Chrystalpine Investments 9 Proprietary Limited
(Registration number 2008/024785/07)
Historical Financial Information
for the year ended 31 August 2012

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Index

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

Introduction to historical financial information

The historical financial information of Chrystalpine Investments 9 Proprietary Limited ("Historical Financial Information"), set out below, has been derived from the audited Annual Financial Statements of Chrystalpine Investments 9 Proprietary Limited for the year ended 31 August 2012. The audited Annual Financial Statements of Chrystalpine Investments 9 Proprietary Limited were prepared in accordance with International Financial Reporting Standards.

The Annual Financial Statements of Chrystalpine Investments 9 Proprietary Limited for the year ended 31 August 2012 were reported on by PricewaterhouseCoopers Inc. without qualification.

Commentary on historical financial information

The company was incorporated on 22 October 2008 and obtained its certificate to commence business on the same day.

The company is engaged in investment holding and operates principally in South Africa.
The operating results and state of affairs of the company are fully set out in the attached historical financial information and do not in our opinion require any further comment.
Net loss of the company was R 44,954 (2011: R 78,748 loss), after taxation of R - (2012: R -).

The fact that the total liabilities exceed the assets has not hindered the company's ability to pay its debts as they become due in the normal course of business.

ConvergeNet Holdings Limited is in the process of disposing of its entire interest in Chrystalpine Investments 9 Proprietary Limited to Tellumat Proprietary Limited for R95,119,000, pending shareholder approval.

This will result in a controlling interest shareholding by Tellumat Proprietary Limited in Chrystalpine Investments 9 Proprietary Limited and therefore a controlling interest in the subsidiary, Andrews Kit Proprietary Limited.

Statement of Financial Position

	Notes	2012 R	2011 R
Assets			
Non-Current Assets			
Investments in subsidiaries	4	852,195	852,195
Current Assets			
Cash and cash equivalents	8	227	-
Non-Current Assets		852,195	852,195
Current Assets		227	-
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		**852,422**	**852,195**
Equity and Liabilities			
Equity			
Share capital	9	100	100
Accumulated loss		(228,448)	(183,494)
		(228,348)	**(183,394)**
Liabilities			
Current Liabilities			
Loans from group companies	5	241,927	196,613
Loans from shareholders	6	487,485	487,485
Trade and other payables	10	351,358	351,359
Bank overdraft	8	-	132
		1,080,770	**1,035,589**
Non-Current Liabilities		-	-
Current Liabilities		1,080,770	1,035,589
Liabilities of disposal groups		-	-
Equities		(228,348)	(183,394)
Liabilities		1,080,770	1,035,589
Total Equity and Liabilities		**852,422**	**852,195**

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Statement of Comprehensive Income

	Notes	2012 R	2011 R
Operating expenses		(44,799)	(78,746)
		-	-
		(44,799)	(78,746)
Operating loss		**(44,799)**	**(78,746)**
Finance costs	13	(155)	(2)
Profit (loss) for the year from continuing operations		(44,954)	(78,748)
Profit (loss) for the year from discontinued operations		-	-
Loss for the year		**(44,954)**	**(78,748)**
Other comprehensive income		-	-
Total comprehensive loss		**(44,954)**	**(78,748)**
Total comprehensive loss attributable to:			
Owners of the parent		(44,954)	(78,748)

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Statement of Changes in Equity

	Share capital R	Accumulated loss R	Total equity R
Balance at 01 September 2010	**100**	**(104,746)**	**(104,646)**
Changes in equity			
Total comprehensive loss or the year	-	(78,748)	(78,748)
Total changes	-	(78,748)	(78,748)
Balance at 01 September 2011	**100**	**(183,494)**	**(183,394)**
Changes in equity			
Total comprehensive loss for the year	-	(44,954)	(44,954)
Total changes	-	(44,954)	(44,954)
Balance at 31 August 2012	**100**	**(228,448)**	**(228,348)**
Note	9		

Statement of Cash Flows

	Notes	2012 R	2011 R
Cash flows from operating activities			
Cash used in operations	14	(44,800)	(78,746)
Finance costs		(155)	(2)
Net cash from operating activities		**(44,955)**	**(78,748)**
Cash flows from financing activities			
Loans advanced from group companies		45,314	78,806
Net cash from financing activities		**45,314**	**78,806**
Total cash, cash equivalents and bank overdrafts movement for the year		**359**	**58**
Cash, cash equivalents and bank overdrafts at the beginning of the year		(132)	(190)
Total cash, cash equivalents and bank overdrafts at end of the year	8	**227**	**(132)**

Accounting Policies

1. Basis of preparation

The historical financial information have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 2008. The historical financial information have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, 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 historical financial information, management is required to make estimates and assumptions that affect the amounts represented in the historical financial information 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 historical financial information. Significant judgements include:

Fair value estimation

The carrying value of trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

1.2 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.3 Financial instruments

Classification

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

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

1.3 Financial instruments (continued)

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.

Subsequent measurement

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 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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company’s accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.4 Income tax

Current income tax assets and liabilities

Current income 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 income 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 end of the reporting period.

Accounting Policies

1.4 Income tax (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income 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.

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

Secondary tax

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distribution income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceeds the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceeds dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividends cycle as an STC credit.

Accounting Policies

1.5 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 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.

Ordinary shares are classified as equity.

Accounting Policies

1.7 Revenue

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

Dividends are recognised, in profit or loss, when the company’s right to receive payment has been established.

1.8 Dividend distribution

Dividend distribution to the company’s shareholders is recognised as a liability in the historical financial information in the period in which the dividends are approved by the company’s shareholders.

Notes to the Historical Financial Information

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 September 2012 or later periods:

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 September 2012 or later periods but are not relevant to its operations:

3. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

Financial risk management

The company’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity.The company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company’s financial performance. Risk management is carried out under policies approved by the management.

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at thestatement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 August 2012	Less than 1 year
Loans from shareholders	487,485
Trade and other payables	351,358
Loans from group companies	241,927

At 31 August 2011	Less than 1 year
Loans from shareholders	487,485
Trade and other payables	351,359
Loans from group companies	196,613

Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, the company’s income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The company is not exposed to foreign exchange risk.

Price risk

The company is not exposed to price risk.

	2012 R	2011 R

4. Investments in subsidiaries

Name of company	Held by	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011
Andrews Kit Proprietary Limited	Chrystalpine Investments 9 Proprietary Limited	100.00 %	100.00 %	852,195	852,195

The carrying amounts of subsidiaries are shown net of impairment losses.

5. Loans from group companies

Subsidiaries

	2012 R	2011 R
Andrews Kit Proprietary Limited	(241,927)	(196,613)

The loan is unsecured, bears no interest and is repayable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

6. Loans from shareholders

	2012 R	2011 R
NW Andrews The amount is unsecured, bears no interest and is repayable on demand.	(114,888)	(114,888)
JE Andrews The amount is unsecured, bears no interest and is repayable on demand.	(108,465)	(108,465)
ConvergeNet Holdings Limited The amount is unsecured and bears interest at 9% and is repayable on demand.	(264,132)	(264,132)
	(487,485)	**(487,485)**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

Notes to the Historical Financial Information

	2012 R	2011 R

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Held to maturity investments	Total
Investment in subsidiary	852,195	852,195

2011

	Held to maturity investments	Total
Investment in subsidiary	852,195	852,195

8. Cash and cash equivalents

Cash and cash equivalents consist of :

	2012 R	2011 R
Bank balances	227	-
Bank overdraft	-	(132)
	227	**(132)**
Current assets	227	-
Current liabilities	-	(132)
	227	**(132)**

9. Share capital

	2012 R	2011 R
Authorised		
1,000 Ordinary shares of R1 each	-	-

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2012 R	2011 R
Issued		
100 Ordinary shares of R1 each	100	100

10. Trade and other payables

	2012 R	2011 R
Dividends payable to shareholders	351,358	351,359

Notes to the Historical Financial Information

	2012 R	2011 R

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Financial liabilities at amortised cost	Total
Loans from group companies	241,927	241,927
Loans from shareholders	487,485	487,485
Trade and other payables	351,358	351,358
	1,080,770	**1,080,770**

2011

	Financial liabilities at amortised cost	Total
Loans from group companies	196,613	196,613
Loans from shareholders	487,485	487,485
Trade and other payables	351,359	351,359
	1,035,457	**1,035,457**

12. Expenses by nature

	2012 R	2011 R
Accounting fees	44,313	77,806
Bank charges	486	940
Total cost of sales, distribution costs and administrative expenses	**44,799**	**78,746**

13. Finance costs

	2012 R	2011 R
Bank	155	2

14. Cash used in operations

	2012 R	2011 R
Loss before taxation	(44,954)	(78,748)
Adjustments for:		
Finance costs	155	2
Changes in working capital:		
Trade and other payables	(1)	-
	(44,800)	**(78,746)**

	2012 R	2011 R

15. Related parties

Relationships	
Holding company	ConvergeNet Holdings Limited
Subsidiaries	Andrews Kit Proprietary Limited
Minority shareholders	NW Andrews
	JE Andrews

Related party balances

Loan accounts - Owing (to) by related parties		
JE Andrews	108,465	108,465
NW Andrews	114,888	114,888
Andrews Kit Proprietary Limited	241,927	196,613
ConvergeNet Holdings Limited	264,131	264,131
	729,411	**684,097**

16. Directors' emoluments

Other companies within the group

2012

	Fees for services '000	Salary, Bonuses and allowances '000	Pension and other contributions '000	Total '000
PWJ Bouwer	-	1	1	2
T Modise	-	1	1	2
SLL Peteni	1	-	-	1
DD Tabata	1	-	-	1
	2	**2**	**2**	**6**

2011

	Fees for services '000	Salary, Bonuses and allowances '000	Pension and other contributions '000	Total '000
PWJ Bouwer	-	2,000	230	2,230
T Modise	-	1,858	154	2,012
SLL Peteni	254	-	-	254
DD Tabata	93	-	-	93
	347	**3,858**	**384**	**4,589**

17. Going concern

We draw attention to the fact that at 31 August 2012, the company had accumulated losses of R 228,448 and that the company's total liabilities exceed its assets by R 228,348.

The historical financial information 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 holding company issued a letter of support providing continuing support to the company until such time that the company's assets, recognised at fair value, exceed its liabilities. Refer to note 6 the historical financial information.

18. Events after the reporting period

ConvergeNet Holdings Limited is in the process of disposing of its entire interest in Chrystalpine Investments 9 Proprietary Limited to Tellumat Proprietary Limited for R95,119,000, pending shareholder approval.

This will result in a controlling interest shareholding by Tellumat Proprietary Limited in Chrystalpine Investments 9 Proprietary Limited and therefore a controlling interest in the subsidiary, Andrews Kit Proprietary Limited.

Supplementary Information

The earnings, diluted earnings, headline earnings, diluted headline earnings, net asset value and tangible net asset value per share and dividends per share in respect of each class of share is presented below in accordance with the requirements of paragraph 8.11 of the Johannesburg Stock Exchange Listings Requirements:

	2012	2011
Earnings per share		
Basic (loss)/earnings per share (cents)		
From continuing operations	(44,955)	(78,748)
Basic (loss)/earnings for the period	(44,955)	(78,748)
Earnings per share		
Diluted basic (loss)/earnings per share (cents)		
From continuing operations	(44,955)	(78,748)
Diluted basic (loss)/earnings for the period	(44,955)	(78,748)
Headline (loss)/earnings per share (cents)		
From continuing operations	(44,955)	(78,748)
Headline (loss)/earnings for the period	(44,955)	(78,748)
Diluted headline (loss)/earnings per share (cents)		
From continuing operations	(44,955)	(78,748)
From discontinued operations	-	-
Headline (loss)/earnings for the period	(44,955)	(78,748)
Net asset value per share (cents)	(228,350)	(183,395)
Net tangible asset value per share (cents)	(228,350)	(183,395)
	(816,340)	(996,774)