11 months 2018 R'000	Nine months 2017 R'000
9.3	**Related party transactions**		
	The group has a related-party relationship with its subsidiaries and associates. During the period ended 28 February 2018, there were no material transactions with related parties.		
	Subsidiary		
	The group has an investment in an subsidiary namely S I Holdings Limited. Details are disclosed in note 9.2.		
	Outstanding loans due to non-controlling interests (note 6.5)	**338**	–
	Directors' and directors' related entities		
	No direct loans were made to or received from any director and no other transactions were entered into with any director, except for conditional share plan awards to executive directors. Refer to note 8.2 for details on directors' remuneration.		
	Purchases from related entity controlled by Brian Joffe – t/a JAir Proprietary Limited	**210**	–

Key management

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. Key management personnel are defined as the executive and non-executive directors of the company. Refer to note 3.2 and 8.2 for details on directors' remuneration. There were no material transactions with related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ADOPTION OF NEW AND REVISED STANDARDS

10.1 Accounting estimates and judgements

The board of directors has considered the group's accounting policies, key sources of uncertainty and areas where accounting judgements were required in applying the group's accounting policies.

Accounting judgements in applying the group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment

The residual values of these assets are reviewed annually after considering expected future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. All properties are accounted for as own use assets and are thus held at cost less depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of. Refer to note 7.1.

Goodwill and indefinite life intangible assets

The group has assessed the at acquisition balances of goodwill and indefinite life intangible assets to determine appropriate valuations.

Trademarks acquired during the period related to the acquisitions of Sorbet and Holdsport. The trademarks acquired has been determined to have indefinite useful lives, as management believes there is no foreseeable limit over which the group will continue to generate revenues from their continued use. Supporting this assumption is the fact that the trademarks held are established, well known, and can reasonably be expected to generate revenues beyond the group's current strategy. Trademarks with indefinite useful lives on acquisition is considered level 3 financial assets and was valued using an independent third party with suitable skills and expertise. The key assumptions used to determine were as follows:

Key valuation assumption	Holdsport	Sorbet
Valuation method	Relief of royalty method	Discounted cash flow methodology
Forecast revenue	Average growth rate of 4.6% to 9% and long-term inflation expectation of 5.3% per annum	Average growth rate of 16.2% and long-term inflation expectation of 5.3% per annum
Weighted average cost of capital	Range of 15.8% to 20.6% plus a brand premium of 1%	Range of 20.5% to 21.4%
Royalty rate	2% to 5%	4%

Due to valuations of the fair value being finalised close to period end as part of the purchase price allocation in terms of IFRS 3: Business Combinations and no impairment indicators currently exists, no impairment testing was performed for the current period. Refer to note 7.2, 7.3 and 7.4.

Deferred taxation asset

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces. Refer to note 4.2.

Inventories

An obsolescence provision is raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The obsolescence provision represents management's estimate, based on historic sales trends and its assessment of quality and volume, of the extent to which merchandise on hand at the reporting dates will be sold below cost. Refer to note 7.6.

Trade receivables

Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectability is considered to be doubtful. Management believe that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubtful, the age, the customer's current financial status and disputes with the customer are taken into consideration. Refer to note 7.7.

Put option liability

The group has entered into put arrangement where a non-controlling interest is entitled to sell certain of their holding in a subsidiary to the group at future contracted dates. The value of the put option liability was determined using a profit multiple designed to approximate the fair value of the shares of the non-controlling interest's proportionate share of the profit after tax for the period ending 28 February 2018, discounted using a risk-adjusted discount rate. Refer to note 6.4.

10.2. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The group uses a three-level hierarchy to categorise inputs used in measuring fair value. The levels within the hierarchy reflect the significance of the inputs used in measuring fair value and is described below:

Level 1: Measured using unadjusted, quoted prices in an active market for identical financial instruments.

Level 2: Valued using techniques based significantly on observable market data. Instruments in this category are valued using:
(a) Quoted prices for similar instruments or identical instruments in markets which are not considered to be active, or
(b) Valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3: Valued using valuation techniques that incorporate information other than observable market data and where at least one input (which could have a significant effect on instruments' valuation) cannot be based on observable market data.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items. Refer to note 7.1 and 7.4.

Indefinite life intangible assets - level 3

The fair value of indefinite useful life intangible assets is based on the discounted various methods. Refer to note 7.3 and 10.1.

Inventory - level 2

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory. Refer to note 7.6.

Forward exchange contracts

The fair value of forward exchange contracts is based on their market prices. Refer to note 6.1.

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Refer to note 6.1 and 7.4.

Share-based payments – level 2

The fair value of the conditional share plan awards are measured using a Monte Carlo Method, as it best captures the path dependent nature and specific features of these awards. The path dependency of the share award arises from the interaction between dividends and the performance hurdle in the valuation model, as well as the dependency of the valuation on the level of achievement of the vesting conditions at the performance period end dates. The evolution of Long4Life's and the peer group members' total shareholder returns are modelled using the market-accepted log-normal share price process taking into account input parameters which are based on historical share price data.

The fair value of the share appreciation right awards are measured using a binomial model. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on national South African Government Bonds).

Refer to note 8.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ADOPTION OF NEW AND REVISED STANDARDS (continued)

10.2. Determination of fair values (continued)

Investments held-for-trading – level 1

Listed and unlisted investments are classified as investments at fair value through profit or loss or available-for-sale financial assets. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the reporting date. Fair value of unlisted investments is determined by using appropriate valuation models.

Refer to note 7.5.

10.3 Accounting standards and interpretations not effective at 28 February 2018

A number of new standards, amendments to standards and interpretations were not yet effective for the year period 28 February 2018. These include the following standards and interpretations and amendments to standards that are applicable to the business of the group, and have not been applied in preparing these financial statements:

Standard/interpretation	Description
IFRS 15: Revenue from contracts with customers	This standard establishes a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. The standard will be adopted by the group for its financial reporting period ending 28 February 2019. The group does not expect a significant impact from the adoption of this standard due to the group not being involved in material multiple-element arrangements with customers.
IFRS 9: Financial Instruments	The standard affects the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the group for its financial reporting period ending after the date the statement comes into effect. The group does not expect a significant impact from the adoption of this statement. This new standard requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The standard will be adopted by the group for its financial reporting period ending 28 February 2019. The group does not expect a significant impact from the adoption of this standard due to the group not being involved in material multiple-element arrangements with customers. The majority of the group's revenue is earned through the sale of goods relating to sports apparel, sports equipment, personal care products and the manufacturing and sale of bottled and canned beverages.
IFRS 16: Leases	IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces the previous leases Standard, IAS 17 – Leases, and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recorded on the statement of financial position. No significant changes have been included for lessors. The group does not intend on early adopting IFRS 16. IFRS 16 will be adopted for the group for the year ending 28 February 2020. Under the previous guidance in IAS 17, 'Leases', a lessee had to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). The new standard requires the lessee to recognise all lease contracts on the balance sheet – the only optional exemptions are for certain short-term leases and leases of low-value assets. The group anticipates that the implementation of the standard will have the following effect:

Standard/interpretation	Description
	• The recognition of a lease asset of R481.3 million and additional depreciation of R110.7 million to be recognised over the lease term. • The recognition of a lease liability of R481.3 million and additional interest of R65.4 million to be recognised over the lease term. • The derecognition of the current straight-lining lease liability of R46.8 million. • Current lease rental expenses of R146.2 million will no longer have an impact on the statement of profit and loss.

The group does not currently believe the adoption of the following pronouncements will have a material impact on its results, financial position or cash flows:

Amendments to IFRS 2: Share-based Payment, classification and measurement of Share-based Payment transactions effective for annual periods beginning on or after 1 January 2018.

Amendments to IFRS 4: Insurance Contracts, applying IFRS 9: Financial Instruments with IFRS 4: Insurance Contracts effective for annual periods beginning on or after 1 January 2018.

Amendment to IAS 28: Investments in Associates and Joint Ventures (part of Improvements to IFRS 2014 to 2016 Cycle), effective for annual periods beginning on or after 1 January 2018.

IFRIC 22: Foreign Currency Transactions and Advance Consideration, effective for annual periods beginning on or after 1 January 2018.

10.4 Events after the reporting period

L4L acquired 100% of the issued share capital of Chill Holdings Proprietary Limited ("Chill") effective on 1 March 2018 for a consideration settled in a combination of cash and shares of R 476 million. A contingent consideration remains payable based on the outcome of the audited 30 June 2018 EBITDA, refer to the SENS released on 28 November 2018 available on the L4L website at www.long4life.co.za. Management is still in the process of completing the initial allocation of goodwill acquired.

The board approved a R100 million venture capital fund on 8 May 2018 aimed at investing in, and supporting, individual entrepreneurs and small- to medium-sized companies to pursue and realise their respective visions of bringing products and services to market. An early investment for the fund was the acquisition of a 49% stake in lifestyle footwear company Veldskoen Shoes Proprietary Limited (Veldskoen). Veldskoen owns the iconic Veldskoen and Plakkies trademarks.

Other than the above, no other material events have occurred between the reporting date up to the date of the financial statements.

10.5 Going concern

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going-concern basis in preparing the financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

as at 28 February 2018

	Notes	11 months 2018 R'000	Nine months 2017 R'000
Assets			
Non-current assets		**4 477 922**	*
Investment in subsidiaries	1	**2 919 653**	*
Amounts owing by subsidiaries	2	**1 558 269**	–
Current assets			
Cash and cash equivalents	3	**9 436**	*
Total assets		**4 487 358**	*
Equity and liabilities			
Capital and reserves			
Stated capital	4	**4 339 723**	*
Liabilities			
Non-current liabilities			
Amounts owing to subsidiaries	2	**147 635**	–
Total equity and liabilities		**4 487 358**	*

* Amount below R 1 000

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period ended 28 February 2018

	Note	11months 2018 R'000	Nine months 2017 R'000
Equity attributable to shareholders of the company			*
Stated capital		4 339 723	*
Balance at beginning of the period		*	–
Shares issued during the period	4	4 339 723	*

* Amount below R1 000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

for the period ended 28 February 2018

1. INVESTMENT IN SUBSIDIARIES

		Effective holdings		Company's interest in shares	
		2018 %	2017 %	2018 R'000	2017 R'000
Holdsport Limited	4	**100**	–	**2 523 719**	–
Inhle Beverages Proprietary Limited	1	**100**	–	**271 764**	–
Sorbet Holdings Limited	3	**100**	–	**124 170**	–
Long18 Proprietary Limited	2	**100**	100	*	*
Long36 Proprietary Limited	2	**100**	100	*	*
				2 919 653	–

Nature of business

1. Beverage

2. Group services and investments

3. Personal care and wellness

4. Sports and recreation

Investment in subsidiaries are reflected at cost less accumulated impairment losses. No impairment was identified for the current financial year (2017: R nil).

A list of indirectly held subsidiaries is included in note 9.2 of the consolidated financial statements.

* Amounts below R1 000

	11 months 2018 R'000	Nine months 2017 R'000
2. AMOUNTS OWING BY/(TO) SUBSIDIARIES		
Amounts owing by subsidiaries		
Long18 Proprietary Limited	**1 558 269**	
Amounts owing to subsidiaries	**(147 635)**	
Long18 Proprietary Limited	**(9 436)**	
Long36 Proprietary Limited	**(45 409)**	
KTR Sport Proprietary Limited	**(59 501)**	
Moresport Proprietary Limited	**(32 812)**	
Performance Brands Proprietary Limited	**(477)**	
The inter-company equity loans are interest-free and have no fixed terms.		
3. CASH AND CASH EQUIVALENTS		
Bank and cash deposits	**9 436**	–

Bank balances and deposits comprise cash on hand, deposits held on call with banks, net investments in money market instruments, all of which are available for use by the group unless otherwise stated. Bank balances, deposits and bank overdrafts are measured at amortised cost.

4. CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

	11 months 2018 R'000	Nine months 2017 R'000
Stated capital		
Balance at beginning of the period	*	*
Shares issued during the period	4 339 723	
Shares issued pursuant to listing on the JSE	2 000 000	–
Shares issued for business acquisitions	2 335 973	–
Shares issued for executive remuneration	3 750	–
Balance at the end of the period	4 339 723	–

* Amount below R 1 000

Stated capital

Authorised

4 000 000 000 ordinary shares of no par value (2017: 4 000 000 000 ordinary shares of no par value)

Issued

889 775 767 ordinary shares of no par value (2017: 100 ordinary shares of no par value)

	Number '000	Number '000
Reconciliation of number of shares in issue		
Balance at beginning	100	100
Shares issued during the period	889 775 667	–
Shares issued for listing on the JSE	405 000 000	–
Shares issued for business acquisitions	484 025 667	–
Shares issues for executive remuneration	750 000	–
	889 775 767	100

88 964 176 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

Stated capital

Shares in the company, held by its subsidiary, are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the treasury shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted from the stated capital account.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

5. EVENTS AFTER THE REPORTING DATE

The company acquired 100% of the issued share capital of Chill Holdings Proprietary Limited ("Chill") on 15 March 2018 after the conditions precedent had been fulfilled or waived , and are accordingly not included in the year-end financial results.

The board approved a R100 million venture capital fund on 8 May 2018 aimed at investing in, and supporting, individual entrepreneurs and small- to medium-sized companies to pursue and realise their respective visions of bringing products and services to market. An early investment for the fund was the acquisition of a 49% stake in lifestyle footwear company Field Shoes Inc. Field Shoes Inc. owns the iconic Veldskoen and Plakkies trademarks and operates the website www.veldskoen.shoes.

6. RELATED PARTIES

The subsidiaries and associates of the group are related parties of the company. The company has made loans to, and has received loans from, certain of these entities. (refer note 3)

7. GOING CONCERN

The financial statements have been prepared on a going-concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation in the foreseeable future.

SHAREHOLDERS' INFORMATION

BENEFICIAL SHAREHOLDINGS

	Total shareholding	%
Major shareholders holding 3% or more of the shares in issue		
Investec	64 665 406	7.27
Old Mutual Group	57 465 336	6.46
Liberty Group	47 518 843	5.34
Coronation Fund Managers	37 443 861	4.21
Newshelf 1169 Proprietary Limited	35 500 000	3.99
PSG	34 718 725	3.90
Allan Gray	32 744 736	3.68
	310 056 907	34.85

INVESTMENT MANAGEMENT SHAREHOLDINGS

Fund managers holding 3% or more of the shares in issue		
Coronation Fund Managers	85 314 416	9.59
Stanlib Asset Management	60 732 923	6.83
Old Mutual Investment Group	50 279 907	5.65
Allan Gray	49 851 570	5.60
Mazi Capital	43 271 118	4.86
PSG Asset Management	35 963 536	4.04
	325 413 470	36.57

SHARES IN ISSUE

Total number of shares in issue	889 775 767
Investments in treasury shares	(134 103)
	889 641 664

BENEFICIAL SHAREHOLDER CATEGORIES

Collective Investment Schemes	249 853 220	28.1
Retail shareholders	178 129 746	20.0
Private Companies	73 822 836	8.3
Assurance Companies	70 768 099	8.0
Public Companies	68 277 040	7.7
Retirement Benefit Funds	66 631 891	7.5
Trusts	56 497 350	6.3
Custodians	47 033 196	5.3
Organs of State	23 648 601	2.7
Scrip Lending	12 922 590	1.5
Foundations and charitable funds	11 727 259	1.3
Hedge funds	10 608 867	1.2
Stockbrokers and nominees	3 846 925	0.4
Medial aid funds	3 734 623	0.4
Investment partnerships	3 421 586	0.4
Managed funds	3 060 358	0.3
Insurance companies	2 517 833	0.3
Close corporations	2 313 152	0.3
Public Entities	957 101	0.1
Share schemes	3 494	0.0
Total dematerialised holding	**889 775 767**	**100.00**

SHAREHOLDERS' INFORMATION (continued)

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
REGION		
South Africa	835 148 089	93.9
United Kingdom	30 649 353	3.4
United States	14 867 966	1.7
Rest of World[1]	9 110 359	1.0
	889 775 767	**100.00**

[1] Represents all shareholdings except those in the above regions

ANALYSIS OF SHAREHOLDING

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	2 861	30.4	893 047	0.1
1 001–10 000 shares	3 692	39.2	16 739 997	1.9
10 001–100 000 shares	2 262	24.0	73 672 646	8.3
100 001–1 000 000 shares	468	5.0	148 953 232	16.7
1 000 001 shares and above	131	1.4	649 516 845	73.0
Total	**9 414**	**100.00**	**889 775 767**	**100.00**

SHAREHOLDER SPREAD

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	8	0.08	36 700 848	4.12
Directors	7	0.1	36 566 745	4.11
Treasury shares	1	–	134 103	0.02
Public shareholders	9406	99.9	853 074 919	95.88
Total	**9 414**	**100.00**	**889 775 767**	100.00

ADMINISTRATION

DIRECTORS

Independent non-executive directors

Graham Dempster (Chairman)
Lionel Jacobs
Keneilwe Moloko
Syd Muller
Tasneem Abdool-Samad

Executive directors

Brian Joffe (Chief executive officer)
Peter Riskowitz (Chief financial officer)
Colin Datnow

COMPANY SECRETARY

Marlene Klopper

CORPORATE INFORMATION

Long4Life Limited

("L4L", "the group", or "the company")
Incorporated in the Republic of South Africa
Registration number: 2016/216015/06
Share code: L4L
ISIN: ZAE000243119

Transfer secretaries

Computershare Investor Services
Registration number: 2004/003647/07
1st Floor, Rosebank Towers
13 – 15 Biermann Avenue
Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107
Telephone +27 (11) 370 5000

Sponsor

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank
South Africa, 2196

Independent auditors

Deloitte & Touche
Practice number: 902276
Deloitte Place, The Woodlands
20 Woodlands Drive, Woodmead, Sandton, 2193
Private Bag X6, Gallo Manor, 2052

Registered office

7th Floor, Rosebank Towers
13 – 15 Biermann Avenue
Rosebank, Johannesburg, 2196
Box 521870, Saxonwold, 2132

Further information regarding our group can be found on the Long4Life website: **www.long4life.co.za** long4life

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