

Inqo Investments Proprietary Limited and its subsidiaries
Consolidated Annual Financial Statements
for the year ended 28 February 2013

Inqo Investments Proprietary Limited and its subsidiaries
(Reg No 1998/024741/07)

Consolidated Annual Financial Statements

for the year ended 28 February 2013

Contents

Directors' responsibility statement	1
Directors' report	2 - 3
Independent Auditor's Report	4 - 5
Statements of comprehensive income	6
Statements of financial position	7
Statements of changes in equity	8
Statements of cash flows	9
Notes to the financial statements	10 - 34

Preparation of consolidated annual financial statements

The financial statements were audited in terms of section 30 of the Companies Act.
C Bertie CA(SA) supervised the preparation of the consolidated annual financial statements.
These financial statements for the year ended 28 February 2013 were published on 28 March 2014.

Inqo Investments Proprietary Limited and its subsidiaries

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Inqo Investments Proprietary Limited, comprising the statements of financial position at 28 February 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.


The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiary to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Inqo Investments Proprietary Limited, as identified in the first paragraph, were approved by the directors on 28 March 2014 and signed on their behalf by



David Louw
Authorised Director



Kim Tan
Authorised Director

Inqo Investments Proprietary Limited and its subsidiaries

Directors' report

for the year ended 28 February 2013

Nature of business

The directors have pleasure in presenting their report for the year ended 28 February 2013.

Business activities

The company acts as a principal for the investment in movable and immovable property. The company has developed a game lodge in the Eastern Cape Province of South Africa and this development is set out in the statements of financial position on page 7 and the notes thereto.

Segment reporting

No segment report has been prepared as the group is operating in one location and is subject to the same risks and returns in considering whether products or services are related.

Subsequent event

The company is in the process of being converted to a public company and will be listing its securities on a public market in the future. In order to make the listing and issuing of the company's shares more manageable, it is desirable that the company's share capital be reduced. A consolidation of the company's share capital on a 1 for 10 basis has been recommended by the shareholders. This process is currently being considered by the shareholders.

Subsidiaries

The group has a majority interest in the following operating company:

	2013	2012	2013	2012
	%	%	R	R
Kuzuko Lodge Proprietary Limited				
Investment – cost	-	-	68	68
Holding company interest	68	68	-	-

Going concern

The company incurred a net loss before tax for the year ended 28 February 2013 of R9 309 464 (2012: R9 161 077).

The company impaired its loan to Kuzuko Lodge (Pty) Ltd as at 28 February 2013 by R1 914 085 (2012: R1 939 706). The reason for the impairment is due to Kuzuko Lodge (Pty) Ltd being insolvent as at 28 February 2013 and full recoverability of the loan was not considered probable.

The directors have made an assessment of the ability of the company and its subsidiary to continue as a going concern and there is no reason to believe the businesses will not be a going concern in the year ahead.

Inqo Investments Proprietary Limited and its subsidiaries

Directors' report

for the year ended 28 February 2013

Directors

The directors in office at the date of this report are –

Mr Andrew Bruce Carruthers †

Mr David Andrew Louw

Dr Kim Tan †

†Foreign

Secretary

A secretary has not been appointed.

Business address –

Suite 90

Private Bax X9190

Cape Town

8000

Postal address –

Suite 90

Private Bax X9190

Cape Town

8000



KPMG Inc
KPMG House
Norvic Drive, Greenacres, 6045
PO Box 1662, Port Elizabeth, 6000, South Africa

Telephone +27 (0)41 395 1500
Fax +27 (0)41 395 1700
Docex 26 Port Elizabeth

Independent Auditor's Report

To the Shareholders of Inqo Investments Proprietary Limited

We have audited the consolidated and separate financial statements of Inqo Investments Proprietary Limited, which comprise the statements of financial position at 28 February 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 34.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:
Chief Executive: RM Kgosana

Executive Directors: DC Duffield, A Hari, AM Mokgabudi, D van Heerden

Other Directors: LP Fourie, N Fubu, T Fubu, TH Hoole, A Jaffer, M Letsitsi, E Magondo, A Masemola, JS McIntosh, CAT Smit, Y Suleman (Chairman of the Board), A Thunström

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Paiktown, where a list of the directors' names is available for inspection.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Inqo Investments Proprietary Limited at 28 February 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report, we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

KPMG Inc.



Per C Batchelor
Chartered Accountant (SA)
Registered Auditor
Director
28 March 2014

Inqo Investments Proprietary Limited and its subsidiaries
Statements of comprehensive income

for the year ended 28 February 2013

		Group		Company	
	Note	2013 R	2012 R	2013 R	2012 R
Revenue	1.11	7 290 803	5 435 983	384 389	602 121
Cost of Sales		<u>(1 019 067)</u>	<u>(940 535)</u>	<u>-</u>	<u>-</u>
Gross profit		6 271 736	4 495 448	384 389	602 121
Selling and administrative expenses		<u>(10 952 785)</u>	<u>(9 700 335)</u>	<u>(4 894 418)</u>	<u>(5 239 942)</u>
Operating loss	2	(4 681 049)	(5 204 887)	(4 510 029)	(4 637 821)
Net financing costs	3	(5 012 019)	(4 674 456)	(4 799 435)	(4 523 256)
Finance income		<u>1 675</u>	<u>11 110</u>	<u>1 146</u>	<u>10 814</u>
Finance expense		<u>(5 013 694)</u>	<u>(4 685 566)</u>	<u>(4 800 581)</u>	<u>(4 534 070)</u>
Loss before taxation		<u>(9 693 068)</u>	<u>(9 879 343)</u>	<u>(9 309 464)</u>	<u>(9 161 077)</u>
Taxation	4	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period		<u>(9 693 068)</u>	<u>(9 879 343)</u>	<u>(9 309 464)</u>	<u>(9 161 077)</u>
Attributable to:					
Equity holders of the parent		<u>(9 693 036)</u>	<u>(9 879 311)</u>		
Minority interest		<u>(32)</u>	<u>(32)</u>		
Loss for the period		<u>(9 693 068)</u>	<u>(9 879 343)</u>		

Inqo Investments Proprietary Limited and its subsidiaries

Statements of financial position

at 28 February 2013

		Group		Company	
	Note	2013 R	2012 R	2013 R	2012 R
Assets					
Non-current assets					
Property, plant and equipment	5	115 585 340	59 646 614	115 496 229	59 500 791
Intangible assets	6	197	590	-	-
Loan to subsidiary	7	-	-	-	-
Investments in subsidiaries	8	-	-	68	68
Current assets					
Trade and other receivables	10	2 812 323	2 306 685	740 944	1 163 961
Cash and cash equivalents	11	1 659 413	470 526	305 306	72 817
Inventories	12	439 198	1 061 577	94 142	749 648
		713 712	774 582	341 496	341 496
Total assets		118 397 663	61 953 299	116 237 173	60 664 752
Equity and liabilities					
Capital and reserves					
Ordinary share capital	13	28 813 042	28 813 042	28 813 042	28 813 042
Share premium		13 265 727	13 265 727	13 265 727	13 265 727
Revaluation reserve	14	72 725 994	14 257 387	72 725 994	14 257 387
Accumulated loss		(75 859 608)	(66 166 540)	(73 649 915)	(64 340 451)
Minority interest		32	32	-	-
Capital and reserves		38 945 187	(9 830 352)	41 154 848	(8 004 295)
Non-current liabilities					
Loans from related parties	15	70 191 294	61 618 566	69 338 665	60 941 212
Interest bearing loans and borrowings	16	29 677 512	28 008 493	29 677 512	28 008 493
Debentures	17	40 320 325	33 416 616	39 467 696	32 739 262
		193 457	193 457	193 457	193 457
Current liabilities					
Trade and other payables	18	9 261 182	10 165 085	5 743 660	7 727 835
Provision	19	2 909 392	1 889 758	183 597	239 919
Interest bearing loans and borrowings	16	297 703	297 703	297 703	297 703
		6 054 087	7 977 624	5 262 360	7 190 213
Total equity and liabilities		118 397 663	61 953 299	116 237 173	60 664 752

Inqo Investments Proprietary Limited and its subsidiaries

Statements of changes in equity

for the year ended 28 February 2013

Group	Share capital R	Share premium R	Revaluation reserve R	Accumulated loss R	Minority interest R	Total R
Balance at 28 February 2011	28 813 042	13 265 727	14 257 387	(56 287 197)	32	48 991
Loss for the year	-	-	-	(9 879 343)	-	(9 879 343)
Balance at 29 February 2012	28 813 042	13 265 727	14 257 387	(66 166 540)	32	(9 830 352)
Balance at 1 March 2012	28 813 042	13 265 727	14 257 387	(66 166 540)	32	(9 830 352)
Loss for the year	-	-	-	(9 693 068)	-	(9 693 068)
Revaluation of land and buildings	-	-	58 468 607	-	-	58 468 607
Balance at 28 February 2013	28 813 042	13 265 727	72 725 994	(75 859 608)	32	38 945 187

Company	Share capital R	Share premium R	Revaluation reserve R	Accumulated loss R	Total R
Balance at 28 February 2011	28 813 042	13 265 727	14 257 387	(55 179 374)	1 156 782
Loss for the year	-	-	-	(9 161 077)	(9 161 077)
Balance at 29 February 2012	28 813 042	13 265 727	14 257 387	(64 340 451)	(8 004 295)
Balance at 1 March 2012	28 813 042	13 265 727	14 257 387	(64 340 451)	(8 004 295)
Loss for the year	-	-	-	(9 309 464)	(9 309 464)
Revaluation of land and buildings	-	-	58 468 607	-	58 468 607
Balance at 28 February 2013	28 813 042	13 265 727	72 725 994	(73 649 915)	41 154 848

Inqo Investments Proprietary Limited and its subsidiaries

Statements of cash flows

for the year ended 28 February 2013

	Note	Group		Company	
		2013 R	2012 R	2013 R	2012 R
Cash utilised by operations	23.1	(2 334 942)	(1 759 961)	(499 096)	(23 675)
Interest income		1 675	11 110	1 146	10 814
Interest expenses		(5 013 694)	(4 685 566)	(4 800 581)	(4 534 070)
Net cash outflow from operating activities		(7 346 961)	(6 434 417)	(5 298 531)	(4 546 931)
Cash flows from investing activities					
Increase in loans to subsidiary		-	-	(1 914 085)	(1 939 706)
Proceeds on disposal of vehicle		87 510	-	87 510	-
Acquisition of property, plant and equipment	23.2	(12 119)	(172 001)	-	(82 585)
Net cash inflow/(outflow) from investing activities		75 391	(172 001)	(1 826 575)	(2 022 291)
Cash flows from financing activities					
Loans and borrowings raised		4 980 172	4 519 935	4 800 581	4 354 256
Loans from related parties raised		1 669 019	2 750 627	1 669 019	2 750 627
Net cash inflow from financing activities		6 649 191	7 270 562	6 469 600	7 104 883
Net movement in cash and cash equivalents		(622 379)	664 144	(655 506)	535 661
Cash and cash equivalents at beginning of year		1 061 577	397 433	749 648	213 987
Cash and cash equivalents at end of year	11	439 198	1 061 577	94 142	749 648

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1. Accounting policies

Inqo Investments Proprietary Limited (the “company”) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 28 February 2013 comprise the company and its subsidiaries (together referred to as the “group”).

1.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act of South Africa. The group financial statements comprise the consolidated financial statements.

1.2 Basis of preparation

The financial statements are presented in Rands, rounded to the nearest rand. They are prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below.

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.3 Accounting policies

The following are the principal accounting policies of the group, which are consistent in all material respects with those applied in the previous year.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

Transactions eliminated on consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group’s interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.5 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is carried at revalued cost.

Revaluation of land is done with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. Revaluations are performed every two years, unless significant and volatile changes occur in the fair value of land.

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Revaluations are credited directly to equity. Land is not depreciated. The estimated useful lives are as follows:

Motor vehicles	8 years
Computer equipment	3 years
Equipment	4 – 6 years
Furniture and fittings	10 years
Musical instruments	5 years
Lodge	30 years

Where appropriate, and if significant, expected residual values are taken into account in determining the depreciable values of assets.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Residual values, methods of depreciation and useful lives of all assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date that it is derecognised.

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.6 Intangible assets

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

1.7 Leases

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Initial direct costs incurred are capitalised to the asset.

1.8 Impairment

The carrying amounts of the group's assets, other than inventories, trade receivables and deferred tax assets, which are separately assessed and provided against where necessary, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's fair value less expenses to sell the asset, or the asset's value in use. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

Such cash flows are discounted using a pre-tax rate that reflects current market value of money and the risks associated with the specific asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss except for assets carried at revalued amount are recognised in equity to the extent it decreases the equity where after any excess impairment is recognised in profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.9 Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, trade receivables, trade payables and interest bearing loans. Fair value adjustments to the financial instruments are recognised in the income statement in the period in which they occurred.

Financial instruments are recognised initially at fair value. Subsequent to initial recognition these instruments are measured as detailed below:

Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset.

Trade and other receivables are stated at their cost less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities

Financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Financial liabilities consist of obligations to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables are stated at cost.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.10 Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

1.11 Revenue

Revenue from the sale of goods is recognised in profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of or continuing management involvement with the goods.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue comprises net invoiced sales to customers excluding VAT, investment income and other non-operating income.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates applicable for that year, and any adjustments of tax payable for previous years.

Deferred tax is provided on taxable temporary differences. Temporary differences are differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. 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 substantially enacted at the balance sheet date. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 balance sheet date.

The effect on deferred tax of any changes in tax rates is recognised in profit and loss, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax 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 reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.13 Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.14 Employee benefits

Short term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

Accruals for employee entitlements to salaries, wages, performance bonuses, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The accruals have been calculated at undiscounted amounts based on current salary and wage rates.

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

The group's policy is to provide retirement benefits for its employees. The company's contributions to defined contribution plans in respect of services during a particular period are charged against income as incurred.

Defined contribution plans

Obligations for contributions to defined contribution provident plans are recognised as an expense in the income statement as incurred.

1.15 Expenses

Finance lease payments

Minimum lease payments are apportioned between the finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Financing costs comprise interest payable on borrowings calculated on a principal outstanding using the effective interest rate. Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

1.16 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No segment report has been prepared as the group is operating in one location and is subject to the same risks and returns in considering whether products or services are related.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

1.17 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities outstanding on foreign transactions at the end of the financial year are translated to Rands at the rates ruling at that date. Gains and losses arising on translation are recognised in profit and loss.

1.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which is capitalised as part of the cost of that asset.

The actual borrowing costs incurred on borrowings specifically incurred for the purpose of obtaining a qualifying asset, shall be capitalised on the asset less any investment income on the temporary investment of those borrowings.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
2. Operating loss				
is arrived at after taking into account				
Auditors remuneration	134 000	166 750	60 000	94 250
– audit fee	<u>134 000</u>	<u>166 750</u>	<u>60 000</u>	<u>94 250</u>
Depreciation of property, plant and equipment	2 452 511	2 421 959	2 384 073	2 352 195
Amortisation of intangible asset	393	17 777	-	-
Impairment of loan to subsidiary	-	-	1 914 085	1 939 706
Personnel expenses	<u>2 971 188</u>	<u>2 169 806</u>	<u>225 000</u>	<u>220 000</u>

	Group		Company	
	2013	2012	2013	2012
3. Net financing costs				
Finance income	1 675	11 110	1 146	10 814
Interest income	<u>1 675</u>	<u>11 110</u>	<u>1 146</u>	<u>10 814</u>
Finance expense	(5 013 694)	(4 685 566)	(4 800 581)	(4 534 070)
Interest paid on borrowings	<u>(5 013 694)</u>	<u>(4 685 566)</u>	<u>(4 800 581)</u>	<u>(4 534 070)</u>
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(5 012 019)</u>	<u>(4 674 456)</u>	<u>(4 799 435)</u>	<u>(4 523 256)</u>

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
4. Taxation				
South African normal tax				
- Current	-	-	-	-
- Deferred	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of tax rate	%	%	%	%
Current years charge as a percentage of profit	-	-	-	-
Deferred tax asset not recognised	28.00	28.00	28.00	28.00
Standard tax rate	28.00	28.00	28.00	28.00

The company has a computed tax loss of R 45 641 674 (2012: assessed loss of R47 581 380) and is thus not liable for income tax. A deferred tax asset has not been raised as there is uncertainty whether the company will generate taxable income within the foreseeable future.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

5. Property, plant and equipment

5.1 Group	Cost or valuation	Accumulated depreciation	Carrying amount
2013	R	R	R
Freehold land	85 731 181	-	85 731 181
Buildings	34 268 819	(7 533 218)	26 735 601
Game	110 661	-	110 661
Motor vehicles	2 958 802	(2 495 691)	463 111
Furniture and fittings	4 742 968	(2 377 169)	2 365 799
Musical Instruments	19 167	(19 167)	-
Equipment	2 169 543	(2 076 304)	93 239
Computer equipment	845 486	(759 935)	85 551
	<u>130 846 627</u>	<u>(15 261 484)</u>	<u>115 585 143</u>
2012			
Freehold land	27 262 574	-	27 262 574
Buildings	34 268 819	(6 390 924)	27 877 895
Game	110 661	-	110 661
Motor vehicles	3 047 898	(2 125 719)	922 179
Furniture and fittings	4 742 968	(1 902 872)	2 840 096
Musical Instruments	19 167	(19 167)	-
Equipment	2 169 543	(1 677 917)	491 626
Computer equipment	833 367	(692 374)	140 993
	<u>72 454 997</u>	<u>(12 808 973)</u>	<u>59 646 024</u>
Company	Cost or valuation	Accumulated depreciation	Carrying amount
2013	R	R	R
Freehold land	85 731 181	-	85 731 181
Buildings	34 268 819	(7 582 273)	26 686 546
Game	110 661	-	110 661
Motor vehicles	2 954 416	(2 583 186)	371 230
Furniture and fittings	4 742 968	(2 377 169)	2 365 799
Musical Instruments	19 167	(19 167)	-
Equipment	2 169 543	(1 938 799)	230 744
Computer equipment	485 257	(485 257)	-
	<u>130 482 012</u>	<u>(14 985 851)</u>	<u>115 496 161</u>
2012			
Freehold land	27 262 574	-	27 262 574
Buildings	34 268 819	(6 439 979)	27 828 840
Game	110 661	-	110 661
Motor vehicles	3 043 512	(2 214 091)	829 421
Furniture and fittings	4 742 968	(1 902 872)	2 840 096
Musical Instruments	19 167	(19 167)	-
Equipment	2 169 543	(1 540 412)	629 131
Computer equipment	485 257	(485 257)	-
	<u>72 102 501</u>	<u>(12 601 778)</u>	<u>59 500 723</u>



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

5. Property, plant and equipment (continued)

Group	Carrying amount at beginning of the year	Additions/re- valuation	Disposals/ Scrapping	Transfers	Depreciation	Carrying amount at end of the year
2013	R	R	R	R	R	R
Freehold land	27 262 574	58 468 607	-	-	-	85 731 181
Buildings	27 877 895	-	-	-	(1 142 294)	26 735 601
Game	110 661	-	-	-	-	110 661
Motor vehicles	922 179	-	(89 096)	-	(369 972)	463 111
Furniture and fittings	2 840 096	-	-	-	(474 297)	2 365 799
Musical Instruments	-	-	-	-	-	-
Equipment	491 626	-	-	-	(398 387)	93 239
Computer equipment	140 993	12 119	-	-	(67 561)	85 551
Total	59 646 024	58 480 726	(89 096)	-	(2 452 511)	115 585 143

2012	Carrying amount at beginning of the year	Additions	Disposals/ Scrapping	Transfers	Depreciation	Carrying amount at end of the year
	R	R	R	R	R	R
Freehold land	27 262 574	-	-	-	-	27 262 574
Buildings	28 971 134	49 055	-	-	(1 142 294)	27 877 895
Game	110 661	-	-	-	-	110 661
Motor vehicles	1 399 233	4 456	(90 854)	-	(390 656)	922 179
Furniture and fittings	3 280 654	33 527	-	-	(474 085)	2 840 096
Musical Instruments	1 916	-	-	-	(1 916)	-
Equipment	835 015	-	-	-	(343 389)	491 626
Computer equipment	125 649	84 963	-	-	(69 619)	140 993
Total	61 986 836	172 001	(90 854)	-	(2 421 959)	59 646 024

Certain property, plant and equipment have been pledged as security for interest bearing loans and borrowings, refer to note 16.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

5. Property, plant and equipment (continued)

Company	Carrying amount at beginning of the year	Additions/re-valuation	Disposals/Scrapping	Transfers	Depreciation	Carrying amount at end of the year
	R	R	R	R	R	R
2013						
Freehold land	27 262 574	58 468 607	-	-	-	85 731 181
Buildings	27 828 840	-	-	-	(1 142 294)	26 686 546
Game	110 661	-	-	-	-	110 661
Motor vehicles	829 421	-	(89 096)	-	(369 095)	371 230
Furniture and fittings	2 840 096	-	-	-	(474 297)	2 365 799
Musical Instruments	-	-	-	-	-	-
Equipment	629 131	-	-	-	(398 387)	230 744
Total	59 500 723	58 468 607	(89 096)	-	(2 384 073)	115 496 161

Company	Carrying amount at beginning of the year	Additions	Disposals/Scrapping	Transfers	Depreciation	Carrying amount at end of the year
	R	R	R	R	R	R
2012						
Freehold land	27 262 574	-	-	-	-	27 262 574
Buildings	28 971 134	49 055	-	(49 055)	(1 142 294)	27 828 840
Game	110 661	-	-	-	-	110 661
Motor vehicles	1 399 233	2	(90 854)	(88 450)	(390 510)	829 421
Furniture and fittings	3 280 654	33 528	-	-	(474 086)	2 840 096
Musical Instruments	1 916	-	-	-	(1 916)	-
Equipment	835 015	-	-	137 505	(343 389)	629 131
Total	61 861 187	82 585	(90 854)	-	(2 352 195)	59 500 723

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
5. Property, plant and equipment (continued)				
Land comprises: farm number 278 portion 5, farm number 291 portion 0, 1, 2 and 3, farm number 276 portion 1 and 5, farm number 277 portion 4 and 11, farm number 292 portion 0, farm number 428 portion 0, farm number 406 portion 0, farm number 288 portion 0, 1 and 2, farm number 287 portion 1, farm number 279, portion 0 farm number 291 portion 3.				
	<u>85 731 181</u>	<u>27 262 574</u>	<u>85 731 181</u>	<u>27 262 574</u>
6. Intangible Assets				
Balance at beginning of year	590	18 367	-	-
Additions	-	-	-	-
Amortisation	<u>(393)</u>	<u>(17 777)</u>	-	-
Balance at end of year	<u>197</u>	<u>590</u>	-	-
Intangible assets comprise computer software purchased during the year.				
7. Loan to subsidiary				
Kuzuko Lodge Proprietary Limited			19 089 825	17 175 740
Impairment of loan			<u>(19 089 825)</u>	<u>(17 175 740)</u>
			<u>-</u>	<u>-</u>

The loan to Kuzuko Lodge Proprietary Limited is interest free with no fixed repayment terms. This loan receivable has been impaired due to the uncertainty as to the timing of repayment and the continued losses made by Kuzuko Lodge (Pty) Ltd. Inqo Investments (Pty) Ltd has subordinated this loan with its subsidiary company.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

8. Investments in subsidiaries

	Company Kuzuko Lodge Proprietary Limited R
<i>Loan to subsidiary company</i>	
Balance at the beginning of the year	17 175 740
Movement during the year	1 914 085
Impairments	<u>(19 089 825)</u>
Balance at the end of the year	<u>-</u>

The subsidiary of the Company consists of the following:

68 Ordinary shares of R1 each in Kuzuko Lodge Proprietary Limited.

9. Deferred tax asset

A deferred tax asset has not been recognised as future taxable profits in excess of the assessed tax loss may not be realised in the foreseeable future.

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
10. Trade and other receivables				
Trade debtors	1 565 788	377 517	302 805	70 316
Deposits	2 501	2 501	2 501	2 501
Prepayments	75 231	90 508	-	-
Other receivables	<u>15 893</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1 659 413</u>	<u>470 526</u>	<u>305 306</u>	<u>72 817</u>

Included in trade debtors is an amount due from Spekboom Trading of R222 703.

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
11. Cash and cash equivalents				
Call account	7 415	31 223	2 369	31 223
Current account	430 441	1 022 861	91 773	713 425
Petty Cash	<u>1 342</u>	<u>7 493</u>	<u>-</u>	<u>5 000</u>
Cash and cash equivalents	<u>439 198</u>	<u>1 061 577</u>	<u>94 142</u>	<u>749 648</u>



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
12. Inventories				
Food and beverage	152 609	230 884	-	-
Guest supplies	6 110	6 820	-	-
Crockery and cutlery	341 496	341 496	341 496	341 496
Other consumables	213 497	195 382	-	-
	<u>713 712</u>	<u>774 582</u>	<u>341 496</u>	<u>341 496</u>
13. Ordinary share capital				
<i>Authorised</i>				
100 000 000 (2012: 100 000 000) ordinary shares of R1 each	<u>100 000 000</u>	<u>100 000 000</u>	<u>100 000 000</u>	<u>100 000 000</u>
<i>Issued</i>				
28 813 042 (2012: 28 813 042) ordinary shares of R1 each	<u>28 813 042</u>	<u>28 813 042</u>	<u>28 813 042</u>	<u>28 813 042</u>
14. Revaluation reserve				
Balance at beginning of year	14 257 387	14 257 387	14 257 387	14 257 387
Re-valuation during the year	<u>58 468 607</u>	<u>-</u>	<u>58 468 607</u>	<u>-</u>
	<u>72 725 994</u>	<u>14 257 387</u>	<u>72 725 994</u>	<u>14 257 387</u>

Land was revalued in April 2012 by professional independent valuers. The method of valuation is the direct comparison or market approach, this method entails comparing the subject property with other recent sales of similar properties in the same or comparable areas.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013	2012	2013	2012
	R	R	R	R
15. Loans from related parties				
Dr Kim Tan	21 666 019	20 997 000	21 666 019	20 997 000
Truchot Trustee Limited	6 531 990	5 531 990	6 531 990	5 531 990
Springhill Management	1 479 503	1 479 503	1 479 503	1 479 503
	<u>29 677 512</u>	<u>28 008 493</u>	<u>29 677 512</u>	<u>28 008 493</u>

The loan from Dr Kim Tan and Springhill Management is interest free with a five year renewable repayment period. The loan from Dr Kim Tan has been subordinated and repayment will not be demanded until the assets of the company, fairly valued exceed its liabilities.

The loan from Truchot Trustee Limited is interest free and repayable once all conditions of the DBSA loan have been complied with.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
16. Interest bearing loans and borrowings				
<i>Development Bank of South Africa</i>				
This loan is repayable over 17 equal six monthly instalments. The rate of interest applicable is the six months ZAR-JIBAR-SAFEX plus 256 basis points. The loan is secured by property to the value of R24 500 000.	44 730 056	39 929 475	44 730 056	39 929 475
<i>Eastern Cape Development Corporation</i>				
This loan is repayable over 30 equal six monthly instalments, with interest charged at the prime lending rate plus 2%. The first instalment was due in April 2007. A deed of suretyship, cession of book debts as security, cession of concession agreement and cession of director's loan accounts have been entered into between Kuzuko Lodge Proprietary Limited and Eastern Cape Development Corporation.	1 644 356	1 464 765	-	-
Total interest bearing loans and borrowings	46 374 412	41 394 240	44 730 056	39 929 475
Less: current portion included in current liabilities	(6 054 087)	(7 977 624)	(5 262 360)	(7 190 213)
DBSA loan	(5 262 360)	(7 190 213)	(5 262 360)	(7 190 213)
ECDC loan	(791 727)	(787 411)	-	-
Long term interest bearing loans and borrowings	40 320 325	33 416 616	39 467 696	32 739 262

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
17. Debentures				
Balance at the beginning of the year	193 457	193 457	193 457	193 457
Fair Value adjustment	-	-	-	-
	<u>193 457</u>	<u>193 457</u>	<u>193 457</u>	<u>193 457</u>

The unsecured debenture are issued at R12 000 per debenture. The group shall not pay interest in respect of each of the unsecured debentures but will provide bed nights at Kuzuko game reserve in lieu of interest (refer to note 19). The fair value of the debenture has been calculated based on a discounted cash flow basis utilising a market related interest rate of 9% at period end, cash flows of R 24 000 per annum and repayment terms of 15 years.

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
18. Trade and other payables				
Trade payables	1 629 309	1 327 950	15 790	77 121
Accruals	1 085 036	417 706	166 947	159 213
Other Payable	174 033	12 792	-	3 585
VAT	21 014	131 310	860	-
	<u>2 909 392</u>	<u>1 889 758</u>	<u>183 597</u>	<u>239 919</u>
			2012 R	2011 R

19. Provision

	Group and Company	
Balance at 1 March	297 703	297 703
Unwinding of discount	-	-
Balance at 28 February	<u>297 703</u>	<u>297 703</u>

The provision for bed nights relates to an issue of unsecured debentures (note 17), no interest is payable in respect of the unsecured debentures, the holders of the debentures are entitled to bed nights in lieu of interest at Kuzuko Lodge game reserve.

The provision is based on an average rate of R 2 280 per person sharing discounted using the prime interest rate.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

20. Financial instruments

The group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

This note represents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management of financial instruments.

20.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings in financial instruments.

Currency risk

The group and company is exposed to currency risk on cash that is denominated in Sterling (GBP). The uncovered financial exposure at year end is as follows:

	2013	2012
	R	R
Foreign cash on hand	-	-

Interest rate risk

The group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

Eastern Cape Development Corporation

At 28 February 2013, it is estimated that a general increase/decrease of half a percentage point in interest rates would decrease/increase the group's profit before taxation by approximately R8 222 (2012: R7 575). Based on economic predictions and recent interest rate fluctuations the interest rate is only expected to change by fifty basis points at any one time.

Development Bank of South Africa

At 28 February 2013, it is estimated that a general increase/decrease of half a percentage point in interest rates would decrease/increase the group's asset value by approximately R223 650 (2012: R226 704). Based on economic predictions and recent interest rate fluctuations the interest rate is only expected to change by fifty basis points at any one time.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

20. Financial instruments (continued)

20.2 Credit risk

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 trade and other receivables.

At financial year end date there were no significant concentrations of credit risk as the group does not have any material receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

20.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligation as they fall due. The group's approach to managing liquidity risk is to delay the start of payments hence allowing sufficient liquidity to increase to meet its liabilities when due.

The maximum exposure to liquidity risk is represented below in the maturity analysis.

2013 - Company	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	44 730 056	44 730 056	5 262 360	39 467 696	-	-
Debenture	193 457	193 457	-	-	-	193 457
	44 923 513	44 923 513	5 262 360	39 467 696	-	193 457
2013 - Group	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	44 730 056	44 730 056	5 262 360	39 467 696	-	-
- Fixed interest rate - ECDC	1 644 356	1 644 356	791 727	852 629	-	-
Debenture	193 457	193 457	-	-	-	193 457
	46 567 869	46 567 869	6 054 087	40 320 325	-	193 457

20.4 Fair values

The carrying amount in the balance sheet of all financial instruments is a reasonable approximation of fair value.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

20.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- ethical and business standards
- training and professional development
- risk mitigation, including insurance where this is effective

21. Finance lease liabilities

21.1 Group and company

The finance lease liabilities were settled during the year.



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

22. Related parties

22.1 Identity of related parties

Inqo Investments Proprietary Limited is the holding company of Kuzuko Reserve Proprietary Limited, Kuzuko Trading Proprietary Limited and Kuzuko Lodge Proprietary Limited.

Dr Kim Tan is a director of Springhill Management Proprietary Limited, Inqo Investments Proprietary Limited and Kuzuko Lodge Proprietary Limited.

22.2 Material related party transactions

	Group R	Company R
<i>Loans (from)/to related parties -</i>		
Dr Kim Tan	(21 666 019)	(21 666 019)
Truchot Trustee Limited	(6 531 990)	(6 531 990)
Springhill Management	(1 479 503)	(1 479 503)
Kuzuko Lodge Proprietary Limited		
- Loan to	-	19 089 825



Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

	Group		Company	
	2013 R	2012 R	2013 R	2012 R
23. Notes to the cash flow statement				
23.1 Cash utilised by operations				
Operating loss before interest	(4 681 049)	(5 204 887)	(4 510 029)	(4 637 821)
Adjustments for –				
Depreciation of property, plant and equipment	2 452 511	2 421 959	2 384 073	2 352 195
Loss on disposal of property, plant and equipment	1 586	90 854	1 586	90 854
Amortisation of intangible assets	393	17 777	-	-
Impairment of loan to subsidiary	-	-	1 914 085	1 939 706
Operating loss before working capital changes	(2 226 559)	(2 674 297)	(210 285)	(255 066)
Decrease/(increase) in inventories	60 870	(112 663)	-	-
(Increase)/decrease in trade and other receivables	(1 188 887)	122 703	(232 489)	155 912
Increase/(decrease) in trade and other payables	1 019 634	904 296	(56 322)	75 479
	<u>(2 334 942)</u>	<u>(1 759 961)</u>	<u>(499 096)</u>	<u>(23 675)</u>
23.2 Acquisition of property, plant and equipment				
Total additions for the year	<u>12 119</u>	<u>172 001</u>	<u>-</u>	<u>82 585</u>
	<u>12 119</u>	<u>172 001</u>	<u>-</u>	<u>82 585</u>

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

24. Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Inqo Investments Proprietary Limited for the year ended 28 February 2013, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date
IAS amendment 12	Deferred tax: Recovery of Underlying Assets	Annual periods beginning on or after 1 January 2013
IAS 24 (AC 126) (revised)	Related Party Disclosures	Annual periods beginning on or after 1 January 2013
IFRS 9 (2009) (AC 146)	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 9 (2010) (AC 146)	Financial Instruments	Annual periods beginning on or after 1 January 2013

All Standards and Interpretations will be adopted at their effective date.

Impact on future

IAS 1	Presentation of financial statements. Presentation of items of other comprehensive income.	Annual periods beginning on or after 1 July 2013.
IAS 27	Separate financial statements.	Annual periods beginning on or after 1 January 2013.

Inqo Investments Proprietary Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2013

25. Critical accounting estimates, judgements and key assumptions

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

Critical accounting policies

The directors are satisfied that the critical accounting policies are appropriate to the group.

Key sources of uncertainty and critical judgements in applying the company's accounting policies

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The group makes estimates, judgements and assumptions concerning the future. Those 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:

Impairment of assets

The group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when their collectability is considered to be doubtful.

26. Subsequent events

The company is in the process of being converted to a public company and will be listing its securities on a public market in the future. In order to make the listing and issuing of the company's shares more manageable, it is desirable that the company's share capital be reduced. A consolidation of the company's share capital on a 1 for 10 basis has been recommended by the shareholders. This process is currently being considered by the shareholders.

27. Going concern

The company incurred a net loss before tax for the year ended 28 February 2013 of R9 309 464 (2012: R9 161 077).

The company impaired its loan to Kuzuko Lodge (Pty) Ltd as at 28 February 2013 by R1 914 085 (2012: R1 939 706). The reason for the impairment is due to Kuzuko Lodge (Pty) Ltd being insolvent as at 28 February 2013 and full recoverability of the loan was not considered probable.

The directors have made an assessment of the ability of the company and its subsidiary to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

