

AGRIGEL (PTY) LTD

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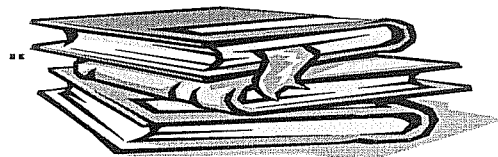
FINANCIAL STATEMENTS FOR THE YEAR ENDED

28 FEBRUARY 2010

AGRIGEL (PTY) LIMITED

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RAINBOW BEACH TRADING 57 (PTY) LIMITED

REG. NO 2006/009279/07

T/A

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GEOKTROOIEERDE REKENMEESTERS/

CHARTERED ACCOUNTANTS (SA)

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AGRIGEL (PTY)LTD

REPORT OF THE INDEPENDENT AUDITORS FOR THE YEAR ENDED

28 FEBRUARY 2010

To Shareholders

We have audited the financial statements set out on pages 3 to 9 The financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these statements based on our audit.

Scope

The audit procedures conducted during the audit were done in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes:

- examine, on a test basis, evidence supporting the amounts and disclosures included in the financial statements
- assessing the accounting principals used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides reasonable basis for our opinion.

Audit Opinion

In our opinion these financial statements fairly present, in all material aspects, the financial position of the Company as at 28 February 2010, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practise and in the manner required by the Companies Act.

BEZUIDENHOUT & CO
Chartered Accountants (CA/SA)
Registered Accountants & Auditors

3 September 2010

AGRIGEL (PTY)LTD**REPORT OF THE DIRECTORS FOR THE YEAR ENDED
28 FEBRUARY 2010**

The Directors have the pleasure in submitting the audited financial statements for the year ended 28 February 2010 which they have approved. They further wish to report as follows:

Business and Operations

The principal activity of your company during the accounting period under review was to carry on the business of manufacturing of hydraulic equipment.

Financial Results

The results of the operations outlined above for the period under review are set out in detail in the attached financial statements and were derived from the principal activity of the company. No transfers to or from reserves were made or proposed.

Share Capital

There has been no issue of shares during the year under review.

Dividends

No dividends have been paid or recommended during the year under review.

Directorate

The Board of Directors consist of LB Geldenhuys and DL Geldenhuys.

Secretary

Bezuidenhout & Company
P O Box 1187
Mulbarton
2059

Property, Plant and Equipment

Changes in property, plant and equipment are disclosed in financial statements.

Post Balance Sheet Events

No transaction or event occurred since financial year end to date of the report which might have a material effect on the trading activities of this company. Further more no alienation of the assets of the company is considered.

3 September 2010

BALANCE SHEET AS AT 28 FEBRUARY

ASSETS	Notes	2010 R	2009 R
NON-CURRENT ASSETS			
Property, plant and equipment	4	789,171	847,506
CURRENT ASSETS			
Trade and other receivables		166,635	314,702
Stock	5	72,320	73,550
TOTAL ASSETS		1,028,126	1,235,758
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued share capital	2	3	3
Accumulated income		299,329	312,858
DIRECTOR'S LOANS		330,242	350,000
BORROWINGS	3	163,045	80,512
CURRENT LIABILITIES			
Trade and other payables		210,442	435,668
Current portion of borrowings		-	29,192
Bank overdraft		25,065	11,530
Provision for taxation		-	15,996
TOTAL EQUITY AND LIABILITIES		1,028,126	1,235,758

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY

	Notes	2010 R	2009 R
TURNOVER	1.1	1,216,988	1,740,635
COST OF SALES		836,983	1,211,430
Opening stock		15,000	43,500
Cost to manufacture	6	827,053	1,182,930
Closing stock		5,070	15,000
GROSS PROFIT		380,005	529,205
EXPENSES		393,534	330,074
Advertising		1,974	0
Auditors remuneration		7,250	4,275
Bad debts		48,543	107,013
Bank charges		2,894	8,893
Computer expenses		3,798	0
Depreciation on property, plant and equipment		77,314	57,814
Directors remuneration		88,000	77,000
Discount allowed		1	552
Donations, fines and penalties		1,570	3,825
Interest paid		5,290	16,601
Legal fees		3,000	877
Motor vehicle expenses		60,106	35,765
Printing and stationery		2,632	589
Salaries and related costs		67,882	5,000
Security		3,577	0
Telephone and postage		4,832	1,583
Training		9,318	0
Travel and entertainment		5,553	10,287
NET INCOME FOR THE YEAR		-13,529	199,131
TAXATION	7	0	15,996
RETAINED PROFIT FOR THE YEAR		-13,529	183,135
ACCUMULATED INCOME BEGINNING OF YEAR		312,858	129,722
ACCUMULATED INCOME END OF YEAR		299,329	312,858

NOTES TO THE FINANCIAL STATEMENTS AS AT 28 FEBRUARY 2010

1. ACCOUNTING POLICY

1. Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting practice in South Africa. The financial statements are prepared under the historical cost convention on the basis that the company will continue as a going concern.

This presumes that funds will be available to finance future operations and that the realization of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Unless otherwise specifically stated, this basis is consistent with that of the previous year.

The following are the principal accounting policies used by the Company which are consistent with those of the previous year:

1.1 Revenue recognition

Turnover - on an accrual basis.

1.2 Property, plant and equipment

Property, plant and equipment are reflected at historical cost less accumulated depreciation and accumulated impairments.

Depreciation is calculated on the straight-line method to write - off the cost of each asset to their residual values over their estimated useful lives. The depreciation rates applicable to each category of assets are as follows:-

Fixed property	0%
Patents	0%
Plant, equipment and tools	10%
Motor vehicles	20%

Surpluses and deficits on disposal of fixed assets are credited and charged to income respectively.

1.4 Stock

Stock is valued at the lower of cost and net realizable value on a first-in-first-out basis. Finished merchandise has been computed by taking factory overhead expenditure into account.

2. SHARE CAPITAL

2010
R

2009
R

Authorized

1,000 Ordinary shares at a par value of R1 each

Issued

3 Ordinary shares at a par value of R1 each

3

3

3. BORROWINGS

3.1 Secured

Standard Bank

163,045

80,512

163,045

80,512

Revolving credit plan is secured by property, plant and equipment (refer note 4) bears interest at prime rate and is repayable in monthly installments of R 8,000.

NOTES TO THE FINANCIAL STATEMENTS AS AT 28 FEBRUARY 2010
(CONTINUED)

3. BORROWINGS (CONTINUED)	2010 R	2009 R
3.1 Secured		
Instalment sale agreement	0	29,192
Less: Repayable within 12 Months reflected as current liabilities	0	29,192
	0	0

Instalment sale is secured by motor vehicles (refer note 4)
bears interest at prime rate and is repayable in monthly installments of R 2,618.

4. PROPERTY, PLANT AND EQUIPMENT

Fixed Property

Cost	248,872	248,872
At beginning of year	248,872	248,872
Improvements	0	0

Patents

Cost	32,916	13,937
At beginning of year	13,937	0
Improvements	18,979	13,937

Book value

281,788 262,809

Plant ,equipment and tools

Cost	573,136	573,136
At beginning of year	573,136	125,000
Additions	0	448,136

Accumulated depreciation

At beginning of year	-110,753	-53,439
Depreciation charge	-53,439	-15,625
	-57,314	-37,814

Book value

462,383 519,697

Motor vehicles

Cost	100,000	100,000
At beginning of year	100,000	100,000
Additions	0	0

Accumulated depreciation

At beginning of year	-55,000	-35,000
Depreciation charge	-35,000	-15,000
	-20,000	-20,000

Book value

45,000 65,000

TOTAL

789,171 847,506

NOTES TO THE FINANCIAL STATEMENTS AS AT 28 FEBRUARY 2010
(CONTINUED)

5. STOCK

	2010 R	2009 R
Raw materials	67,250	58,550
Finished goods	5,070	15,000
	72,320	73,550

6. COST TO MANUFACTURE

Stock on hand 1 March 2009	58,550	152,550
Material purchases	352,317	817,187
Stock on hand 28 February 2010	67,250	58,550
Materials consumed	343,617	911,187
Wages	377,590	227,876
Overhead expenses incurred	105,846	43,867
Consumables	21,413	13,386
Directors emoluments	33,000	11,000
Insurance	25,265	15,329
Rent, lights and water	23,418	2,599
Repairs and maintenance	2,750	1,553
	827,053	1,182,930

7. PROVISION FOR TAXATION

Profit as per income statement	-13,529	199,131
Add : Disallowable expenses		
Donations, fines and penalties	1,570	3,825
Taxable income for the year	-11,959	202,956
Taxable income	-11,959	202,956
Taxation @ 10%	0	15,996
Calculated assessed loss carried forward	11,959	0

STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR
ENDED 28 FEBRUARY 2010

	2010 R	2010 R	2009 R	2009 R
	Share Capital	Accumulated Income	Share Capital	Accumulated Income
Balance at 1 March	3	312,858	3	129,722
Net surplus/(deficit) for the year	0	-13,529	0	183,135
Balance at 28 February	3	299,329	3	312,858

NOTES TO THE FINANCIAL STATEMENTS AS AT 28 FEBRUARY 2010
(CONTINUED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY

	2010 R	2009 R
Cash provided by continuous business activities		
Net profit before taxation	-13,529	199,131
Adjustment for:	82,604	74,415
Depreciation on property, plant and equipment	77,314	57,814
Interest paid	5,290	16,601
Operating income before working capital changes	69,075	273,546
Cash generated from increases in/(utilized to decrease) working capital		
Trade and other receivables	148,068	-133,372
Stock	1,230	122,500
Taxation paid	-15,996	0
Trade and other payables	-225,226	52,115
Cash provided by business activities	-22,849	314,789
Interest paid	-5,290	-16,601
Cash utilized by investment activities	-18,979	-462,073
Property, plant and equipment purchased	-18,979	-462,073
Net cash inflow from financing activities	33,583	73,806
(Decrease)/Increase in long term borrowings	33,583	73,806
Increase/(Decrease) in cash and cash equivalents	-13,535	-90,079
Cash and cash equivalents at beginning of year	-11,530	78,549
Cash and cash equivalents at end of year	-25,065	-11,530