

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**

**(REGISTRATION NUMBER 2007/007719/08)**

**FINANCIAL STATEMENTS  
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**INDEX**

---

The reports and statements set out below comprise the financial statements presented to the directors:

	<b>Page</b>
Directors' Responsibilities and Approval	2
Independent Auditors' Report	3 - 4
Directors' Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 13
Notes to the Financial Statements	14 - 17
The following supplementary information does not form part of the financial statements and is unaudited:	
Detailed Statement of Profit or Loss	18

**LEVEL OF ASSURANCE**

These financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

**PREPARER**

Henk Heymans CA (SA) RA  
Beta Professional Consulting Proprietary Limited

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors and entity's accounting officer are required in terms of the Public Finance Management Act of 1999 section 38 (j) to provide written assurance that the entity implements effective, efficient and transparent financial management and internal control systems. The directors hereby confirm that this has been implemented.

The directors are required in terms of the Companies Act No.71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the 13 months to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved and were signed on its behalf by:

\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

05/08/2013  
\_\_\_\_\_  
Date

6/8/2013  
\_\_\_\_\_  
Date

## INDEPENDENT AUDITORS' REPORT

### To the shareholder of Intsimbi National Tooling Initiative NPC

We have audited the financial statements of Intsimbi National Tooling Initiative NPC, as set out on pages 7 to 17, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 13 months then ended, comprising a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and requirements of the Companies Act No. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Intsimbi National Tooling Initiative NPC as at 31 March 2013, and its financial performance and its cash flows for the 13 months then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act No. 71 of 2008.

*Supplementary Information*

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 18 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

*Other Reports required by the Companies Act*

As part of our audit of the financial statements for the 13 months ended 31 March 2013, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

*RSM Betty & Dickson (Jhb)*

**RSM Betty & Dickson (Johannesburg)  
Registered Auditors**

**KC Rottok Chesaina CA (SA) RA  
Partner**

**Date: 6 August 2013  
Randburg**



## DIRECTORS' REPORT

---

The directors submit their report for the 13 months ended 31 March 2013.

### 1. INCORPORATION

The company was incorporated on 09 March 2007 and obtained its certificate to commence business on the same day.

### 2. REVIEW OF ACTIVITIES

#### Main business and operations

The company is engaged in promoting and advancement of toolmaking and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 3. GOING CONCERN

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

The continuation of the company's activities is dependent upon the continuation of government funding. The annual financial statements have been prepared on the going concern basis which assumes that the government funding will be continued. Accordingly, these annual financial statements do not include any adjustments relating to the recoverability and classification of assets or amounts or classification of liabilities that might be necessary if the company is unable to continue as a going concern.

### 4. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial period that has a material impact on the financial statements.

### 5. ACCOUNTING POLICIES

There were no changes to the company's accounting policies.

### 6. NON-CURRENT ASSETS

No major changes in the nature of the non-current assets of the company were noted during the 13 months.

### 7. DIRECTORS

The directors of the company during the 13 months and to the date of this report are as follows:

#### Name

M J Scheeper  
A A Grech-Cumbo  
H A Narishmulu  
R Williamson  
J D Lawson  
H A Snyman  
N M Twala

**DIRECTORS' REPORT**

---

**8. SECRETARY**

The company had no secretary during the period.

**9. AUDITORS**

RSM Betty & Dickson (Johannesburg) will continue in office in accordance with section 90 of the Companies Act No. 71 of 2008.

**10. LIQUIDITY AND SOLVENCY**

The directors have performed the required liquidity and solvency tests required by the Companies Act No. 71 of 2008.

**11. COMPARATIVE FIGURES**

The company changed its financial year end during the period from February to March so as to have a consistent year end with other related companies. As a result, the current reporting period figures are for a thirteen month period while the comparative figures are for a twelve month period.

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**STATEMENT OF FINANCIAL POSITION**

<b>Figures in Rand</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	6 219 760	8 624 022
<b>CURRENT ASSETS</b>			
Trade and other receivables	3	137 932	93
Cash and cash equivalents	4	14 999	32
		<b>152 931</b>	<b>125</b>
<b>Total Assets</b>		<b>6 372 691</b>	<b>8 624 147</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Retained income		5 862 863	8 622 146
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Loans from group companies	5	7 000	2 000
Trade and other payables		502 828	1
		<b>509 828</b>	<b>2 001</b>
<b>Total Equity and Liabilities</b>		<b>6 372 691</b>	<b>8 624 147</b>



**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**STATEMENT OF COMPREHENSIVE INCOME**

<b>Figures in Rand</b>	<b>Note</b>	<b>13 Months 31 March 2013</b>	<b>12 Months 29 February 2012</b>
Revenue	6	43 129 825	7 411 517
Operating expenses		(45 988 741)	(2 297 358)
<b>Operating (loss)/profit</b>	7	<b>(2 858 916)</b>	<b>5 114 159</b>
Investment revenue	8	99 644	9
Finance costs		(11)	(68)
<b>(Loss)/profit for the 13 months</b>		<b>(2 759 283)</b>	<b>5 114 100</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income for the 13 months</b>		<b>(2 759 283)</b>	<b>5 114 100</b>

Page 9

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**STATEMENT OF CHANGES IN EQUITY**

<b>Figures in Rand</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 April 2011</b>	<b>3 508 046</b>	<b>3 508 046</b>
Changes in equity		
Total comprehensive income for the period	5 114 100	5 114 100
Total changes	5 114 100	5 114 100
<b>Balance at 01 April 2012</b>	<b>8 622 146</b>	<b>8 622 146</b>
Changes in equity		
Total comprehensive loss for the period	(2 759 283)	(2 759 283)
Total changes	(2 759 283)	(2 759 283)
<b>Balance at 31 March 2013</b>	<b>5 862 863</b>	<b>5 862 863</b>

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**STATEMENT OF CASH FLOWS**

<b>Figures in Rand</b>	<b>Note</b>	<b>13 Months 31 March 2013</b>	<b>12 Months 29 February 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	407 917	7 410 720
Interest income		99 644	9
Finance costs		(11)	(68)
<b>Net cash from operating activities</b>		<b>507 550</b>	<b>7 410 661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(497 583)	(7 411 516)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans from group companies advanced		5 000	-
<b>Net cash from financing activities</b>		<b>5 000</b>	<b>-</b>
<b>Total cash movement for the 13 months</b>		<b>14 967</b>	<b>(855)</b>
Cash at the beginning of the 13 months		32	887
<b>Total cash at end of the 13 months</b>	<b>4</b>	<b>14 999</b>	<b>32</b>

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

## **ACCOUNTING POLICIES**

---

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act No. 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with those of the previous period.

#### **1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

##### **Classification of loans**

Management has applied judgement to classifying all loans with unconditional right to defer settlement for at least 12 months after financial year end, as current liabilities.

#### **1.2 PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part thereof, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Average useful life</b>
Furniture and fixtures	6 years
Office equipment	5 years
IT equipment	3 years
Plant and machinery	5 years
Tooling equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

## **ACCOUNTING POLICIES**

---

### **1.3 FINANCIAL INSTRUMENTS**

#### **Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables.
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### **Initial recognition and measurement**

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### **Subsequent measurement**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### **Loans to/(from) group companies**

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### **Trade and other payables**

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

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

## **ACCOUNTING POLICIES**

---

### **1.4 EQUITY**

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

### **1.5 GOVERNMENT GRANTS**

The entity recognises government grants as follows:

- a) A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable.
- b) A grant that imposes specified future performance conditions on the recipient is recognised in income when the performance conditions are met.
- c) Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

The entity measures grants at the fair value of the asset received or receivable.

### **1.6 REVENUE**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and Value-added Taxation (VAT).

Interest is recognised, in profit or loss, using the effective interest rate method.



**NOTES TO THE FINANCIAL STATEMENTS**

Figures in Rand

	2013	2012
--	------	------

**2. PROPERTY, PLANT AND EQUIPMENT**

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	663 539	(337 455)	326 084	663 539	(217 625)	445 914
Office equipment	376 205	(322 977)	53 228	376 205	(241 466)	134 739
IT equipment	1 861 694	(1 231 749)	629 945	1 486 826	(620 507)	866 319
Plant and machinery	8 346 515	(3 644 368)	4 702 147	8 223 800	(1 844 138)	6 379 662
Tooling equipment	1 333 992	(825 636)	508 356	1 333 992	(536 604)	797 388
<b>Total</b>	<b>12 581 945</b>	<b>(6 362 185)</b>	<b>6 219 760</b>	<b>12 084 362</b>	<b>(3 460 340)</b>	<b>8 624 022</b>

**Reconciliation of property, plant and equipment - 2013**

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	445 914	-	(119 830)	326 084
Office equipment	134 739	-	(81 511)	53 228
IT equipment	866 319	374 868	(611 242)	629 945
Plant and machinery	6 379 662	122 715	(1 800 230)	4 702 147
Tooling equipment	797 388	-	(289 032)	508 356
	<b>8 624 022</b>	<b>497 583</b>	<b>(2 901 845)</b>	<b>6 219 760</b>

**Reconciliation of property, plant and equipment - 2012**

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	390 546	159 944	(104 576)	445 914
Office equipment	209 980	-	(75 241)	134 739
IT equipment	437 855	833 311	(404 847)	866 319
Plant and machinery	1 584 138	6 243 627	(1 448 103)	6 379 662
Tooling equipment	886 642	174 634	(263 888)	797 388
	<b>3 509 161</b>	<b>7 411 516</b>	<b>(2 296 655)</b>	<b>8 624 022</b>

**3. TRADE AND OTHER RECEIVABLES**

Value-added Taxation	137 932	93
----------------------	---------	----

**Fair value of trade and other receivables**

There is no material difference between the fair value of trade and other receivables and their book value.

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Figures in Rand</b>	<b>2013</b>	<b>2012</b>
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Bank balances	14 999	32
Fair value of cash and cash equivalents		
There is no material difference between the fair value of the cash and cash equivalents and their book values.		
<b>5. LOAN TO/(FROM) GROUP COMPANY</b>		
<b>Holding company</b>		
<b>National Tooling Initiative Programs Proprietary Limited</b>	(7 000)	(2 000)
The loan is unsecured, interest free and has no fixed terms of repayment.		
<b>6. REVENUE</b>		
Funds received from the Department of Trade and Industry	43 129 825	7 411 517
<b>7. OPERATING (LOSS)/PROFIT</b>		
Operating (loss)/profit for the period is stated after accounting for the following:		
Depreciation on property, plant and equipment	2 901 847	2 296 655
<b>8. INVESTMENT REVENUE</b>		
<b>Interest revenue</b>		
Bank	99 644	9
<b>9. CASH GENERATED FROM OPERATIONS</b>		
Profit/(loss) before taxation	(2 759 283)	5 114 100
<b>Adjustments for:</b>		
Depreciation and amortisation	2 901 847	2 296 655
Interest received	(99 644)	(9)
Finance costs	11	68
<b>Changes in working capital:</b>		
Trade and other receivables	(137 839)	(93)
Trade and other payables	502 825	(1)
	<b>407 917</b>	<b>7 410 720</b>
<b>10. AUDITORS' REMUNERATION</b>		
Fees	100 922	-
Consulting-taxation and financial statement preparation	10 226	-
	<b>111 148</b>	<b>-</b>

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>Figures in Rand</b>	<b>2013</b>	<b>2012</b>
------------------------	-------------	-------------

**11. DIRECTORS' EMOLUMENTS**

No emoluments were paid to the directors or any individuals holding a prescribed office during the 13 months.

**12. RELATED PARTIES****Relationships**

Common directorship	Toolmaking Association of South Africa RGC Engineering Proprietary Limited Ngena Mouldnet Proprietary Limited Western Cape National Tooling Initiative Gauteng Tooling Initiative Quad Precision Engineering Proprietary Limited National Tooling Initiative Programs Proprietary Limited Mpumalanga Tooling Initiative
---------------------	--

**Directors:**

A A Grech-Combo  
 R Williamson  
 M J Scheeper  
 H A Narishmulu  
 J D Lawson  
 H A Snyman  
 N M Twala

**Related party balances****Loan accounts - owing (to)/by related parties**

National Tooling Initiative Programs Proprietary Limited	(7 000)	(2 000)
--	---------	---------

**Amounts included in trade payables regarding related parties**

National Tooling Initiative Programs Proprietary Limited	(497 583)	-
--	-----------	---

**Related party transactions****Project fees expense**

National Tooling Initiative Programs Proprietary Limited	42 958 209	-
--	------------	---

**13. DEPARTMENT OF TRADE AND INDUSTRY PROGRAMME ARRANGEMENT**

The company has entered into a number of agreements with the Department of Trade and Industry (DTI) and National Tooling Initiative Programs Proprietary Limited (NTIP) in terms of which the DTI provides grant funding towards tooling initiative programmes. Intsimbi acts as a governance structure for the execution of tooling initiatives, and towards this end engaged NTIP to utilise funds granted for purposes of the execution of work programmes approved by the DTI.

In the prior year, NTIP invoiced the DTI directly for funds related to these agreements, a portion of which was attributed to Intsimbi for the acquisition of property, plant and equipment. During the year ended 31 March 2012, NTIP received from the DTI R51 000 000 in grant funding of which R6 263 158 was Output Value-added Taxation and R6 183 680 of these funds were awarded to Intsimbi for the acquisition of property, plant and equipment. The net amount of R38 553 162 was reflected as revenue and the related expenditure accounted for as project costs in the financial statements of NTIP.

**NOTES TO THE FINANCIAL STATEMENTS**

**Figures in Rand**

---

**13. DEPARTMENT OF TRADE AND INDUSTRY PROGRAMME ARRANGEMENT (continued)**

In the current year, Intsimbi invoiced the DTI for the funds in the amount of R49 168 000 of which R6 038 175 was accounted for as Output Value-added Taxation. NTIP as the entity engaged to execute the programme, in turn charged R42 958 209 for project costs incurred during the period.

**14. CONTINGENT TAX LIABILITY**

The company is in the process of applying for tax exemption from South African Revenue Service (SARS). Management are of the view that the company will be deemed to be exempt as it meets all criteria for exemption. In the remote event that SARS disapproves the application, this would result in an approximate tax expense of RNil (2012: R643 279). The total amount owing to SARS for current tax in previous periods would be R1 625 532 (2012: R1 625 532), excluding any possible interest and penalties.

**15. COMPARATIVE FIGURES**

The company changed its financial year end during the period from February to March so as to have a consistent year end with other related companies. As a result, the current reporting period figures are for a thirteen month period while the comparative figures are for a twelve month period.

**INTSIMBI NATIONAL TOOLING INITIATIVE NPC**  
**(Registration number 2007/007719/08)**  
**Financial Statements for the 13 Months ended 31 March 2013**

**DETAILED STATEMENT OF PROFIT OR LOSS**

Figures in Rand	Note	13 Months 31 March 2013	12 Months 29 February 2012
<b>Revenue</b>			
Grant income		43 129 825	7 411 517
<b>Other income</b>			
Interest received	8	99 644	9
<b>Operating expenses</b>			
Auditors' remuneration	10	(111 148)	-
Bank charges		(1 647)	(703)
Computer expenses		(6 314)	-
Depreciation, amortisation and impairments		(2 901 847)	(2 296 655)
Project costs		(42 958 209)	-
Secretarial fees		(9 576)	-
		<b>(45 988 741)</b>	<b>(2 297 358)</b>
<b>Operating (loss)/profit</b>			
Finance costs	7	(2 759 272)	5 114 168
		(11)	(68)
<b>(Loss)/profit for the period</b>		<b>(2 759 283)</b>	<b>5 114 100</b>