CHRYSTALPINE INVESTMENTS 9 (PTY) LTD

(Registration number 2008/024785/07)

Historical Financial Information

for the year ended 31 August 2013

Index

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

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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 2013. 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 2013 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 profit of the company was R 6,908,321 (2012: R 44,955 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 as at 31 August 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Investments in subsidiaries	3	852,195	852,195
Current Assets			
Cash and cash equivalents	7	8,316	227
Total Assets		**860,511**	**852,422**
Equity and Liabilities			
Equity			
Share capital	8	100	100
Accumulated loss		(320,129)	(228,450)
		(320,029)	**(228,350)**
Liabilities			
Current Liabilities			
Loans from group companies	4	1,180,540	506,059
Loans from shareholders	5	-	223,353
Trade and other payables	9	-	351,360
		1,180,540	**1,080,772**
Total Equity and Liabilities		**860,511**	**852,422**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Operating expenses		(91,674)	(44,800)
Expenses by nature	11	**(91,674)**	**(44,800)**
Investment income	12	7,000,000	-
Finance costs	13	(5)	(155)
Profit/(loss) for the year		**6,908,321**	**(44,955)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**6,908,321**	**(44,955)**

Chrystalpine Investments 9 (Pty) Ltd

(Registration number 2008/024785/07)
Historical Financial Information for the year ended 31 August 2013

Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 September 2011	**100**	**(183,495)**	**(183,395)**
Loss for the year	-	(44,955)	(44,955)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(44,955)**	**(44,955)**
Balance at 01 September 2012	**100**	**(228,450)**	**(228,350)**
Profit for the year	-	6,908,321	6,908,321
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**6,908,321**	**6,908,321**
Dividends	-	(7,000,000)	(7,000,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(7,000,000)**	**(7,000,000)**
Balance at 31 August 2013	**100**	**(320,129)**	**(320,029)**
Note(s)	8		

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash (utilised in)/generated from operations	15	(91,674)	(44,800)
Dividends received	12	7,000,000	-
Finance costs	13	(5)	(155)
Net cash (utilised in)/generated from operating activities		**6,908,321**	**(44,955)**
Cash flows from financing activities			
Loans received from group companies		451,128	45,314
Dividends paid	16	(7,351,360)	-
Net cash from financing activities		**(6,900,232)**	**45,314**
Total cash movement for the year		**8,089**	**359**
Cash at the beginning of the year		227	(132)
Total cash at end of the year	7	**8,316**	**227**

Accounting Policies

1. Basis of preparation

The historical financial information has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ('IFRS'), and the Companies Act 71 of 2008.

The policies set out below have been consistently applied to all the years presented.

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within their current funding levels.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continue to adopt the going concern basis in preparing the historical financial information.

1.1 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment, except when the investment is classified as discontinued operations which is recognised at the lower of the carrying amount and fair value less costs to sell. Impairment is measured as the difference between the investment’s carrying amount and the present value of discounted estimated future cash flows.

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.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- held to maturity investments;
- loans and receivables; and
- financial liabilities measured at amortised cost.

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

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. 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.

Accounting Policies

1.2 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category does not include those loans and receivables that the company intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. These assets are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets.

Financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method, less any provision for impairment.

Loans and receivables comprise cash and cash equivalents.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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.

Financial liabilities

Borrowings

Borrowings, which include loans from subsidiaries, associates and other related parties 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.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. The company derecognises financial liabilities when and only when the company's obligations are discharged, cancelled or they expire.

Accounting Policies

1.2 Financial instruments (continued)

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. Impairment losses are recognised in profit or loss. The amount of the provision is the difference between the carrying amount and the recoverable amount of the assets being the present value of expected cash flows discounted at the original effective interest rate. The amount of the provision is recognised as a charge to profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in profit or loss.

1.3 Taxation

Current taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. 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.

Current tax assets and current tax liabilities are offset when the company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxation

Deferred taxation is provided using the balance sheet method based on temporary differences. Temporary differences are differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised 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 which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit/(tax loss). 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 not taxable profit (tax loss).

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

Deferred tax assets and deferred tax liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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

Accounting Policies

1.3 Taxation (continued)

Deferred tax assets and deferred tax liabilities are offset when the company has a legally enforceable right to offset the current tax assets and current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Withholding tax paid or payable to taxation authorities on dividends paid to shareholders is charged to equity as part of the dividends.

1.4 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.

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company’s own equity instruments. Consideration paid or received, including any directly attributable incremental costs (net of income taxes) shall be recognised directly in equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from total equity on consolidation.

1.5 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.

1.6 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

Figures in Rand	2013	2012

2. New Standards and Interpretations

2.1 Adoption of new and revised standards and interpretations

During the current financial year, the company has adopted all the new, revised or amended accounting standards and interpretations as issued by the IASB, that are relevant to its operations, which were effective for the company from 1 September 2012.

The adoption of the new and revised accounting standards and interpretations which had no material impact on the results of the company, are as follows:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IAS 1 Presentation of Financial Statements	01 July 2012
• IAS 12 Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets	01 January 2012

Notes to the Historical Financial Information

2. New Standards and Interpretations (continued)

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 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2015	Not material
• Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	01 January 2013	Not material
• Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	01 January 2014	Not material
• IFRS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013	Not material
• IAS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013	Not material
• IAS 16 – Annual Improvements for 2009 – 2011 cycle	01 January 2013	Not material
• IAS 32 – Annual Improvements for 2009 – 2011 cycle	01 January 2013	Not material

3. Transition to IFRS

IFRS 1 requires full retrospective application of IFRS. However, the standard allows for exceptions and exemptions from full retrospective application of IFRS. The mandatory exceptions from full retrospective application of IFRS are not applicable, other than the estimates exception in respect of which no adjustments were made. The company has not elected any of the exemptions from full retrospective application of IFRS.

Reconciliations between IFRS and SA GAAP

The conversion of the financial results of the Company from SA GAAP to IFRS did not result in any adjustments to the Company's previously reported financial position, financial performance or cash flows. As such no reconciliations are presented.

Notes to the Historical Financial Information

Figures in Rand	2013	2012

3. Investments in subsidiaries

Name of company	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
Andrews Kit (Pty) Ltd t/a Contract Kitting	100 %	100 %	852,195	852,195
			852,195	852,195

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

Reconciliation of investment in subsidiaries

	2013	2012
Carrying value at the beginning and end of the year	852,195	852,195
	852,195	**852,195**

4. Loans from group companies

Holding company

	2013	2012
ConvergeNet Holdings Limited	(487,485)	(264,132)

This loan is unsecured, interest free and payable on demand.

Fellow subsidiaries

	2013	2012
Andrews Kit (Pty) Ltd t/a Contract Kitting	(693,055)	(241,927)

This loan is unsecured, interest free and payable on demand.

	2013	2012
Current liabilities	(1,180,540)	(506,059)

5. Loans from shareholders

	2013	2012
J.E. Andrews	-	(108,465)
N.W. Andrews	-	(114,888)
	-	**(223,353)**

These loans are unsecured, interest free and repayable on demand.

Notes to the Historical Financial Information

Figures in Rand	2013	2012

6. Financial assets by category

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

2013

	Loans and receivables	Held to maturity investments	Total
Investment in subsidiary	-	852,195	852,195
Cash and cash equivalents	8,316	-	8,316
	8,316	**852,195**	**860,511**

2012

	Loans and receivables	Held to maturity investments	Total
Investment in subsidiary	-	852,195	852,195
Cash and cash equivalents	227	-	227
	227	**852,195**	**852,422**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013	2012
Bank balances	8,316	227

8. Share capital

	2013	2012
Authorised		
1,000 Ordinary shares of R 1 each.	1,000	1,000

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.

	2013	2012
Issued		
100 ordinary shares of R1 each	100	100

9. Trade and other payables

	2013	2012
Dividends payable to shareholders*	-	351,360

* Financial instruments classified as financial liabilities at amortised cost

10. Financial liabilities by category

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

2013

	Financial liabilities at amortised cost	Total
Loans from group companies	1,180,540	1,180,540

Notes to the Historical Financial Information

Figures in Rand	2013	2012

10. Financial liabilities by category (continued)

2012

	Financial liabilities at amortised cost	Total
Loans from group companies	506,059	506,059
Loans from shareholders	223,353	223,353
Trade and other payables	351,360	351,360
	1,080,772	**1,080,772**

11. Expenses by nature

	2013	2012
• Audit and accounting fees	40,128	44,314
• Bank charges	1,546	486
• Share transfer tax	50,000	-
	91,674	**44,800**

12. Investment income

	2013	2012
Dividend income		
Subsidiaries - Local	7,000,000	-

13. Finance costs

	2013	2012
Bank	5	155

14. Taxation

No provision has been made for 2013 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R - (2012: R -).

15. Cash generated from/(used in) operations

	2013	2012
Profit before taxation	6,908,321	(44,955)
Adjustments for:		
Dividends received	(7,000,000)	-
Finance costs	5	155
	(91,674)	**(44,800)**

16. Dividends paid

	2013	2012
Balance at beginning of the year (refer to note 9)	(351,360)	(351,360)
Dividends	(7,000,000)	-
Balance at end of the year (refer to note 9)	-	351,360
	(7,351,360)	**-**

17. Related parties

Relationships

Notes to the Historical Financial Information

Figures in Rand	2013	2012

17. Related parties (continued)

Holding company	ConvergeNet Holdings Limited
Group companies	Andrews Kit (Pty) Ltd t/a Contract Kitting

Related party balances

	2013	2012
Loan accounts - Owing to related parties		
ConvergeNet Holdings Limited	(487,485)	(264,132)
Andrews Kit (Pty) Ltd t/a Contract Kitting	(693,055)	(241,927)
J.E. Andrews	-	(108,465)
N.W. Andrews	-	(114,888)

Related party transactions

	2013	2012
Dividends paid to/(received from) related parties		
ConvergeNet Holdings Limited	7,000,000	-
Andrews Kit (Pty) Ltd t/a Contract Kitting	(7,000,000)	-

18. Directors' emoluments

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

19. Risk management

Due to the nature of the company's operations, being an investment holding company, it is not exposed to capital, financial, liquidity or market risk.

20. Going concern

As at 31 August 2013, the company had accumulated losses of R 320 129 and the company's total liabilities exceed it's assets by R 320 029. Despite the above, the directors believe the company has adequate financial resources to continue in operation for the forseeable future and accordingly, the historical financial information has been prepared on a going concern basis.

21. 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.

22. Exception from preparation of consolidated historical information

Chrystalpine Investments 9 (Pty) Ltd, has not consolidated their investments in Andrews Kit (Pty) Ltd. This is allowed through the exemption in IAS 27 Consolidated and separate financial statements. A parent need not present consolidated historical financial information if the ultimate or any intermediate parent of the parent produces consolidated financial statements available for public use that comply with International
Financial Reporting Standards. ConvergeNet Holdings Ltd prepare consolidated financial statements in terms of IFRS available for public use.

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:

	2013	2012
Earnings per share		
Basic (loss)/earnings per share (cents)		
From continuing operations	6,908,321	(44,955)
Basic (loss)/earnings for the period	6,908,321	(44,955)
Earnings per share		
Diluted basic (loss)/earnings per share (cents)		
From continuing operations	6,908,321	(44,955)
Diluted basic (loss)/earnings for the period	6,908,321	(44,955)
Headline (loss)/earnings per share (cents)		
From continuing operations	6,908,321	(44,955)
Headline (loss)/earnings for the period	6,908,321	(44,955)
Diluted headline (loss)/earnings per share (cents)		
From continuing operations	6,908,321	(44,955)
Headline (loss)/earnings for the period	6,908,321	(44,955)
Net asset value per share (cents)	(320,029)	(228,350)
Net tangible asset value per share (cents)	(320,029)	(228,350)