Inqo Investments Limited and its subsidiaries

Consolidated and separate annual financial statements

for the year ended 28 February 2017

Audited

Prepared by
R Steyn CA(SA)
of Green Bean Financial Management CC

Inqo Investments Limited and its subsidiaries
(Reg No 1998/024741/06)

Consolidated and Separate Annual Financial Statements
for the year ended 28 February 2017

Contents

Preparation of consolidated and separate annual financial statements

The financial statements were audited in terms of section 30 of the Companies Act of South Africa. Robyn Steyn CA(SA), of Green Bean Financial Management CC, prepared the consolidated and separate annual financial statements.

These financial statements for the year ended 28 February 2017 were published on 20 June 2017.

Inqo Investments 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 Limited, comprising the statements of financial position at 28 February 2017, and the statements of profit or loss and other 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 subsidiaries to continue as going concerns 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 Limited, as identified in the first paragraph, were approved by the directors on 15 June 2017 and signed on their behalf by

K Tan

Authorised Director

C Bertie

Authorised Director

Company Secretary's Certificate

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act of South Africa, as amended, that for the year ended 28 February 2017, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Christopher Bertie

Company Secretary

Inqo Investments Limited and its subsidiaries

Directors' report

For the year ended 28 February 2017

Nature of business

The directors have pleasure in presenting their report for the year ended 28 February 2017.

Business activities

The company is a social impact investment company that invests in businesses and projects that tackle poverty and the social needs of the poor in Africa. The company believes that enterprise is the best way to tackle poverty through creating sustainable employment that empowers the poor and thereby transforms communities. The current projects that the company is managing or advising on includes:

- Kuzuko Lodge (Pty) Ltd which is a subsidiary entity that functions as a five star game lodge. This entity created in excess of 200 jobs during the construction of the lodge and currently employs 50 staff. This entity also provides skills training to people from local communities that were previously unemployed.
- Kuzuko Foundation provides tours through the property for children from disadvantaged backgrounds during school holidays.
- Rehabilitation of degraded land on the company property with the introduction of spekboom shrubs. This project has also resulted in the employment of 50 staff that were previously unemployed from the local community.
- An investment was made into Bee Sweet Honey Ltd (Zambia) in the form of funding for the purchase of new hives. The company is an organic honey producer in the Mhlobo region of Northern Zambia, partnering with over 12,000 families in Zambia who maintain the hives and assist in all aspects of the beekeeping process on their privately-held lands. This approach creates a dual economic and environmental benefit by providing a powerful incentive for the beekeepers to expand their operation. It also prevents the beekeepers from cutting down the forests for income and allows the bees to generate sustainable revenue instead.

Going concern

The company earned a profit before taxation for the year ended 28 February 2017 of R9 423 448 (2016: loss of R5 087 445).

In the previous financial year, the company impaired its loan to Kuzuko Lodge (Pty) Ltd by R890 620 and to Spekboom Trading (Pty) Ltd by R530 287 bringing the total impairment to R23 844 006. The reason for the impairment was that Kuzuko Lodge (Pty) and Spekboom Trading (Pty) Ltd were insolvent as at 29 February 2016 and full recoverability of the loans was not considered probable. These companies remained insolvent as at 28 February 2017. However, the directors did not consider it necessary to further impair the loans in the current financial year because of improvement in their respective financial results.

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

Directors

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

Mr David Andrew Louw
Dr Kim Tan †
Mr Christopher Bertie

†Malaysian

Inqo Investments Limited and its subsidiaries

Directors' report (continued)

For the year ended 28 February 2017

Share capital

There has been no change to the authorised and issued share capital in the current financial year.

Secretary

The company secretary is Mr Christopher Bertie.

Business address –	**Postal address –**
C/o Dorrington Jessop	Suite 90
28 Draper Square	Private Bag X9190
Draper Street	Cape Town
Claremont	8000
7708	

Inqo Investments Limited and its subsidiaries

Audit Committee Report

For the year ended 28 February 2017

The audit committee has pleasure in submitting its report as required by section 94 of the Companies Act.

The audit committee's brief covers all entities within the Inqo Investments Group. The audit committee has performed the following activities during the year:

— Review of the year-end financial statements, culminating in a recommendation to the board to adopt them.
— Taken appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa.
— Consider, and when appropriate, makes recommendations on internal financial controls.
— Review and consider the risk management reports.
— The committee is satisfied that the external auditors KPMG Inc. and the designated audit partner are independent of the group and management, and are therefore able to express an independent opinion on the fair presentation of the group and company financial statements.

The audit committee comprised of: D Louw, C Bertie and K Tan.

Expertise and experience of the financial director:

The Audit committee has satisfied itself that the Financial Director has the appropriate expertise and experience.

D Louw
Chairman of the Audit Committee
15 June 2017

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 Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Inqo Investments Limited ("the group and company"), set out on pages 11 to 53 which comprise the statements of financial position at 28 February 2017, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year 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 Inqo Investments Limited at 28 February 2017, 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.

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 *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Key audit matter	How our audit addressed the key audit matter
Valuation of land and buildings Refer to accounting policy note 1.6 and notes 5 and 29 This key audit matter is applicable to both the consolidated and separate financial statements.	
Land and buildings included in property, plant and equipment amounts to R128 million at year end, which represents 89% of total assets. Land is valued by an independent valuation specialist using the following key assumptions and factors: • Market values achieved based on veld farm sales within the area, adjusted for actual improvements on the property (e.g. the cost of game fences). • Market values achieved based on sales of irrigated farms within the area. • Accessibility of the property, extent of the land size, access to water, condition of vegetation and scenic potential. Buildings are valued by an independent valuation specialist using the following key assumptions and factors: • Depreciated replacement cost for each building on the property. • Estimated depreciation factor for each building on the property, considering its age and condition at the time of inspection. The judgements applied by management and methods and assumptions used by the valuation specialist have a significant impact on the valuation of the land and buildings. Due to the level of judgement applied by management and the use of the valuation specialist, valuation of land and buildings was considered a Key Audit Matter.	Our procedures included: For land and buildings: We assessed the independence, competence, objectivity, qualifications and expertise of the independent valuation specialist used by management in the determination of the value of the land and buildings. We obtained relevant reports from management and the valuation specialist and assessed the key assumptions used in the calculation of the value of land and buildings through comparing them with corroborating internal and external data. We assessed whether the disclosures in the financial statements were appropriate. Land: We challenged the valuation specialist assumptions as follows: • We compared the market values achieved on recent veld farm and irrigated farm sales in the area with publicly available property sales data. • We inspected the land size, access to water, condition of vegetation and road accessibility per the valuation report to actual data per the deeds office and to actual physical verification performed at the property. Buildings: • We challenged the key assumptions applied in determining the estimated replacement cost per square meter to recent quotes received from building contractors that operate in the area. We challenged the estimated depreciation factor applied for each building. This included a comparison of these key assumptions against externally driven data, being depreciation factors applied to other game lodges/farms.

KPMG

<table>
<tr><th>Key audit matter (continued)</th><th></th><th>How our audit addressed the key audit matter (continued)</th></tr>
<tr><td colspan="3">Valuation of land and buildings
Refer to accounting policy note 1.6 and notes 5 and 29
This key audit matter is applicable to both the consolidated and separate financial statements.</td></tr>
<tr><td></td><td></td><td>• we inspected and compared the physical condition of all the buildings as well as the game fenced land and the property's access to water and services to the independent valuation specialists' report. The condition of the buildings and improvements impacts the depreciation factor applied to the replacement cost of each building which has an impact on the overall valuation amount.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the Directors' responsibility statement. 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, 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 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 management either intends to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 judgment and maintain professional skepticism 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 and 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 auditors' 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 auditors' 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, 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 auditors' 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 04 December 2015, we report that KPMG Inc. has been the auditor of Inqo Investments Limited for 19 years.

KPMG Inc.

Per C. Batchelor
Chartered Accountant (SA)
Registered Auditor
Director
15 June 2017

Inqo Investments Limited and its subsidiaries

Statements of profit or loss and other comprehensive income

for the year ended 28 February 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**R**	R	**R**	R
Revenue	*1.11*	**17 026 098**	10 650 195	**198 140**	236 690
Cost of Sales		**(2 389 876)**	(1 649 670)	**-**	-
Gross profit		**14 636 222**	9 000 525	**198 140**	236 690
Other income		**14 042 765**	867 241	**14 042 765**	17 584
Selling and administrative expenses		**(19 456 853)**	(14 795 348)	**(5 869 837)**	(5 563 743)
Operating profit/(loss)	*2*	**9 222 134**	(4 927 582)	**8 371 068**	(5 309 469)
Fair value adjustment	*24*	**501 800**	267 200	**501 800**	267 200
Net financing income/(costs)	*3*	**535 576**	(57 889)	**550 580**	(45 176)
Finance income		**580 556**	996 893	**580 191**	996 896
Finance expense		**(44 980)**	(1 054 782)	**(29 611)**	(1 042 072)
Profit/(loss) before taxation		**10 259 510**	(4 718 271)	**9 423 448**	(5 087 445)
Taxation	*4*	**(2 868 524)**	259 385	**(2 868 524)**	259 385
Profit/(loss) for the year		**7 390 986**	(4 458 886)	**6 554 924**	(4 828 060)
Profit/(loss) attributable to:					
Equity holders		**7 085 133**	(4 325 794)	**6 554 924**	(4 828 060)
Non-controlling interest	*25*	**305 853**	(133 092)	**-**	-
		7 390 986	(4 458 886)	**6 554 924**	(4 828 060)
Other comprehensive income					
Items that will not be reclassified to profit or loss:		**10 574 391**	(2 896 203)	**10 574 391**	(2 896 203)
Revaluation of land	*14*	**13 626 792**	-	**13 626 792**	-
Deferred tax on revaluation	*14, 9*	**(3 052 401)**	(2 896 203)	**(3 052 401)**	(2 896 203)
Total comprehensive income/(loss) for the year		**17 965 377**	(7 355 089)	**17 129 315**	(7 724 263)
Total comprehensive income attributable to:					
Equity holders		**17 659 524**	(7 221 997)	**17 129 315**	(7 724 263)
Non-controlling interest		**305 853**	(133 092)	**-**	-
		17 965 377	(7 355 089)	**17 129 315**	(7 724 263)
			Restated		
Earnings/(loss) per share (cents)	*27*	0.61	(0.53)		
Diluted earnings/(loss) per share (cents)	*27*	0.58	(0.50)		

Inqo Investments Limited and its subsidiaries
Statements of financial position
at 28 February 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**R**	R	**R**	R
Assets					
Non-current assets		**132 870 664**	119 109 761	**133 740 230**	119 735 181
Property, plant and equipment	*5*	**131 897 959**	119 081 602	**130 672 444**	117 873 086
Intangible assets	*6*	**18 411**	28 159	**-**	-
Loans to subsidiaries	*7*	**-**	-	**2 112 923**	1 861 526
Other investments	*26*	**954 294**	-	**954 294**	-
Investments in subsidiaries	*8*	**-**	-	**569**	569
Current assets		**10 654 568**	31 803 519	**6 405 446**	27 463 539
Inventories	*12*	**485 952**	389 211	**-**	-
Trade and other receivables	*10*	**3 114 766**	4 806 513	**951 208**	2 131 568
Biological assets	*24*	**3 512 400**	2 950 200	**3 512 400**	2 950 200
Cash and cash equivalents	*11*	**3 541 450**	23 657 595	**1 941 838**	22 381 771
Total assets		**143 525 232**	150 913 280	**140 145 676**	147 198 720
Equity and liabilities					
Capital and reserves					
Ordinary share capital	*13*	**58 198 075**	58 198 075	**58 198 075**	58 198 075
Share premium	*13*	**58 227 703**	58 227 703	**58 227 703**	58 227 703
Revaluation reserve	*14*	**70 774 043**	60 199 652	**70 774 043**	60 199 652
Accumulated loss		**(58 785 901)**	(65 871 034)	**(57 218 803)**	(63 773 727)
Equity attributable to equity holders of Inqo Investments Limited		**128 413 920**	110 754 396	**129 981 018**	112 851 703
Non-controlling interest	*25*	**173 292**	(132 561)	**-**	-
Total equity		**128 587 212**	110 621 835	**129 981 018**	112 851 703
Non-current liabilities		**9 752 775**	17 759 198	**9 355 995**	17 362 419
Loans from related parties	*15*	**435 780**	413 779	**39 000**	17 000
Other long term loans	*21*	**565 795**	538 257	**565 795**	538 257
External loans and borrowings	*16*	**-**	13 976 887	**-**	13 976 887
Deferred tax liability	*9*	**8 557 743**	2 636 818	**8 557 743**	2 636 818
Debentures	*17*	**193 457**	193 457	**193 457**	193 457
Current liabilities		**5 185 245**	22 532 247	**808 663**	16 984 598
Trade and other payables	*18*	**4 933 449**	6 277 114	**556 867**	1 732 802
Provision	*19*	**251 796**	251 796	**251 796**	251 796
External loans and borrowings	*16*	**-**	16 003 337	**-**	15 000 000
Total liabilities		**14 938 020**	40 291 445	**10 164 658**	34 347 017
Total equity and liabilities		**143 525 232**	150 913 280	**140 145 676**	147 198 720

Inqo Investments Limited and its subsidiaries

Statements of changes in equity

for the year ended 28 February 2017

Group	Share capital R	Share premium R	Revaluation reserve R	Accumulated loss R	Non-controlling interest R	Total R
Restated balance at 1 March 2015	28 813 042	13 265 727	63 095 855	(61 545 240)	531	43 629 915
Share issue	29 385 033	44 961 976	-	-	-	74 347 009
Total comprehensive loss for the year	-	-	(2 896 203)	(4 325 794)	(133 092)	(7 355 089)
Balance at 29 February 2016	58 198 075	58 227 703	60 199 652	(65 871 034)	(132 561)	110 621 835
Balance at 1 March 2016	**58 198 075**	**58 227 703**	**60 199 652**	**(65 871 034)**	**(132 561)**	**110 621 835**
Total comprehensive income for the year	-	-	**10 574 391**	**7 085 133**	**305 853**	**17 965 377**
Balance at 28 February 2017	**58 198 075**	**58 227 703**	**70 774 043**	**(58 785 901)**	**173 292**	**128 587 212**

Inqo Investments Limited and its subsidiaries

Statements of changes in equity

for the year ended 28 February 2017

Company	Share capital	Share premium	Revaluation reserve	Accumulated loss	Total
	R	R	R	R	R
Restated balance at 1 March 2015	28 813 042	13 265 727	63 095 855	(58 945 667)	46 228 957
Share Issue	29 385 033	44 961 976	-	-	74 347 009
Total comprehensive loss for the year	-	-	(2 896 203)	(4 828 060)	(7 724 263)
Balance at 29 February 2016	58 198 075	58 227 703	60 199 652	(63 773 727)	112 851 703
Balance at 1 March 2016	**58 198 075**	**58 227 703**	**60 199 652**	**(63 773 727)**	**112 851 703**
Total comprehensive income for the year	-	-	**10 574 391**	**6 554 924**	**17 129 315**
Balance at 28 February 2017	**58 198 075**	**58 227 703**	**70 774 043**	**(57 218 803)**	**129 981 018**

Inqo Investments Limited and its subsidiaries

Statements of cash flows

for the year ended 28 February 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		R	R	**R**	R
Cash utilised by operations	*23.1*	**(985 709)**	(4 004 043)	**(2 271 817)**	(1 803 012)
Net cash outflow from operating activities		**(985 709)**	(4 004 043)	**(2 271 817)**	(1 803 012)
Cash flows from investing activities					
Increase in loans to subsidiary		**-**	-	**(251 397)**	(3 282 433)
Acquisition of other investments		**(954 294)**	-	**(954 294)**	-
Acquisition of property, plant and equipment, intangible and biological assets		**(2 288 133)**	(1 757 396)	**(2 077 752)**	(1 468 644)
Proceeds on disposal of property, plant and equipment		**65 789**	-	**65 789**	-
Net cash outflow from investing activities		**(3 176 638)**	(1 757 396)	**(3 217 654)**	(4 751 077)
Cash flows from financing activities					
Loans and borrowings repaid		**(16 003 337)**	-	**(15 000 000)**	-
Loans and borrowings- increased borrowings		**27 538**	94 362	**27 538**	23 772
Shares issued to new shareholder for cash		**-**	12 500 000	**-**	12 500 000
Loans from related parties received		**22 001**	-	**22 000**	-
Net cash (outflow)/inflow from financing activities		**(15 953 798)**	12 594 362	**(14 950 462)**	12 523 772
Net movement in cash and cash equivalents		**(20 116 145)**	6 832 923	**(20 439 933)**	5 969 683
Cash and cash equivalents at beginning of year		**23 657 595**	16 824 672	**22 381 771**	16 412 088
Cash and cash equivalents at end of year	*11*	**3 541 450**	23 657 595	**1 941 838**	22 381 771

Inqo Investments Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2017

1. Accounting policies

Inqo Investments Limited (the "company") is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 28 February 2017 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 and separate financial statements.

1.2 Basis of preparation

The financial statements are presented in Rand, 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.

1.5 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.6 Property, plant and equipment

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

Revaluations of land and buildings 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 and buildings.

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 statement of profit or loss and other comprehensive income as an expense as incurred.

Depreciation is charged to the statement of profit or loss and other comprehensive income 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:

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

Project costs capitalised are not depreciated. These costs will be depreciated when brought into use.

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.

1.7 Intangible assets

Intangible assets that are acquired by the company have finite useful lives and are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided over 4 years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful life for current and comparative periods is 4 years. The amortisation method and useful life is reviewed at each reporting date and adjusted if appropriate.

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 financial year end reporting 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 smallest cash-generating unit to which the asset belongs.

Impairment losses are recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss except for assets carried at revalued amounts which 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.

1.9 Financial instruments

Initial recognition and measurement

Financial instruments that are recognised on the statement of financial position include cash and cash equivalents, trade receivables, trade payables and interest bearing loans. Fair value adjustments to the financial instruments are recognised in the statement of profit or loss and other comprehensive income in the period in which they occurred.

Financial instruments are measured initially at fair value.

Financial assets - Recognition and measurement

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.

Subsequent to initial recognition any gain or loss on subsequent measurement of investments (other than investments in subsidiaries) are recognised in profit or loss.

Trade and other receivables are measured at amortised cost using the effective interest method subsequent to initial recognition,

Assets held as available for sale are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Cash and cash equivalents - Recognition and measurement

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 - Recognition and measurement

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.

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 statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis.

Trade and other payables are stated at amortised cost.

Financial asset-Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the group is recognised as a separate asset or liability.

1.9 Financial instruments (continued)

Financial liabilities-Derecognition (continued)

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

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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.

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 statement of profit or loss and comprehensive income over the period of the borrowings on an effective interest basis.

1.11 Revenue

Revenue comprises revenue received for lodge accommodation, food and beverage sales and excludes value-added tax. 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. Revenue is measured at the fair value of the consideration received or receivable, net or returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred, recovery of the consideration is probable, the associated costs can be estimated reliably and there is no continuing management involvement.

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 or other comprehensive income.

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 year end reporting date. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect 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.

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 or other comprehensive income.

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 on the statement of financial position 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 financial year end reporting date and adjusted to reflect the current best estimate.

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 statement of financial position 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 group'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 plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.15 Expenses

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 statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of profit or loss and other comprehensive income using the effective interest 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.

The company has two operating segments. Refer to note 34 for detail.

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.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

1.18 Biological assets

Biological assets are measured at cost on initial recognition and at the end of each reporting period at fair value less costs to sell. A gain or loss on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

1.19 Inventories

Inventory is carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase and other costs incurred to bring them to their present location and condition, and is determined on the first in, first out method. Obsolete inventories are identified on a regular basis and are written down to net realisable value.

1.20 Investments in subsidiaries

Investments in subsidiary entities are measured at original cost less subsequent impairment.

1.21 Earnings per share

The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit after tax attributable to equity holders for the period, by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by dividing profit after tax attributable to equity holders for the year by the weighted average number of ordinary shares outstanding, plus all potential dilutive ordinary shares.

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
2. Operating profit/(loss)				
is arrived at after taking into account				
Depreciation of property, plant and equipment	**2 275 788**	1 353 334	**2 082 406**	1 270 771
Impairment of property, plant and equipment	**629 219**	-	**629 219**	-
Game write off	**133 161**	-	**133 161**	-
Amortisation of intangible asset	**9 748**	8 406	**-**	-
Impairment of loans to subsidiaries	**-**	-	**-**	1 420 907
Personnel expenses	**6 348 105**	5 029 786	**509 745**	557 937
Other income includes:				
Reversal of DBSA interest as a result of the renegotiated DBSA loan.	**13 976 887**	-	**13 976 887**	-
Adjustment in respect of renegotiated Eastern Cape Development Corporation (ECDC) loan	**-**	1 016 387	**-**	-
Profit on sale of property, plant and equipment	**65 789**	-	**65 789**	-

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
3. Net financing income/(costs)				
Finance income	**580 556**	996 893	**580 191**	996 896
Interest income - banks	**580 556**	996 893	**580 191**	996 896
Finance expense	**(44 980)**	(1 054 782)	**(29 611)**	(1 042 072)
Interest expense on convertible loans	**(27 538)**	(1 042 072)	**(27 538)**	(1 042 072)
Interest expense - suppliers	**(17 442)**	(12 710)	**(2 073)**	-
	535 576	(57 889)	**550 580**	(45 176)

There was no interest incurred on the DBSA or ECDC loan for the 2016 and 2017 financial years. Refer to note 16.

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
4. Taxation				
South African normal tax				
- Current	-	-	-	-
- Deferred tax current charge	**(2 875 750)**	363 703	**(2 875 750)**	363 703
- Deferred tax prior year adjustment	**7 226**	(104 318)	**7 226**	(104 318)
	(2 868 524)	259 385	**(2 868 524)**	259 385
Reconciliation of tax rate	%	%	%	%
Current years charge as a percentage of profit	**27.96**	5.50	**30.44**	5.10
Disallowed capital expenses relating to legal, consulting and listing expenses	**(2.31)**	11.18	**(2.52)**	20.85
Prior year adjustment	**0.07**	2.21	**0.08**	2.05
Utilisation of tax loss	**2.28**	9.11	**-**	-
Standard tax rate	**28.00**	28.00	**28.00**	28.00
Estimated tax losses available to off- set against future taxable profits	**57 307 360**	71 573 509	**33 515 907**	47 062 180
Utilised to decrease deferred tax liability	**(33 515 907)**	(47 062 180)	**(33 515 907)**	(47 062 180)
Estimated tax losses carried forward	**23 791 453**	24 511 329	**-**	-

5. Property, plant and equipment

Group	Cost or revalued amount	Accumulated depreciation	Carrying amount
2017	**R**	**R**	**R**
Freehold land	**104 208 850**	**-**	**104 208 850**
Buildings	**35 602 282**	**(11 815 472)**	**23 786 810**
Motor vehicles	**3 899 066**	**(2 474 046)**	**1 425 020**
Furniture and fittings	**5 333 229**	**(4 622 647)**	**710 582**
Musical Instruments	**19 167**	**(19 167)**	**-**
Equipment	**3 166 518**	**(2 397 015)**	**769 503**
Computer equipment	**930 002**	**(842 826)**	**87 176**
Project costs capitalised	**910 018**	**-**	**910 018**
	154 069 132	**(22 171 173)**	**131 897 959**

2016	R	R	R
Freehold land	90 582 058	-	90 582 058
Buildings	34 840 059	(10 012 108)	24 827 951
Game	110 661	-	110 661
Motor vehicles	3 859 186	(3 045 555)	813 631
Furniture and fittings	5 145 168	(4 110 320)	1 034 848
Musical Instruments	19 167	(19 167)	-
Equipment	2 828 522	(2 104 588)	723 934
Computer equipment	1 153 988	(1 046 054)	107 934
Project costs capitalised	880 585	-	880 585
	139 419 394	(20 337 792)	119 081 602

Company	Cost or valuation	Accumulated depreciation	Carrying amount
2017	**R**	**R**	**R**
Freehold land	**104 208 850**	**-**	**104 208 850**
Buildings	**35 602 282**	**(11 815 472)**	**23 786 810**
Motor vehicles	**3 801 680**	**(2 397 197)**	**1 404 483**
Furniture and fittings	**5 333 227**	**(4 622 646)**	**710 581**
Musical Instruments	**19 167**	**(19 167)**	**-**
Equipment	**2 512 585**	**(1 963 423)**	**549 162**
Computer equipment	**682 649**	**(670 091)**	**12 558**
	152 160 440	**(21 487 996)**	**130 672 444**
2016	R	R	R
Freehold land	90 582 058	-	90 582 058
Buildings	34 840 059	(10 012 108)	24 827 951
Game	110 661	-	110 661
Motor vehicles	3 765 026	(2 991 262)	773 764
Furniture and fittings	5 145 166	(4 110 319)	1 034 847
Musical Instruments	19 167	(19 167)	-
Equipment	2 576 297	(2 052 491)	523 806
Computer equipment	682 649	(662 650)	19 999
	137 721 083	(19 847 997)	117 873 086

Notes to the financial statements
for the year ended 28 February 2017

5. Property, plant and equipment (continued)

Group

2017	Carrying amount at beginning of the year	Additions	Revaluation	Disposals/ Scrapping	Transfers	Depreciation and impairment	Carrying amount at end of the year
	R	R	R	R	R	R	R
Freehold land	90 582 058	-	13 626 792	-	-	-	104 208 850
Buildings	24 827 951	762 223	-	-	-	(1 803 364)	23 786 810
Game	110 661	22 500	-	(133 161)	-	-	-
Motor vehicles	813 631	925 280	-	-	-	(313 891)	1 425 020
Furniture and fittings	1 034 848	188 061	-	-	-	(512 327)	710 582
Equipment	723 934	280 537	-	-	-	(234 968)	769 503
Computer equipment	107 934	19 699	-	-	-	(40 457)	87 176
Project costs capitalised	880 585	29 433	-	-	-	-	910 018
Total	119 081 602	2 227 733	13 626 792	(133 161)	-	(2 905 007)	131 897 959

2016	Carrying amount at beginning of the year	Additions	Revaluation	Disposals/ Scrapping	Transfers	Depreciation and impairment	Carrying amount at end of the year
	R	R	R	R	R	R	R
Freehold land	90 582 058	-	-	-	-	-	90 582 058
Buildings	24 597 444	422 117	-	-	(49 055)	(142 555)	24 827 951
Game	110 661	-	-	-	-	-	110 661
Motor vehicles	862 051	245 510	-	-	(113 417)	(180 513)	813 631
Furniture and fittings	1 476 467	402 200	-	-	(49 826)	(793 993)	1 034 848
Equipment	125 382	490 363	-	-	316 057	(207 868)	723 934
Computer equipment	151 995	88 103	-	-	(103 759)	(28 405)	107 934
Project costs capitalised	781 335	99 250	-	-	-	-	880 585
Total	118 687 393	1 747 543	-	-	-	(1 353 334)	119 081 602

Notes to the financial statements

for the year ended 28 February 2017

5. Property, plant and equipment (continued)

Company

2017	Carrying amount at beginning of the year	Additions	Revaluation	Disposals/ Scrapping	Transfers	Depreciation and impairment	Carrying amount at end of the year
	R	R		R	R	R	R
Freehold land	90 582 058	-	13 626 792	-	-	-	104 208 850
Buildings	24 827 951	762 223	-	-	-	(1 803 364)	23 786 810
Game	110 661	22 500	-	(133 161)	-	-	-
Motor vehicles	773 764	925 280	-	-	-	(294 561)	1 404 483
Furniture and fittings	1 034 847	188 061	-	-	-	(512 327)	710 581
Equipment	523 806	119 288	-	-	-	(93 932)	549 162
Computer Equipment	19 999	-	-	-	-	(7 441)	12 558
Total	117 873 086	2 017 352	13 626 792	(133 161)	-	(2 711 625)	130 672 444

2016	Carrying amount at beginning of the year	Additions	Revaluation	Disposals/ Scrapping	Transfers	Depreciation	Restated carrying amount at end of the year
	R	R		R	R	R	R
Freehold land	90 582 058	-	-	-	-	-	90 582 058
Buildings	24 548 389	422 117	-	-	-	(142 555)	24 827 951
Game	110 661	-	-	-	-	-	110 661
Motor vehicles	689 289	245 511	-	-	1 621	(162 657)	773 764
Furniture and fittings	1 426 642	402 198	-	-	-	(793 993)	1 034 847
Equipment	318 174	376 496	-	-	(4 169)	(166 695)	523 806
Computer equipment	-	22 322	-	-	2 548	(4 871)	19 999
Total	117 675 213	1 468 644	-	-	-	(1 270 771)	117 873 086

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
5. Property, plant and equipment (continued)				
Land comprises: farm number 278 portion 5, farm number 291 portion 0,1 and 2, 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 and farm number 291 portion 3.				
	104 208 850	90 582 058	**104 208 850**	90 582 058

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
Land:				
Historical cost	**13 005 186**	13 005 186	**13 005 186**	13 005 186
Total revaluation	**91 203 664**	77 576 872	**91 203 664**	77 576 872
Closing valuation of land	**104 208 850**	90 582 058	**104 208 850**	90 582 058

The revaluation has historically only been allocated to land in the previous financial years. The full revaluation as per the statement of changes in equity and note 14 is attributable to land.

An independent valuation was performed at the end of February 2017. The method of valuing the land and buildings was performed separately.

The method of valuation of the land is the direct comparison or market approach adjusted for improvements effected to the respective properties. This method entails comparing the subject property with other recent sales of similar properties, being both veld farm and irrigated farm sales in the same or comparable areas. Other matters that are considered by the valuator are: accessibility of the property, land size, access to water and services, condition of vegetation and scenic potential. The total extent of the land area measures 15 450.4 hectares. The game fenced area totals 13 400 hectares.

The buildings and improvements were valued on the basis of depreciated replacement cost. A replacement cost was allocated to each building and an estimated depreciation factor was allocated to each building, taking into consideration the age and condition of each building at the time of inspection.

In the current year, the company used an independent valuator, A. Crouse. He is a professional valuator and appraiser – Registration number: 3698.

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
6. Intangible Assets				
Balance at beginning of year	**28 159**	26 712	-	-
Addition	-	9 853	-	
Amortisation	**(9 748)**	(8 406)	-	-
Balance at end of year	**18 411**	28 159	-	-

7. Loans to subsidiaries

	Company 2017 R	Company 2016 R
Loan to subsidiary company (Kuzuko Lodge (Pty) Ltd)		
Balance at the beginning of the year	**1 331 239**	22 423 099
Advances during the year	**2 259 997**	2 221 859
Repayment during the year	**(2 038 600)**	-
Impairments	-	(23 313 719)
Balance at the end of the year	**1 552 636**	1 331 239
Made up as follows:		
Loan advanced	**24 866 355**	24 644 958
Cumulative impairment	**(23 313 719)**	(23 313 719)
	1 552 636	1 331 239

The loan to Kuzuko Lodge (Pty) Ltd is interest free with no fixed repayment terms. This loan receivable has been impaired due to uncertainty as to the timing of repayment and the historical losses made by Kuzuko Lodge (Pty) Ltd. Inqo Investments Limited has subordinated this loan with its subsidiary company, in favour of other creditors. A letter of support has been provided by Inqo Investments to Kuzuko Lodge which states that Inqo Investments will provide financial resources to Kuzuko Lodge should they require funding to meet their financial obligations in their normal course of business. Kuzuko Lodge generated profits for the 2017 financial year and has continued to generate profits into the 2018 financial year.

	Company 2017 R	Company 2016 R
Loan to subsidiary company (Spekboom Trading (Pty) Ltd)		
Balance at the beginning of the year	**530 287**	797 064
Advances during the year	**30 000**	263 510
Impairments	-	(530 287)
Balance at the end of the year	**560 287**	530 287
Made up as follows:		
Loan advanced	**1 090 574**	1 060 574
Cumulative impairment	**(530 287)**	(530 287)
	560 287	530 287

The loan to Spekboom Trading (Pty) Ltd is unsecured, interest free with no fixed repayment terms. This loan receivable has been partially impaired due to uncertainty as to the timing of repayment and the continued losses made by Spekboom Trading (Pty) Ltd.

	Company 2017 R	Company 2016 R
Total balance at the end of the year	**2 112 923**	1 861 526

8. Investments in subsidiaries

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

	Percentage interest **2017**	Percentage interest 2016	Company **2017** **R**	Company 2016 R
Kuzuko Lodge (Pty) Ltd	**68.0**	68.0	**68**	68
Spekboom Trading (Pty) Ltd	**50.1**	50.1	**501**	501
			569	569

The subsidiaries of the Company consists of the following:
68 Ordinary shares of R1 each in Kuzuko Lodge Proprietary Limited.
501 Ordinary shares of R1 each in Spekboom Trading (Pty) Ltd
Refer to note 25 for the non-controlling interest in subsidiary entities.

9. Deferred tax liability

	Group **2017** **R**	Group 2016 R	Company **2017** **R**	Company 2016 R
Opening balance	**(2 636 818)**	-	**(2 636 818)**	-
Current year deferred tax charge	**(2 868 524)**	259 385	**(2 868 524)**	259 385
Charge through other comprehensive income	**(3 052 401)**	(2 896 203)	**(3 052 401)**	(2 896 203)
Closing balance	**(8 557 743)**	(2 636 818)	**(8 557 743)**	(2 636 818)
The deferred tax balance comprises:				
Capital allowances	**2 785 288**	2 318 544	**2 785 288**	2 318 544
Buffalo valuation	**(367 808)**	(826 056)	**(367 808)**	(826 056)
Revaluation of property	**(20 429 621)**	(17 377 219)	**(20 429 621)**	(17 377 219)
Provisions	**70 503**	70 503	**70 503**	70 503
Estimated tax loss	**9 383 895**	13 177 410	**9 383 895**	13 177 410
Closing balance	**(8 557 743)**	(2 636 818)	**(8 557 743)**	(2 636 818)

The group has recognised certain deferred tax assets as they are expected to be utilised against future taxable profits. The basis of future taxable profits has been established through detailed budgeting processes performed by group companies. The budgets also indicate forecasts for the next three years. The deductible temporary differences do not expire under current tax legislation.
Deferred tax assets relating to subsidiary entities have not been recognised in respect of estimated tax losses carried forward because it is not probable that future taxable profit will be available against which the group can utilise the benefit thereof.

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
10. Trade and other receivables				
Trade debtors	**1 943 345**	2 371 900	**-**	955 009
Impairment	**-**	(121 929)	**-**	-
VAT	**71 740**	-	**71 740**	-
Deposits	**2 500**	2 500	**2 500**	2 500
Prepayments	**441 603**	259 352	**246 856**	-
Other receivables	**655 578**	2 294 690	**630 112**	1 174 059
	3 114 766	4 806 513	**951 208**	2 131 568

In the prior year, an amount of R1 000 000 included in the other receivables balance was held by Dorrington Jessop Incorporated. The money was held in terms of a guarantee, which was issued to the Eastern Cape Development Corporation (ECDC) on behalf of Inqo Investments Limited arising from a settlement agreement concluded between ECDC and Kuzuko Lodge (Pty) Ltd dated 8 October 2016. Inqo Investments Limited stood surety for Kuzuko Lodge (Pty) Ltd. The conditions have been met and anticipated events have occurred, as a result, the funds were released in the current financial year.

Trade and other receivables are non-interest bearing and are generally on 30 to 60 day terms.

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
Movement in doubtful debt impairment:				
Opening balance	**(121 929)**	(239 616)	-	-
Utilised during the year	**121 929**	117 687	-	-
Created during the year	**-**	-	-	-
Closing balance	**-**	(121 929)	-	-

Ageing of trade receivables at year end	**Group**		Group		**Company**		Company	
	2017	**2017**	2016	2016	**2017**	**2017**	2016	2016
	R	**R**	R	R	**R**	**R**	R	R
	Gross	Impairment	Gross	Impairment	Gross	Impairment	Gross	Impairment
Not yet due	**1 616 825**	-	1 576 549	-	-	-	736 237	-
Overdue 30 days	**217 760**	-	468 218	-	-	-	218 772	-
Overdue 60 days	**87 100**	-	205 204	-	-	-	-	-
Overdue 90 days	**21 660**	-	121 929	121 929	-	-	-	-
Total	**1 943 345**	-	2 371 900	121 929	-	-	955 009	-

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
11. Cash and cash equivalents				
Daily call account	**2 084 873**	21 932 648	**1 496 737**	21 896 912
Current account	**1 431 126**	1 707 818	**445 101**	484 859
Petty Cash	**25 451**	17 129	**-**	-
Cash and cash equivalents	**3 541 450**	23 657 595	**1 941 838**	22 381 771
12. Inventories				
Food and beverage	**175 300**	169 750	**-**	-
Guest supplies	**16 365**	4 300	**-**	-
Other consumables	**294 287**	215 161	**-**	-
	485 952	389 211	**-**	-
13. Ordinary share capital				
Authorised				
20 000 000 ordinary shares of R5 each (2016: 20 000 000 shares of R5 each)	**100 000 000**	100 000 000	**100 000 000**	100 000 000
Issued				
11 639 615 ordinary shares of R5 each (2016: 11 639 615 shares of R5 each)				
Balance at beginning of year	**58 198 075**	28 813 042	**58 198 075**	28 813 042
Share buy-back	**-**	(12)	**-**	(12)
Balance after share buy-back	**58 198 075**	28 813 030	**58 198 075**	28 813 030
Conversion of Peregrine loan	**-**	6 602 722	**-**	6 602 722
Conversion of Alestra loan	**-**	6 547 977	**-**	6 547 977
Conversion of Dr Tan loan	**-**	12 175 906	**-**	12 175 906
Issue of shares to new shareholder	**-**	4 058 440	**-**	4 058 440
Balance at end of the year	**58 198 075**	58 198 075	**58 198 075**	58 198 075

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
13. Share premium				
Balance at beginning of year	**58 227 703**	13 265 727	**58 227 703**	13 265 727
Increase in share premium relating to conversion of loans	**-**	36 520 416	**-**	36 520 416
Issue of new shares during the year	**-**	8 441 560	**-**	8 441 560
Balance at end of year	**58 227 703**	58 227 703	**58 227 703**	58 227 703
14. Revaluation reserve				
Balance at beginning of year	**60 199 652**	63 095 855	**60 199 652**	63 095 855
Re-valuation during the year	**13 626 792**	-	**13 626 792**	-
Recognition of deferred tax on revaluation reserve	**(3 052 401)**	-	**(3 052 401)**	-
Change in deferred tax due to CGT inclusion rate change	**-**	(2 896 203)	**-**	(2 896 203)
	70 774 043	60 199 652	**70 774 043**	60 199 652
Made up as follows:				
Cumulative revaluation reserve	**91 203 664**	77 576 871	**91 203 664**	77 576 871
Cumulative deferred tax	**(20 429 621)**	(17 377 219)	**(20 429 621)**	(17 377 219)
Net revaluation reserve	**70 774 043**	60 199 652	**70 774 043**	60 199 652

Land and buildings were revalued by a professional independent valuator at the end of February 2017. Refer to note 5 for further details.

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
15. Loans from related parties				
Dr Kim Tan	**39 000**	17 000	**39 000**	17 000
Africarbon (Pty) Ltd	**396 780**	396 779	**-**	-
	435 780	413 779	**39 000**	17 000

The loan from Africarbon (Pty) Ltd is unsecured, interest free and is repayable after 1 March 2018.

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
16. External loans and borrowings				
Development Bank of South Africa				
This loan is interest free for the restructure period from 1 November 2014 to 31 October 2017. The loan is unsecured and was fully repaid on 27 April 2016.	-	28 976 887	-	28 976 887
Eastern Cape Development Corporation				
Secured loan:				
This loan was re-negotiated during the 2016 financial year. The remaining balance was written off during the current financial year. The loan was interest free until date of final settlement.	-	1 003 337	-	-
Total external loans and borrowings	-	29 980 224	-	28 976 887
Less: current portion included in current liabilities	-	(16 003 337)	-	(15 000 000)
DBSA loan	-	(15 000 000)	-	(15 000 000)
ECDC loan	-	(1 003 337)	-	-
Long term external loans and borrowings	-	13 976 887	-	13 976 887

The Development Bank of Southern Africa (DBSA) loan was fully repaid on 27 April 2016. This was achieved through a payment of R15 000 000 on 27 April 2016 and a write off of the remaining balance of R13 976 887 by the DBSA because the terms of the re-negotiated loan were met.

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
17. Debentures				
Balance at the end of the year	**193 457**	193 457	**193 457**	193 457

The unsecured debentures 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 Lodge game reserve in lieu of interest (refer to note 19). The fair value of the debentures have been calculated based on a discounted cash flow basis utilising a market related interest rate of 10.25% at period end, cash flows of R 24 000 per annum and repayment terms of 12 years.

18. Trade and other payables

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
Trade payables	**960 279**	2 177 330	**358 222**	1 409 160
Accruals	**1 810 450**	1 170 298	**190 000**	124 401
Other Payables	**1 701 256**	2 305 594	**8 645**	199 241
VAT	**461 464**	623 892	**-**	-
	4 933 449	6 277 114	**556 867**	1 732 802

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 day terms.

19. Provision

	Group and Company 2017 R	Group and Company 2016 R
Balance at beginning of the year	**251 796**	251 796
Unwinding of discount	**-**	-
Balance at end of the year	**251 796**	251 796

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 cost of room rate per person sharing discounted using the prime interest rate for a period of 5 nights until the agreements end in 2022.

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 has not been exposed to currency risk during the financial year.

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.

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.

At year end there was no provision raised for impairment of debtors (2016: R 121 929). Refer to note 10 for the disclosure of trade receivable aging and the impairment.

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 meets its liabilities when due.

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

Inqo Investments Limited and its subsidiaries

Notes to the financial statements

for the year ended 28 February 2017

20. Financial instruments (continued)

20.3 Liquidity risk (continued)

Maturity analysis

2017 - 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	-	-	-	-	-	-
Loans from related parties	39 000	39 000	-	-	39 000	-
Other long term loans	565 795	594 085	-	-	594 085	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	556 867	556 867	556 867	-	-	-
	1 355 119	1 383 409	556 867	-	633 085	193 457

2017 – 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	-	-	-	-	-	-
- ECDC	-	-	-	-	-	-
Loans from related parties	435 780	435 780	-	396 780	39 000	-
Other long term loans	565 795	594 085	-	-	594 085	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	4 471 985	4 471 985	4 471 985	-	-	-
	5 667 017	5 695 307	4 471 985	396 780	633 085	193 457

2016 - 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	28 976 887	28 976 887	15 000 000	13 976 887	-	-
Loans from related parties	17 000	17 000	-	-	17 000	-
Other long term loans	538 257	565 170	-	-	565 170	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	1 732 802	1 732 802	1 732 802	-	-	-
	31 458 403	31 485 316	16 732 802	13 976 887	582 170	193 457

20. Financial instruments (continued)

20.3 Liquidity risk (continued)

Maturity analysis

2016 - 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	28 976 887	28 976 887	15 000 000	13 976 887	-	-
- ECDC	1 003 337	1 003 337	1 003 337	-	-	-
Loans from related parties	413 779	413 779	-	-	413 779	-
Other long term loans	538 257	565 170	-	-	565 170	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	6 277 114	6 277 114	6 277 114	-	-	-
	37 402 831	37 429 744	22 280 451	13 976 887	978 949	193 457

20.4 Fair values

The company presents fair values using the following fair value hierarchy that reflects the significance of inputs used in the measurements:

Level 1: Quoted market prices (unadjusted) in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Description of asset	Fair value hierarchy
Land and buildings	Level 3
Investments	Level 3
Biological assets	Level 2

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for assets measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

20 Financial instruments (continued)

20.4 Fair values (continued)

Type	Valuation technique	Significant unobservable inputs
Land and Buildings	Market approach. This method entails comparing the subject property to the recent sales of similar properties in the same or comparable areas.	Applicable depreciation factor applied to each building. Sales prices achieved in the market for various properties of similar nature and size.
Investments	Discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.	-Risk-adjusted discount rate of 40.6%. -Future cash flows. The expected future cash flows are based on cash flows generated from either 5 000 plastic hives or 3 000 wooden hives after deduction of costs relating to the generation of the honey. There is a warranty in place that a minimum yield of 1 kilogram of honey per hive per season consisting of two honey crops will be produced. The contract relating to the investment will be in place for 20 years.
Biological assets	Market approach. The fair value is based on market prices of buffalo of similar age, weight and gender.	N/A

Also refer to note 29 for further detail regarding judgements and estimates.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2017		2016	
	Land and Buildings	**Investments**	Land and Buildings	Investments
	R	**R**	R	R
Balance as at 1 March	**115 410 009**	-	115 179 502	-
Gain/(loss) included in profit or loss		-		
- Depreciation and impairment losses	**(1 803 364)**		(142 555)	-
Gain included in other comprehensive income	**13 626 792**	-	-	-
Purchases	**762 223**	**954 294**	422 117	-
Transfers	-	-	(49 055)	-
Balance as at 28 February	**127 995 660**	**954 294**	115 410 009	-

Sensitivity of Investments valuation:
A sensitivity analysis was performed on the discount rate applied to future cash flows and a 10% change in the discount rate would have the impact of increasing or decreasing the value of the investment by approximately R200 000.

20. Financial instruments (continued)

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 behaviour. 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

20. Financial instruments (continued)

20.6 Categories and analysis of financial assets and liabilities

2017 - Company Assets	Loans and receivables	Financial liabilities at amortised cost	Available for sale	Held-to-maturity	Total
	R	R	R	R	R
Investment in subsidiaries	-	-	-	569	569
Other investments	-	-	954 294	-	954 294
Loans to subsidiaries	2 112 923	-	-	-	2 112 923
Trade and other receivables	951 208	-	-	-	951 208
Cash and cash equivalents	1 941 838	-	-	-	1 941 838
	5 005 969	**-**	**954 294**	**569**	**5 960 832**
Liabilities					
Other financial liabilities	-	565 795	-	-	565 795
Loans from related parties	-	39 000	-	-	39 000
Trade and other payables	-	556 867	-	-	556 867
Debentures	-	193 457	-	-	193 457
	-	**1 355 119**	**-**	**-**	**1 355 119**
2017 - Group Assets					
Other investments	-	-	954 294	-	954 294
Trade and other receivables	3 114 766	-	-	-	3 114 766
Cash and cash equivalents	3 541 450	-	-	-	3 541 450
	6 656 216	**-**	**954 294**	**-**	**7 610 510**
Liabilities					
Other financial liabilities	-	565 795	-	-	565 795
Loans from related parties	-	435 780	-	-	435 780
Trade and other payables	-	4 471 985	-	-	4 471 985
Debentures	-	193 457	-	-	193 457
	-	**5 667 017**	-	-	**5 667 017**

20. *Financial instruments (continued)*

20.6 Categories and analysis of financial assets and liabilities (continued)

2016 - Company **Assets**	**Loans and receivables** **R**	**Financial liabilities at amortised cost** **R**	**Held-to-maturity** **R**	**Total** **R**
Investment in subsidiaries	-	-	569	569
Loans to subsidiaries	1 861 526		-	1 861 526
Trade and other receivables	2 131 568	-	-	2 131 568
Cash and cash equivalents	22 381 771	-	-	22 381 771
	26 374 865	-	569	26 375 434
Liabilities				
Interest bearing loans	-	28 976 887		28 976 887
Other financial liabilities	-	538 257	-	538 257
Loans from related parties	-	17 000	-	17 000
Trade and other payables	-	1 732 802	-	1 732 802
Debentures	-	193 457	-	193 457
	-	31 458 403	-	31 458 403
2016 - Group				
Assets				
Trade and other receivables	4 806 513	-	-	4 806 513
Cash and cash equivalents	23 657 595	-	-	23 657 595
	28 464 108	-	-	28 464 108
Liabilities				
Other financial liabilities	-	30 518 481	-	30 518 481
Loans from related parties	-	413 779	-	413 779
Trade and other payables	-	6 277 114	-	6 277 114
Debentures	-	193 457	-	193 457
	-	37 402 831	-	37 402 831

21. Other long term loans

	Group		**Company**	
	2017 **R**	2016 R	**2017** **R**	2016 R
Loan from Eastgate Investments Limited	**565 795**	538 257	**565 795**	538 257
	565 795	538 257	**565 795**	538 257

The loan from Eastgate Investments Limited bears interest at 5% per annum and is convertible to shares at a discount rate of 10% at the time requested by the issuer of the loan.

The Eastgate loan is convertible to shares and has been included in the diluted earnings per share calculation.

22. Related parties

22.1 Identity of related parties

Inqo Investments Limited is the holding company of Kuzuko Lodge Proprietary Limited, and has a 50.1% interest in Spekboom Trading Proprietary Ltd.

Africarbon Proprietary Limited is the other shareholder in Spekboom Trading Propriety Limited.

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

22.2 Material related party transactions

	Group 2017 R	Group 2016 R	**Company 2017 R**	Company 2016 R
Loans (from)/to related parties -				
Dr Kim Tan	**(39 000)**	(17 000)	**(39 000)**	(17 000)
Africarbon Proprietary Limited	**(396 780)**	(396 779)	**-**	-
Spekboom Trading Proprietary Limited	**-**	-	**1 090 574**	1 060 574
Less: impairment of loan	**-**	-	**(530 287)**	(530 287)
Loan balance after impairment	**-**	-	**560 287**	530 287
Kuzuko Lodge Proprietary Limited	**-**	-	**24 866 355**	24 644 958
Less: impairment of loan	**-**	-	**(23 313 719)**	(23 313 719)
Loan balance after impairment	**-**	-	**1 552 636**	1 331 239
Transactions with related parties -				
Rental charged to Kuzuko Lodge Proprietary Limited for use of vehicles	-	-	**198 140**	236 690

During the financial year ended 28 February 2017, no shares were issued to directors. Loans to the value of R27 760 233 held by Dr K Tan were converted to equity (2 435 181 shares) during the 2016 financial year.

	Group		Company	
	2017 R	2016 R	**2017 R**	2016 R
Compensation paid to key management personnel (see note 33)	**636 000**	636 000	**636 000**	636 000

Compensation paid to key management personnel consists solely of directors emoluments.

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
23. Notes to the cash flow statement				
23.1 Cash utilised by operations				
Operating profit/ (loss) before taxation	**10 259 510**	(4 718 271)	**9 423 448**	(5 087 445)
Adjustments for –				
Provision for bad debt utilised during the year	**121 929**	-	**-**	-
Profit on sale of property, plant and equipment	**(65 789)**	-	**(65 789)**	-
DBSA loan adjustment	**(13 976 887)**	-	**(13 976 887)**	-
Game write off	**133 161**	-	**133 161**	-
Depreciation of property, plant and equipment	**2 275 788**	1 353 334	**2 082 406**	1 270 771
Impairment of property, plant and equipment	**629 219**	-	**629 219**	-
Amortisation of intangible assets	**9 748**	8 406	**-**	-
Unwinding of provision for bed nights	**-**	100 747	**-**	100 747
Fair value adjustment on biological assets	**(501 800)**	(267 200)	**(501 800)**	(267 200)
ECDC loan adjustment	**-**	(1 016 387)	**-**	-
Impairment of loan to subsidiary	**-**	-	**-**	1 420 907
Operating loss before working capital changes	**(1 115 121)**	(4 539 371)	**(2 276 242)**	(2 562 220)
Movement in inventories	**(96 741)**	352 850	**-**	341 496
Movement in trade and other receivables	**1 569 818**	(2 245 331)	**1 180 360**	(975 679)
Movement in trade and other payables	**(1 343 665)**	2 427 809	**(1 175 935)**	1 393 391
	(985 709)	(4 004 043)	**(2 271 817)**	(1 803 012)

	Group 2017 R	Group 2016 R	Company 2017 R	Company 2016 R
24. Biological assets				
Buffalo livestock	**3 452 000**	2 950 200	**3 452 000**	2 950 200
Giraffe	**22 000**	-	**22 000**	-
Zebra	**38 400**	-	**38 400**	-
	3 512 400	2 950 200	**3 512 400**	2 950 200
Buffalo:				
At 28 February 2017 buffalo comprised: 9 bulls, 13 cows and 3 calves (2016: 8 bulls, 10 cows and 5 calves)				
Opening balance	**2 950 200**	2 683 000	**2 950 200**	2 683 000
Sales	**-**	-	**-**	-
Change in fair value, less cost to sell	**501 800**	267 200	**501 800**	267 200
Closing balance	**3 452 000**	2 950 200	**3 452 000**	2 950 200
Giraffe:				
At 28 February 2017 giraffe comprised: 1 cow, 1 bull (2016: no giraffe)				
Opening balance	**-**	-	**-**	-
Purchases	**22 000**	-	**22 000**	-
Closing balance	**22 000**	-	**22 000**	-
Zebra:				
At 28 February 2017 zebra comprised: 4 cows, 2 bulls (2016: no zebra)				
Opening balance	**-**	-	**-**	-
Purchases	**38 400**	-	**38 400**	-
Closing balance	**38 400**	-	**38 400**	-
Total closing balance	**3 512 400**	2 950 200	**3 512 400**	2 950 200

The company invests in buffalo for breeding and sales purposes. The valuation technique of buffalo is the market comparison technique. The fair values are based on the market prices of buffalo of similar age, weight and gender. The latest market prices are obtained from national game event auction sales e.g. Kirkwood game auction in the Eastern Cape. At 28 February 2017, the average market price for cows was applied at R190 000 and bulls an average price of R98 000.

Inqo Investments Limited and its subsidiaries

Notes to the financial statements

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25. Non-controlling interest (NCI)

The table below summarises the information relating to each of the group's subsidiaries that has material NCI, before any intra-group eliminations.

At 28 February 2017	Kuzuko Lodge (Pty) Ltd	Spekboom Trading (Pty) Ltd	Intra-group eliminations	Total
NCI percentage	32%	49.9%		
	R	R	R	R
Non-current assets	**333 898**	**910 028**		
Current assets	**3 959 406**	**289 716**		
Non-current liabilities	**(24 866 355)**	**(1 487 354)**		
Current liabilities	**(4 368 910)**	**(7 672)**		
Net liabilities	**(24 941 961)**	**(295 282)**		
Carrying amount of NCI	**(7 981 428)**	**(147 346)**	**8 302 066**	**173 292**
Revenue	**17 026 098**	**-**		
Profit/(loss)	**783 704**	**(16 708)**		
OCI	**-**	**-**		
Total comprehensive income	**783 704**	**(16 708)**		
Profit/(loss) allocation to NCI	**250 785**	**(8 337)**	**63 405**	**305 853**
OCI allocated to NCI	**-**	**-**		
Cash flows from operating activities	**1 264 183**	**(16 564)**		
Cash flows from investing activities	**(142 448)**	**(29 444)**		
Cash flow from financing activities	**(781 940)**	**30 000**		
Net increase/(decrease) in cash and cash equivalents	**339 795**	**(16 008)**		
At 28 February 2016				
NCI percentage	32%	49.9%		
Non-current assets	334 873	882 143		
Current assets	2 809 012	304 148		
Non-current liabilities	(24 644 958)	-		
Current liabilities	(4 224 594)	(7 512)		
Net (liabilities)/assets	(25 725 667)	1 178 779		
Carrying amount of NCI	(8 232 213)	588 211	7 511 441	(132 561)
Revenue	10 650 195	33 523		
Loss	(950 638)	(32 031)		
OCI	-	-		
Total comprehensive income	(950 638)	(32 031)		
Loss allocation to NCI	(304 204)	(15 983)	187 095	(133 092)
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	(308 348)	(15 597)		
Cash flows from investing activities	(189 501)	(100 809)		
Cash flows from financing activities	1 205 472	272 022		
Net change in cash and cash equivalents	707 623	155 616		

	Group		Company	
	2017	2016	**2017**	2016
	R	R	**R**	R
26. Other investments				
Bee Sweet Honey Ltd (Zambia)	**954 294**	-	**954 294**	-

During the financial year ended 28 February 2017, the company invested R954 294 in a Zambian company that exports honey, Bee Sweet Honey Limited. This investment entitles Inqo Investments Limited to receive cash payments in the future from the sale of honey. Based on cash flow forecasts, the Group expects to receive payment from Bee Sweet Honey Limited during the 2018 financial year. Bee Sweet Honey Limited currently have 66 000 bee hives in the field and during the year ended 28 February 2017, 110 tons of honey were sold internationally and 33 tons were sold locally. This investment is classified as an investment available for sale and was acquired at fair value. In terms of the contractual agreement, Inqo Investments Limited is entitled to payment of 50% of the profit relating to the sale of honey from 5 000 plastic hives or 3 000 wooden hives after deduction of payments to farmers and harvesting and processing costs.

The valuation of the investment in Bee Sweet Limited is a level 3 hierarchy. The investment is measured based on the present value of the expected future cash flows, discounted at a rate of 40.6%. The expected future cash flows are based on cash flows generated from either 5 000 plastic hives or 3 000 wooden hives after deduction of costs relating to the generation of the honey. There is a warranty in place that a minimum yield of 1 kilogram of honey per hive per season consisting of two honey crops will be produced. The contract relating to the investment will be in place for 20 years.

The fair value measurement of financial instruments are in certain circumstances, measured using valuation techniques that indicate assumptions that are not market observable. Where these scenarios apply, the group performs a sensitivity analysis on the fair value of the relevant instrument. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of the financial instrument for which valuation is dependent on unobservable inputs which are classified as level 3 on the fair value hierarchy.

A sensitivity analysis was performed on the discount rate applied to future cash flows and a 10% change in the discount rate would have the impact of increasing or decreasing the value of the investment by approximately R200 000.

27. Earnings/(loss) per share

The calculation of basic and diluted earnings per share at 28 February 2017 was based on a profit for the year of R7 085 133 (2016: loss of R4 325 794), and a weighted average number of shares of 11 639 615 (2016: 8 139 014) for basic earnings per share and 12 205 410 (2016: 8 677 271) for diluted earnings per share. There are no reconciling items between the profit after tax amounts per the statement of profit or loss and other comprehensive income and the amount used in the calculation of earnings per share and diluted earnings per share.

There were no movements in ordinary shares during the year ended 28 February 2017.

Correction of prior year error:

During the current year audit, a mathematical error was identified in the earnings per share (EPS) and diluted earnings per share (DEPS) calculation for the prior year which had the impact of the prior year reported amounts for EPS and DEPS being incorrect by 9c each (Loss per share of R0.62 and diluted loss per share of R0.59 instead of a loss per share R0.53 and R0.50 respectively). This has been corrected in the current year financial statements and the weighted average number of shares in issue during the year has been corrected per the detail below.

Weighted average number of ordinary shares:	**2017**	2016
Ordinary shares at the beginning of the year	**11 639 615**	28 813 042
Conversion of shares from R1 to R5 shares	-	(23 050 436)
Conversion of loans to shares		2 050 402
Impact of issue of shares	-	326 006
Weighted average number of ordinary shares at year end	**11 639 615**	8 139 014

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28. Standards and interpretations not yet effective

At the date of the authorisation of the financial statements of Inqo Investments Limited for the year ended 28 February 2017, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IAS 7	*Disclosure amendments*	January 2014	1 January 2017
IAS 12 amendment	*Recognition of Deferred Tax Assets for Unrealised Losses*	May 2014	1 January 2017
IFRS 15	*Revenue from contracts with customers*	May 2014	1 January 2018
IFRS 9	*Financial Instruments*	July 2014	1 January 2018
IFRS 2 amendments	*Clarifying share-based payment accounting*	June 2016	1 January 2018
IFRS 4 amendments	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	September 2016	1 January 2018
IAS 40 amendment	*Transfers of Investment property*	December 2016	1 January 2018
IFRIC 22	*Foreign Currency Transactions and Advance Considerations*	December 2016	1 January 2018
IFRS 16	*Leases*	January 2016	1 January 2019

All standards will be adopted at their effective date (except for those standards that are not applicable to the entity) and none of the above Standards and Interpretations have been early adopted by the company.

28. Standards and interpretations not yet effective (continued)

IFRS 15 *Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services.*
The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
This new standard may have an impact on the group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The company is currently in the process of performing a more detailed assessment of the impact of this standard and will provide more information in the year ended 28 February 2018 financial statements.

IFRS 9 *Financial Instruments*

The final IFRS 9 *Financial Instruments* Standard replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement.*
This standard is expected to have an impact on the company, which will include changes in the measurement bases of the company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised.

IFRS 16 *Leases*

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie 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 included on the Statement of Financial Position. No significant changes have been included for lessors.
The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lesees and lessors. The company is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

29. 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

Information about assumptions and estimated uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 – property valuation and classification

The method of valuation of the land is the direct comparison or market approach adjusted for improvements effected to the respective properties. This method entails comparing the subject property with other recent sales of similar properties, being both veld farm and irrigated farm sales in the same or comparable areas. Other matters that are considered by the valuator are: accessibility of the property, land size, access to water and services, condition of vegetation and scenic potential. The total extent of the land area measures 15 450.4 hectares. The game fenced area totals 13 400 hectares.

The buildings and improvements were valued on the basis of depreciated replacement cost. A replacement cost was allocated to each building and an estimated depreciation factor was allocated to each building, taking into consideration the age and condition of each building at the time of inspection.

The company holds land and buildings that are used by the subsidiary company, Kuzuko Lodge (Pty) Ltd to operate a five star game lodge in the Kommadagga area in the Eastern Cape. These land and buildings are not held to earn rental income nor for capital appreciation. Inqo Investments Limited does not charge rental to Kuzuko Lodge (Pty) Ltd for the use of the property and the directors do not intend to charge rental to the subsidiary company into the foreseeable future. A portion of the land owned by Inqo Investments Limited is used for its own purposes for the breeding of buffalo and other animals as well as for the planting of spekboom. For these reasons, the property is classified as property, plant and equipment in the separate financial statements of Inqo Investments Limited.

Note 4 and 9 – utilisation of tax losses

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 or other comprehensive income.

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 year end reporting date. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect 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.

29. Critical accounting estimates, judgements and key assumptions (continued)

Note 4 and 9 – utilisation of tax losses (continued)

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 or other comprehensive income.

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.

Note 7 – impairment losses of loans to subsidiaries and Note 10 – impairment against trade debtors

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 financial year end reporting 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 the 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 smallest cash-generating unit to which the asset belongs.

Impairment losses are recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss except for assets carried at revalued amounts which are recognised in equity to the extent it decreases the equity whereafter 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.

Note 24 –fair value of biological assets

Biological assets are measured at cost on initial recognition and at the end of each reporting period its fair value less costs to sell. A gain or loss on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

Note 26 – investment in Bee Sweet Honey Limited

During the financial year ended 28 February 2017, the company invested in a Zambian company that exports honey, Bee Sweet Honey Limited. This investment entitles Inqo Investments Limited to receive cash payments in the future from the sale of honey. Based on cash flow forecasts, the Group expects to receive payment from Bee Sweet Honey Limited during the 2018 financial year. This investment is classified as an investment available for sale and was acquired at fair value.

30. Going concern

The company earned a net profit before tax for the year ended 28 February 2017 of R9 423 448 (2016: loss of R5 087 445).

In the previous financial year, the company impaired its loan to Kuzuko Lodge (Pty) Ltd by R890 620 and to Spekboom Trading (Pty) Ltd by R530 287 bringing the total impairment to R23 844 006. The reason for the impairment was that Kuzuko Lodge (Pty) and Spekboom Trading (Pty) Ltd were insolvent as at 28 February 2016 and full recoverability of the loans was not considered probable. These companies remained insolvent as at 28 February 2017. However, the directors did not consider it necessary to further impair the loans in the current financial year because of improvement in their respective financial results.

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

31. Subsequent event

On the 07 April 2017, the company announced its investment in Four-One Financial Services Ltd. The Reserve Bank has approved the $50,000 investment, which represents an 18% equity stake. Four-One is an Ugandan-based company responsible for the management of the Mazima Voluntary Individual Retirement Benefits Scheme. This fund is a voluntary retirement savings scheme for low income earners in the informal sector of the economy in Uganda.

The investment will be treated as an other investment as the company does not control or have significant influence over the investment.

32. Dividends

The company has not declared any dividends during the financial year ended 28 February 2017 (2016: Rnil).

33. Directors and prescribed officers' emoluments

2017: Group and company

Name	Earnings	Bonus	Company contributions	Long term benefits	Fees for Services Rendered	Total
K Tan	-	-	-	-	240 000	240 000
C Bertie	-	-	-	-	300 000	300 000
D Louw	-	-	-	-	96 000	96 000
Total	**-**	**-**	**-**	**-**	**636 000**	**636 000**

2016: Group and company

Name	Earnings	Bonus	Company contributions	Long term benefits	Fees for Services Rendered	Total
K Tan	-	-	-	-	240 000	240 000
C Bertie	-	-	-	-	300 000	300 000
D Louw	-	-	-	-	96 000	96 000
Total	**-**	**-**	**-**	**-**	**636 000**	**636 000**

No fees are paid to directors out of the subsidiary companies.

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34. Segment information

The group has the following strategic investments which are its reportable segments. These two areas of investment offer different services and are managed separately due to the fact that they are completely different industries.

Reportable segments	Operations
Hospitality and tourism	Sale of rooms, food, game drives and other luxury hospitality services
Investment	Sustainable long term investment activities that address the poverty and social needs of the poor in Africa

The group's executive director reviews the internal management reports of each operating entity at least quarterly.

Primary segment	**Hospitality and tourism**		**Investment**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	R	R	**R**	R	**R**	R
Revenue from external customers	**17 026 098**	10 650 195	**-**	-	**17 026 098**	10 650 195
Revenues from transactions with other operating segments	**-**	-	**-**	-	**-**	-
Other income	**-**	849 657	**14 042 765**	17 584	**14 042 765**	867 241
Net finance cost	**(15 369)**	(12 710)	**(29 611)**	(1 042 072)	**(44 980)**	(1 054 782)
Profit/(loss) before tax	**783 704**	(950 638)	**9 475 806**	(3 767 633)	**10 259 510**	(4 718 271)
Income tax expense/(income)	**-**	-	**(2 868 524)**	259 385	**(2 868 524)**	259 385
Depreciation and amortisation	**153 171**	112 185	**2 761 584**	1 270 771	**2 914 755**	1 382 956
Total assets	**4 293 304**	3 286 743	**139 231 928**	147 626 537	**143 525 232**	150 913 280
Total liabilities	**4 368 910**	4 367 452	**10 569 110**	35 923 993	**14 938 020**	40 291 445

Geographic information:
The company and its subsidiaries only operate in South Africa. The investment of R954 294 in Bee Sweet Investment Limited is based in Zambia but revenue and profits from this investment are only expected to flow to the entity during the 2018 financial year.

Revenue from external customers:
Revenue is generated from both local and foreign sources and the company places no reliance on any major customers.

Measurement of segment reporting information:
Accounting policies applied when compiling segment reports are consistent with those applied to the entity.