INTSIMBI NATIONAL TOOLING INITIATIVE NPC
(REGISTRATION NUMBER 2007/007719/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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

LEVEL OF ASSURANCE

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa,.

PREPARER

These financial statements were prepared by KC Rottok Chesaina CA (SA) of Mueni Management Consulting Proprietary Limited under the supervision of Anusha Naidu, Financial Manager.

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 by the Companies Act of South Africa, 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 year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS For SMEs).

The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard 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 year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing 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 accordingly:

Director

Director

RSM
Audit • Tax • Advisory

RSM Betty & Dickson (Johannesburg)
Chartered Accountants (S.A.)
Executive City
Cross Street & Charmaine Ave
President Ridge, Randburg 2194
PO Box 1734, Randburg 2125
Docex 51, Randburg
T +27 11 329-6000 **F** +27 11 329-6100
E mail@jhb.rsmbd.co.za
www.rsmbettyanddickson.co.za

REPORT OF THE INDEPENDENT AUDITORS

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 15, which comprise the statements of financial position as at 31 March 2015, and the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material 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 2015, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 16 to 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 year ended 31 March 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

RSM Betty & Dickson (Johannesburg)

RSM Betty & Dickson (Johannesburg)
Registered Auditors

Henk Heymans CA (SA) RA
Partner

Date: 2015-08-11
Randburg

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Intsimbi National Tooling Initiative NPC for the year ended 31 March 2015.

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

The company is engaged in the promotion 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.

There have been no material changes to the nature of the company's business from the prior year.

3. ACCOUNTING POLICIES

There have been no changes to the company's accounting policies.

4. DIRECTORS

The directors in office at the date of this report are as follows:

A A Grech-Cumbo
R Williamson
H A Snyman
J A Mc Ewan
V C Mkhize
J P Venter
T Samanga
S N Beaumont
W Opperman
I Docrat

5. PROPERTY, PLANT AND EQUIPMENT

Details of the company's investment in property, plant and equipment are as disclosed in note 2 to the annual financial statements.

6. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that may have a material effect on the financial statements.

7. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. AUDITORS

RSM Betty & Dickson (Johannesburg) have expressed their willingness to continue in office as auditors in accordance with section 90 of the Companies Act of South Africa.

9. SECRETARY

Anusha Naidu was appointed as the company secretary during the prior financial year.

10. VAT RECEIVABLE

The company has reported a VAT receivable as reported in note 3 to the financial statements. The company has been registered for VAT on the 9 April 2015. These funds for claims for the current and prior periods is expected to be received from the Receiver of Revenue in the next financial period. IFRS for SMEs requires an entity to recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The directors are of the opinion that the input Value-added Taxation that was paid in this and prior years will be claimed back successfully.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

Figures in Rand	Note	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	19 573 397	10 874 016
CURRENT ASSETS			
Trade and other receivables	3	34 756 895	18 833 358
Prepayments	4	9 329 806	-
Cash and cash equivalents	5	9 389 647	122 951
		53 476 348	**18 956 309**
Total Assets		**73 049 745**	**29 830 325**
EQUITY AND LIABILITIES			
EQUITY			
Retained income		63 830 761	29 814 301
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	9 218 984	16 024
Total Equity and Liabilities		**73 049 745**	**29 830 325**

STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	Note	2015	2014
Revenue	7	128 574 418	103 308 820
Other income	8	-	(167 941)
Operating expenses		(95 713 698)	(85 589 707)
Operating surplus	9	**32 860 720**	**17 551 172**
Investment income	10	1 155 740	362 090
Surplus for the year		**34 016 460**	**17 913 262**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained income	Total equity
Balance at 01 April 2013	11 901 039	11 901 039
Surplus for the year	17 913 262	17 913 262
Balance at 01 April 2014	29 814 301	29 814 301
Surplus for the year	34 016 460	34 016 460
Balance at 31 March 2015	63 830 761	63 830 761

STATEMENT OF CASH FLOWS

Figures in Rand	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	20 501 749	6 921 831
Interest income		1 155 740	362 090
Net cash from operating activities		**21 657 489**	**7 283 921**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(12 390 793)	(7 336 910)
Sale of property, plant and equipment	2	-	167 941
Net cash from investing activities		**(12 390 793)**	**(7 168 969)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid to related party		-	(7 000)
Net cash from financing activities		**-**	**(7 000)**
Total cash movement for the year		**9 266 696**	**107 952**
Cash at the beginning of the year		122 951	14 999
Total cash at end of the year	5	**9 389 647**	**122 951**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. 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 the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements.

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 is initially measured at cost.

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

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 of, 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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

ITEM	AVERAGE USEFUL LIFE
Tool box kits	5 years
Furniture and fixtures	6 years
Office equipment	5 years
IT equipment	3 years
Tooling equipment	5 years

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.

1.3 FINANCIAL INSTRUMENTS (continued)

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.

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.

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) Grant that impose specified future perfomance conditions are recognised in income when the perfomance conditions are met.

c) Grants received before the revenue recognition criteria are satisfied are recognised as a liablilty.

Grants are measured at the fair value of the asset received or receivable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014

2. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	873 984	(543 007)	330 977	724 198	(453 829)	270 369
Office equipment	376 205	(376 205)	-	376 205	(376 205)	-
IT equipment	1 970 800	(1 875 888)	94 912	1 952 572	(1 637 435)	315 137
Tooling equipment	27 324 578	(8 310 831)	19 013 747	15 122 013	(5 075 061)	10 046 952
Tool box kits	1 333 992	(1 200 231)	133 761	1 333 992	(1 092 434)	241 558
Total	**31 879 559**	**(12 306 162)**	**19 573 397**	**19 508 980**	**(8 634 964)**	**10 874 016**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	270 369	149 786	(89 178)	330 977
IT equipment	315 137	18 229	(238 454)	94 912
Tooling equipment	10 046 952	12 222 778	(3 255 983)	19 013 747
Tool box kits	241 558	-	(107 797)	133 761
	10 874 016	**12 390 793**	**(3 691 412)**	**19 573 397**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2014

	Opening balance	Additions	Classified as held for sale	Depreciation	Total
Furniture and fixtures	326 084	62 074	-	(117 789)	270 369
Office equipment	53 228	-	-	(53 228)	-
IT equipment	629 945	91 229	-	(406 037)	315 137
Tooling equipment	4 702 147	7 183 607	(167 941)	(1 670 861)	10 046 952
Tool box kits	508 356	-	-	(266 798)	241 558
	6 219 760	**7 336 910**	**(167 941)**	**(2 514 713)**	**10 874 016**

3. TRADE AND OTHER RECEIVABLES

	2015	2014
Value-added taxation receivable	34 756 895	18 833 358

IFRS for SMEs requires and entity to recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The company has successfully registered as a vendor in terms of the Value-added Tax Act on the 9 April 2015. The directors are of the opinion that the input Value-added taxation that was paid in this and prior years will be claimed back successfully.

4. PREPAYMENTS

Tooling Equipment to the value of R9 329 806 for the Tooling Centers of Excellence in the Western Cape and NECSA was ordered in the current financial period. However, as at 31 March 2015 the equipment had not yet been delivered and was re-classified to prepayments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	9 389 647	122 951

6. TRADE AND OTHER PAYABLES

Trade payables	9 218 984	16 024

7. REVENUE

Funds received from the Department of Trade and Industry	128 574 418	103 308 820

8. OTHER INCOME

Loss on disposal of property, plant and equipment	-	(167 941)

9. OPERATING SURPLUS

Operating surplus for the year is stated after accounting for the following:

Depreciation of property, plant and equipment	3 691 412	2 514 713

10. INVESTMENT REVENUE

Bank interest	1 155 740	362 090

11. AUDITORS' REMUNERATION

Fees	68 043	73 264
Consulting taxation	43 674	26 133
	111 717	**99 397**

12. CASH GENERATED FROM OPERATIONS

Surplus before taxation	34 016 460	17 913 262
ADJUSTMENTS FOR:		
Depreciation and amortisation	3 691 412	2 514 713
Interest received	(1 155 740)	(362 090)
CHANGES IN WORKING CAPITAL:		
Trade and other receivables	(15 923 537)	(12 657 251)
Prepayments	(9 329 806)	-
Trade and other payables	9 202 960	(486 803)
	20 501 749	**6 921 831**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014

13. RELATED PARTIES

Relationships	
Common directorship	National Tooling Initiative Programs Proprietary Limited
Directors	Refer to Directors report

RELATED PARTY TRANSACTIONS

	2015	2014
PROJECT FEE EXPENSE		
National Tooling Initiative Programs Proprietary Limited	113 456 137	82 967 433

14. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the 12 months.

DETAILED STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	2015
Revenue	**128 574 418**
Skills development programme	67 700 000
NSF funded programme	60 874 418
Other income	**1 155 740**
Interest received	1 155 740
Programme expenses	**(92 022 286)**
DTI-NTI skills programme expenses - refer to note 1 on page 17	(38 475 116)
DTI - NSF co-funded programme expenses - refer to note 2 on page 17	(2 930 380)
DTI-NSF 100% funded programme expenses - refer to note 3 on page 18	(50 330 041)
Insurance	(86 356)
Auditors remuneration	(68 043)
Bank charges	(5 676)
Secretarial and other auditors fees	(43 674)
Legal fees	(83 000)
Surplus before depreciation	**37 707 872**
Depreciation	(3 691 412)
Surplus before taxation	**34 016 460**
Taxation	-
Surplus for the year	**34 016 460**

DETAILED STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand	2015
NOTE 1 - DTI-NTI SKILLS PROGRAMME EXPENSES	
Operational project expenditure	**26 157 131**
Training provider fees	21 486 918
Learner allowance	514 109
Tool allowance	10 584
Company training/workplace cost	431 537
Assessment/moderation cost	410 951
Quality assurance cost	102 549
Protective clothing in training	5 065
Graduation and certification	498 172
Stakeholder communication	949 658
HR and IR	277 106
Mobilisation of industry partners	396 003
Train the trainer capacity building	295 835
National marketing campaign - TDM qualification	381 577
DTI monitoring and interns	397 067
Developmental project expenditure	**5 588 037**
Curriculum/materials development	2 135 902
International consultants support	74 580
Programme SA accreditation curriculum	235 189
Development management support	1 203 033
Procedures, processes and systems development	1 939 333
Overhead and project management expenditure	**6 729 948**
Total DTI-NTI skills programme expenses	**38 475 116**
NOTE 2 - DTI-NSF CO-FUNDED PROGRAMME EXPENSES	
Learner allowance	1 163 392
Tool allowance	38 626
Company training/workplace cost	185 387
Assessment/moderation cost	585 276
Quality assurance cost	566 041
Protective clothing in training	60 662
Graduation and certification	126 551
Project management	204 445
Total DTI-NSF Co-funded programme expenses	**2 930 380**

DETAILED STATEMENT OF SURPLUS OR DEFICIT

Figures in Rand

	2015
NOTE 3 - DTI-NSF 100% FUNDED PROGRAMME EXPENSES	
Training provider fees	36 769 315
Learner allowance	6 365 011
Tool allowance	185 702
Company training/workplace cost	1 025 681
Assessment/moderation cost	2 285 585
Quality assurance cost	200
Protective clothing in training	186 173
Graduation and certification	975
Project management	3 511 398
Total DTI-NSF 100% Funded Programme Expenses	**50 330 041**