

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

**Annual Financial Statements
for the year ended 28 February 2018**

Compiled Financial Statements

in compliance with Companies Act 71 of 2008

Prepared by: Grobler and Associates Incorporated

Professional designation: Registered Auditors

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Index

General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4
Report of the Compiler	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Financial Statements	12 - 15
Supplementary information:	
Detailed Income Statement	16 - 17
Income Tax Computation	18

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Mining services
Directors	AJP Steenkamp A Jantjies CL Mashava (Appointed 28 September 2017)
Registered Office	37 Chevrolet Street Aureus Randfontein Gauteng 1759
Taxation Number	94774126
Level of Assurance	Compiled in terms of the Companies Act of South Africa
Chartered Accountants CA(SA)	Grobler and Associates Inc 77 Steyer Street Aureus Randfontein 1759

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Directors' Responsibilities and Approval

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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company 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 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements as set out on pages 6 to 15 were approved by the directors on 5 March 2018 and were signed on their behalf by:

AJP Steenkamp

A Jantjies

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Directors' Report

The directors present their report for the year ended 28 February 2018.

1. Review of activities

Main business and operations

The principal activity of the company is mining services and there were no major changes herein during the year.

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

2. Going concern

The annual 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.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

5. Dividend

No dividend was declared nor paid to the shareholder during the year.

Directors

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

AJP Steenkamp

A Jantjies

CL Mashava (Appointed 28 September 2017)

7. Secretary

No secretary has been formally appointed during the current financial year.

8. Compilers

Grobler and Associates Inc were the compilers for the year under review.

Report of the Compiler

To the Shareholder of Renlyn Mining Services (Pty)Ltd

We have compiled the accompanying financial statements of Renlyn Mining Services (Pty)Ltd based on information you have provided. These financial statements comprise the statement of financial position of Renlyn Mining Services (Pty)Ltd as at 28 February 2018, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities to the financial statements and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Grobler and Associates Inc

5 March 2018

**77 Steyer Street
Aureus**

**Per: PC Grobler CA (SA)
Chartered Accountant (SA)**

**Randfontein
1759**

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in R	Notes	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	4	1,961,008	1,122,974
Current assets			
Trade and other receivables	6	6,186,832	6,957,176
Other financial assets	5	4,526,851	7,326,141
Cash and cash equivalents	7	9,788,874	1,052,032
Total current assets		20,502,557	15,335,349
Total assets		22,463,565	16,458,323
Equity and liabilities			
Equity			
Issued capital	8	120	120
Retained income		7,803,499	2,589,098
Total equity		7,803,619	2,589,218
Liabilities			
Non-current liabilities			
Other financial liabilities	10	4,700,000	4,700,000
Current liabilities			
Trade and other payables	9	10,074,790	8,441,029
Current tax liabilities		(114,844)	728,076
Total current liabilities		9,959,946	9,169,105
Total liabilities		14,659,946	13,869,105
Total equity and liabilities		22,463,565	16,458,323

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Statement of Comprehensive Income

Figures in R	2018	2017
Revenue	151,315,671	104,231,899
Cost of sales	(140,876,995)	(100,478,435)
Gross profit	10,438,676	3,753,464
Administrative expenses	(157,935)	(197,297)
Other expenses	(3,129,670)	(1,110,629)
Profit from operating activities	7,151,071	2,445,538
Finance income	121,494	178,070
Finance costs	(30,342)	(13,863)
Profit before tax	7,242,223	2,609,745
Income tax expense	(2,027,822)	(730,729)
Profit for the year	5,214,401	1,879,016

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Statement of Changes in Equity

Figures in R	Issued capital	Retained income	Total
Balance at 1 March 2016	120	710,082	710,202
Changes in equity			
Profit for the period	-	1,879,016	1,879,016
Total comprehensive income	-	1,879,016	1,879,016
Balance at 28 February 2017	120	2,589,098	2,589,218
Balance at 1 March 2017	120	2,589,098	2,589,218
Changes in equity			
Profit for the period	-	5,214,401	5,214,401
Total comprehensive income	-	5,214,401	5,214,401
Balance at 28 February 2018	120	7,803,499	7,803,619
Difference	-	4	4
Trial balance closing balances	120	7,803,503	7,803,623
Note	8		

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in R	Notes	2018	2017
Cash flows from operating activities			
Profit for the year		5,214,401	1,879,016
Adjustments to reconcile profit			
Adjustments for income tax expense		2,027,822	730,729
Adjustments for finance income		(121,494)	(178,070)
Adjustments for finance costs		30,342	13,863
Adjustments for decrease / (increase) in trade accounts receivable		667,474	(4,512,623)
Adjustments for decrease in other operating receivables		9,017	-
Adjustments for increase in trade accounts payable		385,788	4,410,964
Adjustments for increase in other operating payables		1,341,826	2,323,655
Adjustments for depreciation and amortisation expense		408,508	75,771
Total adjustments to reconcile profit		4,749,283	2,864,289
Net cash flows from operations		9,963,684	4,743,305
Interest paid		(30,342)	(13,863)
Interest received		121,494	178,070
Income taxes paid		(2,870,742)	(280,350)
Net cash flows from operating activities		7,184,094	4,627,162
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(1,246,542)	(1,198,745)
Purchase of bonds		741,768	-
Purchase of debentures		1,486,705	(1,486,705)
Purchase of other financial assets group A		(4,456,450)	(949,642)
Other loans and receivables advanced		4,889,794	(4,889,794)
Cash payments for future contracts, forward contracts, option contracts and swap contracts		137,473	-
Cash flows from / (used in) investing activities		1,552,748	(8,524,886)
Cash flows from financing activities			
Loans received from shareholders		-	4,700,000
Cash flows from financing activities		-	4,700,000
Net increase / (decrease) in cash and cash equivalents		8,736,842	802,276
Cash and cash equivalents at beginning of period		1,052,032	249,756
Cash and cash equivalents at end of period	7	9,788,874	1,052,032

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Accounting Policies

Figures in R

1. General information

The company is incorporated and domiciled in South Africa. The address of its registered office is 37 Chevrolet Street, Aureus, Randfontein, Gauteng, 1759.

2. Basis of preparation

The financial statements of Renlyn Mining Services (Pty)Ltd 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 under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Asset class	Useful life / depreciation rate
Machinery	20%
Motor vehicles	20%
Office equipment	20%
Computer equipment	33.33%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses)' in the statement of comprehensive income.

3.2 Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Accounting Policies

Figures in R

3.3 Provisions

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

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

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

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

Interest income is recognised using the effective interest method.

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Notes to the Financial Statements

Figures in R

4. Property, plant and equipment

4.1 Balances at year end and movements for the year

Reconciliation for the year ended 28 February 2018

Balance at 1 March 2017

At cost

Accumulated depreciation

Net book value

	Machinery	Motor vehicles	Office equipment	Computer equipment	Total
	460,710	638,932	72,917	26,186	1,198,745
	(46,071)	(17,582)	(5,643)	(6,475)	(75,771)
	414,639	621,350	67,274	19,711	1,122,974

Movements for the year ended 28 February 2018

Additions other than through business combinations

Depreciation

Property, plant and equipment at end of period

	1,157,750	56,981	31,811	1,246,542
	(92,142)	(209,012)	(95,987)	(408,508)
	322,497	1,570,088	28,268	40,155
				1,961,008

Closing balance at 28 February 2018

At cost

Accumulated depreciation

Net book value

	460,710	1,796,682	129,898	57,997	2,445,287
	(138,213)	(226,594)	(101,630)	(17,842)	(484,279)
	322,497	1,570,088	28,268	40,155	1,961,008

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Notes to the Financial Statements

Figures in R

2018

2017

5. Other financial assets

5.1 Carrying amount of financial assets by category

	Debt instruments at amortised cost	Total
Year ended 28 February 2018		
Akata Agri Services (Pty) Ltd	(741,768)	(741,768)
Akata Group (Pty) Ltd	5,406,092	5,406,092
Akata Draughting and Design (Pty) Ltd	(137,473)	(137,473)
Components listed under other financial assets on the statement of financial position	4,526,851	4,526,851
Trade and other receivables excluding non-financial assets (Note 6)	6,186,832	6,186,832
Cash and cash equivalents (Note 7)	9,788,874	9,788,874
Components listed separately on the statement of financial position	15,975,706	15,975,706
	20,502,557	20,502,557
Other financial assets comprise the following on the statement of financial position:		
Current portion	4,526,851	4,526,851
Non-current portion	-	-
	4,526,851	4,526,851

6. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	6,105,000	6,772,474
Employee costs in advance	90,849	184,702
Other receivables	(9,017)	-
Total current receivables	6,186,832	6,957,176

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Notes to the Financial Statements

Figures in R

2018

2017

7. Cash and cash equivalents

7.1 Cash and cash equivalents comprise:

Cash

Balances with banks

9,788,874 1,052,032

Total cash

9,788,874 1,052,032

Total cash and cash equivalents included in current assets

9,788,874 1,052,032

Net cash and cash equivalents

9,788,874 1,052,032

8. Issued capital

8.1 Authorised and issued share capital

Authorised

1000 Ordinary shares of R1 each

1,000 1,000

Issued

120 Ordinary shares of R1 each

120 120

9. Trade and other payables

9.1 Trade and other payables are made up as follows:

Trade creditors

6,336,600 5,950,812

Value added tax

3,738,190 2,490,217

Total trade and other payables

10,074,790 8,441,029

Current liabilities

10,074,790 8,441,029

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Financial Statements for the year ended 28 February 2018

Notes to the Financial Statements

Figures in R

2018

2017

10. Other financial liabilities

10.1 Carrying amount of other financial liabilities by category

	Debt instruments at amortised cost	Total
Year ended 28 February 2018		
Loans from shareholders	4,700,000	4,700,000
Components listed under other financial assets on the statement of financial position	4,700,000	4,700,000
 Trade and other payables excluding non-financial liabilities (Note 9)	6,336,597	6,336,597
Components listed separately on the statement of financial position	6,336,597	6,336,597
	11,036,597	11,036,597

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Detailed Income Statement

Figures in R	2018	2017
Revenue		
Rendering of services	151,315,671	104,231,899
Total revenue	151,315,671	104,231,899
Cost of sales		
Employee costs	(98,252,538)	(74,747,700)
Rendering of services	(42,624,457)	(25,730,735)
Total cost of sales	(140,876,995)	(100,478,435)
Gross profit	10,438,676	3,753,464
Other income		
Interest received	121,494	178,070
Total other income	121,494	178,070
Other operating expenses		
Accounting fees	-	(119,023)
Advertising	(156,955)	(192,520)
Bank charges	(12,873)	(5,479)
Computer expenses	(34,068)	(35,736)
Depreciation - property, plant and equipment	(408,508)	(75,771)
Donations	-	(2,500)
Electricity and water	(1,846)	-
Entertainment	(22,705)	(8,101)
General expenses	(131,096)	-
Gifts	-	(42,614)
Insurance	(72,687)	(14,550)
Legal expense	-	(363,976)
Motor vehicle expense	(119,223)	(104,035)
Office expense	(81,987)	-
Rent paid	(1,138,654)	(250,356)
Interest paid - trade and other payables	(30,342)	(13,863)
Printing and stationery	(147,639)	(41,455)
Repairs and maintenance	(36,400)	(14,751)
Software expenses	(46,900)	-
Subscriptions	(3,182)	-
Telephone and fax	(107,812)	(37,059)
Training	(114,396)	-
Travel - local	(650,674)	-
Total other expenses	(3,317,947)	(1,321,789)
Profit before tax	7,242,223	2,609,745
Taxation		
Current tax	(2,027,822)	(730,729)
Total taxation	(2,027,822)	(730,729)

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Detailed Income Statement

Figures in R	2018	2017
Profit for the year	5,214,401	1,879,016

Renlyn Mining Services (Pty)Ltd

(Registration Number 2012/201738/07)

Annual Financial Statements for the year ended 28 February 2018

Income Tax Computation

Figures in R	Note	2018	2017
Profit before tax		7,242,223	2,609,745
Computed income for the year		7,242,223	2,609,745
Taxable income		7,242,223	2,609,745
Normal tax		2,027,822	730,729
Provisional tax	- 1st payment	(2,870,742)	(294,213)
Interest paid		-	13,863
(Debit)/Credit balance brought forward		728,076	277,697
Total per balance sheet - (Asset)/Liability		(114,844)	728,076