

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED  
(REGISTRATION NUMBER 2005/023407/07)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
(Registration number 2005/023407/07)  
**Annual Financial Statements for the year ended 31 March 2017**

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

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**LEVEL OF ASSURANCE**

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

**PREPARER**

These financial statements have been prepared under the supervision of Anusha Naidu, Financial Manager.

NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED  
(Registration number 2005/023407/07)

Annual Financial Statements for the year ended 31 March 2017

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 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.

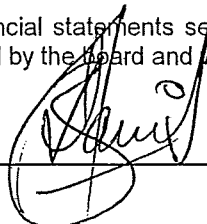
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

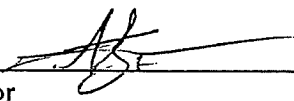
The directors have reviewed the company's cash flow forecast for the year to 31 March 2018 and; in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 5.

The financial statements set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

  
\_\_\_\_\_  
Director

8 AUGUST 2017  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Director

11 AUGUST 2017  
\_\_\_\_\_  
Date

RSM South Africa Inc.

2016/324649/21

Executive City

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## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of National Tooling Initiative Programs Proprietary Limited

#### *Opinion*

We have audited the financial statements of National Tooling Initiative Programs Proprietary Limited set out on pages 8 to 20, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement 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 financial statements present fairly, in all material respects, the financial position of National Tooling Initiative Programs Proprietary Limited as at 31 March 2017, and its financial performance and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Responsibility and Approval, Directors' Report as required by the Companies Act of South Africa and the Detailed Statements of Profit or Loss. The other information does not include the financial statements and our auditors' report thereon.

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

## THE POWER OF BEING UNDERSTOOD

### AUDIT | TAX | CONSULTING

Directors: E Bergh, B Com (Hons), CA(SA), C D Betty, B Acc, CA(SA), A Blignaut-de Waal, B Com, B Compt (Hons), M Com (FORP), CA(SA), M G Q de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), C J Flynn, B Compt (Hons), CA(SA), A C Galloway, B Sc Mech Eng, CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), B Kooi, B Compt (Hons), M Com (GFA), CA(SA), L Mac Donald, B Compt (Hons), CA(SA), L Quintal, B Com (Hons), CA(SA), R Rawoot, B Compt (Hons), CA(SA), P D Schulze, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), CA(SA), L M van der Merwe, B Com (Hons), CA(SA), A Wootton, B Com (Hons), CA(SA), A D Young, B Compt (Hons), CA(SA)

RSM South Africa Inc. Registration No. 2016/324649/21, Practice No. 900435 is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the 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 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 company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

RSM South Africa Inc.

**RSM South Africa Inc.**

**Michael Steenkamp**  
**Chartered Accountants (SA)**  
**Registered Auditor**  
**Director**

Date 14 August 2017

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
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Annual Financial Statements for the year ended 31 March 2017

**DIRECTORS' REPORT**

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The directors submit their report for the year ended 31 March 2017.

**1. INCORPORATION**

The company was incorporated on 01 January 2005 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 tooling 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. DIVIDENDS**

No dividends were declared or paid to the shareholder during the year.

**4. AUTHORISED AND ISSUED SHARE CAPITAL**

There were no changes in the authorised or issued share capital of the company during the year under review.

**5. DIRECTORS**

The directors of the company during the year and to the date of this report are as follows.

<b>DIRECTORS</b>	<b>NATIONALITY</b>
AA Grech-Cumbo	South African
BJ Davis	South African
R Williamson	South African

**6. EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any matter or circumstance arising since the end of the financial year that may have an effect on the financial statements.

**7. 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 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.

**8. AUDITORS**

RSM South Africa Incorporated have expressed their willingness to continue in office as auditors in accordance with section 90 of the Companies Act of South Africa.

**9. ACCOUNTING POLICIES**

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

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
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**DIRECTORS' REPORT**

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**10. SECRETARY**

The company had no secretary during the financial year.

**11. NON-CURRENT ASSETS**

During the year under review, the company invested in additional property, plant and equipment - refer to note 2.



**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
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Annual Financial Statements for the year ended 31 March 2017

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**

Figures in Rand	Note(s)	2017	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	3 653 950	2 671 053
Deferred tax	3	568 082	16 594
		<u>4 222 032</u>	<u>2 687 647</u>
<b>CURRENT ASSETS</b>			
Inventories		82 361	807 920
Other financial assets	4	-	500 000
Current tax receivable		141 497	24 981
Trade and other receivables	5	8 940 148	21 534 240
Cash and cash equivalents	6	5 885 119	7 095 358
		<u>15 049 125</u>	<u>29 962 499</u>
<b>Total Assets</b>		<u>19 271 157</u>	<u>32 650 146</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7	100	100
Retained income		1 311 715	1 227 925
		<u>1 311 815</u>	<u>1 228 025</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	10 394 652	17 737 427
Deferred income	9	7 564 690	13 684 694
		<u>17 959 342</u>	<u>31 422 121</u>
<b>Total Equity and Liabilities</b>		<u>19 271 157</u>	<u>32 650 146</u>

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
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**Annual Financial Statements for the year ended 31 March 2017**

**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

Figures in Rand	Note(s)	2017	2016
Revenue	10	147 865 226	159 411 331
Other income		925 178	-
Operating expenses		<u>(148 918 994)</u>	<u>(159 616 122)</u>
<b>Operating profit</b>	11	<b>(128 590)</b>	<b>(204 791)</b>
Investment revenue		400 408	528 421
<b>Profit before taxation</b>		<b>271 818</b>	<b>323 630</b>
Taxation	12	<u>(188 028)</u>	<u>55 566</u>
<b>Profit for the year</b>		<b>83 790</b>	<b>379 196</b>

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**STATEMENT OF CHANGES IN EQUITY**

<b>Figures in Rand</b>	<b>Share capital</b>	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 April 2015</b>	<b>100</b>	<b>848 729</b>	<b>848 829</b>
Profit for the year	-	379 196	379 196
<b>Balance at 01 April 2016</b>	<b>100</b>	<b>1 227 925</b>	<b>1 228 025</b>
Profit for the year	-	83 790	83 790
<b>Balance at 31 March 2017</b>	<b>100</b>	<b>1 311 715</b>	<b>1 311 815</b>
Note(s)	7		

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**STATEMENT OF CASH FLOWS**

Figures in Rand	Note(s)	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	1 349 128	(21 232 965)
Interest income		400 408	528 421
Tax received (paid)	14	(856 032)	(328 885)
<b>Net cash from operating activities</b>		<b>893 504</b>	<b>(21 033 429)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(5 501 373)	(2 113 701)
Proceeds on transfer of property, plant and equipment	2	2 897 630	-
Loan advanced to KZN Tooling Initiative		500 000	(200 000)
<b>Net cash from investing activities</b>		<b>(2 103 743)</b>	<b>(2 313 701)</b>
<b>Total cash movement for the year</b>		<b>(1 210 239)</b>	<b>(23 347 130)</b>
Cash at the beginning of the year		7 095 358	30 442 488
<b>Total cash at end of the year</b>	6	<b>5 885 119</b>	<b>7 095 358</b>

**NATIONAL TOOLING INITIATIVE PROGRAMS PROPRIETARY LIMITED**  
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Annual Financial Statements for the year ended 31 March 2017

**ACCOUNTING POLICIES**

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**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 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:

**Allowance for doubtful debts**

Debtors are regularly assessed by management and provided for at their discretion.

**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.

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.

Property, plant and equipment are depreciated on the straightline 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>
Leasehold property	3 years
Furniture and fixtures	6 years
Office equipment	3 years
IT equipment	3 years

**1.3 TAX**

**CURRENT TAX ASSETS AND LIABILITIES**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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Annual Financial Statements for the year ended 31 March 2017

**ACCOUNTING POLICIES**

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**1.3 TAX (continued)**

**DEFERRED TAX ASSETS AND LIABILITIES**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

**TAX EXPENSES**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

**1.4 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**OPERATING LEASES – LESSEE**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

**1.5 SHARE CAPITAL AND EQUITY**

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

**1.6 GOVERNMENT GRANTS**

The entity recognises government grants as follows:

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

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

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**Annual Financial Statements for the year ended 31 March 2017**

**ACCOUNTING POLICIES**

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**1.7 REVENUE**

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).

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and that revenue can be reliably measured.

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

**1.8 WORK IN PROGRESS**

Work in progress represents expenses incurred on behalf of funders that will only be recovered in future financial periods.