Linkway Trading Proprietary Limited

Annual Financial Statements

for the year ended 28 February 2014

Independently audited in terms of Section 30 of the Companies Act of South Africa

Prepared by: **R Ragavan**
Financial Manager

Linkway Trading Proprietary Limited
(Reg. No. 2007/009012/07)

Annual Financial Statements
for the year ended 28 February 2014

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Linkway Trading Proprietary Limited

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of Linkway Trading Proprietary Limited, comprising the statement of financial position at 28 February 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern, and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of Linkway Trading Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 24 June 2014 and are signed on their behalf by:

Authorised Director

Authorised Director

Linkway Trading Proprietary Limited

Directors' report
for the year ended 28 February 2014

The directors have pleasure in presenting their report for the year ended 28 February 2014.

Nature of business

The company operates as general trading company.

Review of activities

The financial position of the company and the results of its operations for the year are clearly reflected in the annual financial statements.

Share capital

On incorporation the company was formed with an authorised share capital of 1 000 ordinary shares of R1 each an issued share capital of 100 ordinary shares of R1 each. There has been no change to the authorised or listed share capital in the current year.

Directors

The directors of the company during the year and to the date of this report were as follows –

Mr KWE Thysse
Ronica Ragavan

Business address	**Postal address**
89 Gazelle Avenue	Private Bag X180
Corporate Park	Halfway House
Midrand	1685

Bankers

Nedbank Limited.
State Bank of India

Dividends

No dividends were declared or issued in the current year (2013 – Rnil).

Subsequent events

The directors are not aware of any material fact or circumstances between year end and the date of this report which requires disclosure or adjustment in the financial statements.

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Independent Auditor's Report

To the shareholders of Linkway Trading Proprietary Limited

We have audited the financial statements of Linkway Trading Proprietary Limited, which comprise the statement of financial position at 28 February 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 25.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Linkway Trading Proprietary Limited at 28 February 2014, 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.

Other reports required by the Companies Act
As part of our audit of the financial statements for the year ended 28 February 2014 we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

KPMG Inc.

Per J Wessels
Chartered Accountant (SA)
Registered Auditor
Director
24 June 2014

Linkway Trading Proprietary Limited

Statement of financial position

at 28 February 2014

	Note	2014 R	2013 R
Assets			
Non-current assets			
Property, plant and equipment	*5*	**30 005**	65 969
Current assets		**3 203 774**	3 598 051
Inventories	*6*	**609 105**	1 218 755
Trade and other receivables	*7*	**2 379 633**	1 653 354
Cash and cash equivalents	*8*	**126 886**	677 166
Prepaid taxation		**88 150**	48 776
Total assets		**3 233 779**	3 664 020
Equity and liabilities			
Capital and reserves		**453 233**	309 749
Share capital	*9*	**100**	100
Retained earnings		**453 133**	309 649
Liabilities			
Current liabilities		**2 780 546**	3 354 271
Trade and other payables	*12*	**1 106 728**	3 354 271
Loan from shareholder	*11*	**1 673 818**	–
Total equity and liabilities		**3 233 779**	3 664 020

Linkway Trading Proprietary Limited

Statement of comprehensive income
for the year ended 28 February 2014

	Note	**2014** **R**	2013 R
Revenue	*13*	**47 802 800**	96 145 298
Cost of sales		**(48 838 419)**	(95 164 612)
Gross profit		**(1 035 619)**	980 686
Operating cost	*14*	**(651 590)**	(603 428)
Operating (loss)/profit before finance income/(costs)		**(1 687 209)**	377 258
Finance income	*15*	**3 156 328**	21 040
Finance costs	*15*	**(1 269 836)**	–
Profit before taxation		**199 283**	398 298
Taxation expense	*16*	**(55 799)**	(77 545)
Profit for the year		**143 484**	320 753
Other comprehensive income		–	–
Total comprehensive income for the year		**143 484**	320 753

Linkway Trading Proprietary Limited

Statement of changes in equity

for the year ended 28 February 2014

	Share capital R	(Accumulated loss)/ retained earnings R	Total R
Balance at 1 March 2012	100	(11 104)	(11 004)
Total comprehensive income			
Profit for the year	–	320 753	320 753
Other comprehensive income	–	–	–
Balance at 28 February 2013	100	309 649	309 749
Total comprehensive income			
Profit for the year	–	**143 484**	**143 484**
Other comprehensive income	–	–	–
Balance at 28 February 2014	**100**	**453 133**	**453 233**

Linkway Trading Proprietary Limited

Statement of cash flows

for the year ended 28 February 2014

	Note	2014 R	2013 R
Cash flows from operating activities			
Cash (utilised by)/generated from operations	*17.1*	**(4 015 417)**	454 508
Finance income received		**3 156 328**	21 040
Finance costs paid		**(1 269 836)**	–
Taxation paid	*17.2*	**(95 173)**	(56 001)
Cash (outflows)/inflows from operating activities		**(2 224 098)**	419 547
Cash outflows from investing activities			
Investments to expand operations			
– purchase of property, plant and equipment		–	(2 845)
Cash outflows from investing activities		–	(2 845)
Cash inflows from financing activities			
Loan advanced by shareholder		**1 673 818**	–
Cash outflows from investing activities		**1 673 818**	–
(Decrease)/increase in cash and cash equivalents		**(550 280)**	416 702
Cash and cash equivalents at beginning of year		**677 166**	260 464
Cash and cash equivalents at end of the year	*8*	**126 886**	677 166

Linkway Trading Proprietary Limited

Notes to the financial statements

for the year ended 28 February 2014

1. Reporting entity

Linkway Trading Proprietary Limited is a company domiciled in South Africa. The company's registered address is 89 Gazelle Avenue, Midrand Corporate Park, Midrand, South Africa.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The financial statements were approved by the directors on 24 June 2014.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency.

2.4 Estimation and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

3. Changes in accounting policies

Except for the changes below, the company has consistently applied the accounting policies set out in note 4 to all periods presented in these financial statements.

The company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 March 2013.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

The nature and effects of the changes are explained below.

3.1 Presentation of items of other comprehensive income ("OCI")

As a result of the amendments to IAS 1, the company has modified the presentation of items of OCI in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss from those that would never be. No material consequences were noted as a result of the change in accounting policy.

4. Accounting policies

4.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts invoiced for the sale of goods provided in the normal course of business, net of trade discounts and rebates, and value added tax.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction and possible return of goods can be estimated reliably.

4.2 Income tax expense

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4. Accounting policies *(continued)*

4.2 Income tax expense *(continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax 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. Deferred tax is charged to the statement of comprehensive income. The effect on deferred tax of any changes in tax rates is recognised in the statement of comprehensive income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividends withholdings tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised as the gross amount with the related withholding tax recognised as part of the tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

4.3 Net finance costs

Net finance costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

4.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of an item of plant and equipment. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

4. Accounting policies *(continued)*

4.4 Property, plant and equipment *(continued)*

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an item of property, plant and equipment over its estimated useful life. Depreciation is charged on the depreciable amount, to profit and loss, on a straight line basis over the estimated useful lives of items of property, plant and equipment.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value.

Residual value is the estimated amount that the company would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment was already of age and in the condition expected at the end of its useful life. The useful lives currently are:

The depreciation rates for the current and previous year.

Tools and equipment – 5 years

Subsequent costs

Routine maintenance costs are charged to profit or loss as it is incurred. The costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except if the cost had been recognised as a separate part of the cost of the item of property, and that amount has already been depreciated to reflect the benefits that had been replaced or restored.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of asset will be increased and the costs can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to profit and loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying value of the item of property, plant and equipment.

4.5 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicated that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

4. Accounting policies *(continued)*

4.5 Impairment *(continued)*

Financial assets (continued)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amount of the company's financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication on impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generated unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the greater of its value in used and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specified to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units and to reduce the carrying amount of the other assets in the group on a *pro-rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the weighted average method.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

4. Accounting policies *(continued)*

4.7 Leases

Operating leases
Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against profit or loss on a straight line basis over the period of the lease.

4.8 Provisions

Provisions are recognised when:

- the company has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to settle the obligation and is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The liabilities for employee entitlements to salaries and annual leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the reporting date. The liabilities have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4. Accounting policies *(continued)*

4.10 Financial instruments

Initial recognition

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 assets and financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Loans to/(from) group companies

These include loans to holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan'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 loan'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 loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to (from) group companies are classified as loans and receivables.

4. Accounting policies *(continued)*

4.10 Financial instruments *(continued)*

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and is subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Interest-bearing borrowings

Interest-bearing borrowings are initially measured at fair value less attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the costs and the redemption of interest-bearing borrowings is recognised over the term of the interest-bearing borrowings on an effective interest method.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and are subsequently carried at amortised cost, using the effective interest rate method.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. Property, plant and equipment

2014	Cost R	Accumulated depreciation and impairments R	Carrying value R
Owned assets			
Tools and equipment	**179 816**	**(149 811)**	**30 005**
2013			
Owned assets			
Tools and equipment	179 816	(113 847)	65 969

The carrying amounts of fixed assets can be reconciled as follows:

2014	Carrying value at beginning of year R	Additions R	Depreciation R	Carrying value at end of year R
Owned assets				
Tools and equipment	**65 969**	–	**(35 964)**	**30 005**
2013				
Owned assets				
Tools and equipment	104 529	2 845	(41 405)	65 969

Property, plant and equipment is depreciated as stated in note 4.4.

	2014 R	2013 R
6. Inventories		
Goods held for resale	**609 105**	1 218 755

No impairment allowance for obsolete inventory has been recognised.

Linkway Trading Proprietary Limited

Notes to the financial statements

for the year ended 28 February 2014 (continued)

		2014 R	2013 R
7.	**Trade and other receivables**		
	Trade and other receivables consists of:		
	Trade receivables	**2 330 355**	113 644
	Other receivables	**7 611**	–
	Deposits	**41 667**	1 539 710
		2 379 633	1 653 354
	Trade receivables include amounts owing by related parties		
	– Tegeta Exploration and Resources Proprietary Limited	**7 611**	–
	– Confident Concepts Proprietary Limited	–	74 752
	– All Craze 20 Proprietary Limited	–	65 371
	– Westdawn Investments Proprietary Limited	**9 758**	–
	– Infinity Media Holdings Proprietary Limited	**159 781**	–
	– TNA Media Proprietary Limited	–	3 942
8.	**Cash and cash equivalents**		
	Cash on hand	**387**	4 539
	Bank balances	**126 499**	672 627
		126 886	677 166
9.	**Share capital**		
	Authorised		
	1 000 ordinary shares of R1 each	**1 000**	1 000
	Issued		
	100 ordinary shares of R1 each	**100**	100
10.	**Deferred tax liability**		
	Balance at beginning of year	–	(4 824)
	Current year movement in temporary differences	–	4 824
		–	–
	The deferred tax liability comprises		
	Fair value adjustments	–	–

Deferred tax was provided at a rate of 28% on deductible temporary differences.

		2014 R	2013 R
11.	**Loan from shareholder**		
	Islansite Investments 180 Proprietary Limited	**1 673 818**	–
	The loan is unsecured, bears interest at prime and repayable on demand.		
12.	**Trade and other payables**		
	Trade payables	**1 098 194**	3 333 455
	VAT	**8 534**	20 816
		1 106 728	3 354 271
13.	**Revenue**		
	Sale of goods	**47 802 800**	96 145 298
14.	**Operating cost**		
	Operating cost is stated after charging:		
	Audit fees	**35 513**	25 825
	Depreciation	**35 964**	41 405
	Consulting fees	–	66 000
15.	**Finance income/(costs)**		
	Finance income		
	Loan to related party	**253 977**	–
	Foreign exchange profits	**2 902 351**	21 040
		3 156 328	21 040
	Finance costs		
	Loan from shareholder	**1 269 836**	–
16.	**Taxation expense**		
	South African normal tax		
	– current year	**(55 799)**	(82 369)
	Deferred taxation		
	– current year	–	4 824
		(55 799)	(77 545)
	Reconciliation of tax expenses		
	Effective tax rate	**%**	%
	Standard tax rate	**28**	28

		2014 R	2013 R
17.	**Notes to the statement of cash flows**		
17.1	Cash (utilised by)/generated from operations		
	Operating (loss)/profit before finance income	**(1 687 209)**	377 258
	Adjustment for –		
	– depreciation	**35 964**	41 405
	Operating (loss)/profit before changes in working capital	**(1 651 245)**	418 663
	(Increase)/decrease in trade and other receivables	**(726 279)**	590 732
	(Decrease)/increase in trade and other payables	**(2 247 543)**	663 868
	Decrease/(increase) in inventories	**609 650**	(1 218 755)
		(4 015 417)	454 508
17.2	Taxation paid		
	Taxation prepaid at beginning of year	**48 776**	75 144
	Statement of comprehensive income charge	**(55 799)**	(82 369)
	Amount prepaid at end of year	**(88 150)**	(48 776)
		(95 173)	(56 001)
17.3	Cash and cash equivalents		
	Bank and cash balances	**126 886**	677 166
	Bank overdrafts	**–**	–
	Cash and cash equivalents at end of year	**126 886**	677 166

18. Financial instruments

18.1 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. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

18.2 Interest rate risk

As part of the process of managing the company's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rate.

18. Financial instruments *(continued)*

18.3 Credit risk

The company only deposits cash surpluses with major banks of high quality credit standing. At reporting date there was no significant concentration of credit risk.

18.4 Capital management

The board's policy is to maintain a strong capital base so as maintain creditors and shareholder confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the company defines as net operating income divided by total shareholder's equity. The board of directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

18.5 Exposure to credit risk

The carrying amount of financial assets represent the maximum exposure to credit risk.

	2014	2013
	R	R
Trade and other receivables	**2 330 355**	1 653 354
Cash and cash equivalents	**126 886**	677 166
	2 457 241	2 330 520

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was :

	2014	2013
Domestic	**2 330 355**	1 653 354
Foreign	–	–
	2 330 355	1 653 354

The ageing of trade receivables at reporting date was:

	2014		2013	
	Gross	**Impairment allowance**	Gross	Impairment allowance
	R	**R**	R	R
Not past due	**2 330 355**	–	112 906	–
Past due 30 days	–	–	738	–
Past due 60 – 120 days	–	–	–	–
	2 330 355	–	113 644	–

Based on past experience, the company believes that no impairment allowance is necessary in respect of trade receivables not past due.

18. Financial instruments *(continued)*

18.6 Liquidity risk

The following are the contractual maturities of financial liabilities.

2014	Carrying amount R	Contractual cash flows R	1 year R	2 – 5 years R	More than 5 years R
Non derivative liabilities					
– trade and other payables	**1 106 728**	**1 106 728**	**1 106 728**	–	–
– loan from shareholder	**1 673 818**	**1 673 818**	**1 673 818**	–	–
2013					
Non derivative liabilities					
– trade and other payables	(3 354 271)	(3 354 271)	(3 354 271)	–	–

18.7 Interest rate risk

Profile
The interest rate risk profile of the interest bearing financial instruments was:

	2014 Interest rate	**2014** R	2013 Interest rate	2013 R
Fixed rate instruments	–	–	–	–
Variable rate instruments				
Bank and cash balances	**Prime linked**	**126 886**	Prime linked	677 166
Loan from shareholder	**Prime**	**(1 673 818)**	–	–

18.8 Fair value analyses

	2014 Carrying value R	**2014** Fair value R	2013 Carrying value R	2013 Fair value R
Assets				
Trade and other receivables	**2 379 633**	**2 379 633**	1 653 354	1 653 354
Cash and cash equivalents	**126 886**	**126 886**	677 166	677 166
Liabilities				
Trade and other payables	**(1 106 728)**	**(1 106 728)**	(3 354 271)	(3 354 271)
Loan from shareholder	**(1 673 818)**	**(1 673 818)**	–	–

Notes to the financial statements

for the year ended 28 February 2014 (continued)

18. Financial instruments *(continued)*

18.8 Fair value analyses *(continued)*

The company has no assets or liabilities measured at fair value, by valuation method, which requires fair value hierarchy disclosure.

Estimation of fair values
The following summarises the major methods and assumptions used in estimates the fair values of financial instruments reflected in the table.

Interest bearing borrowings
Fair value is calculated based on discounting the expected future principal and interest cash flows.

Trade and other receivables/payables
For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

19. Related parties

19.1 Identity of related parties

Shareholders

Islandsite Investments 180 Proprietary Limited	**53%**
Pragat Investments Proprietary Limited	**22%**
Ronica Ragavan	**25%**
	100%

19.2 Sales to related parties

	2014 **R**	2013 R
Annex Distribution Proprietary Limited	**252 150**	2 059
All Craze 20 Proprietary Limited	**136 270**	57 343
Confident Concepts Proprietary Limited	**297 496**	93 402 853
TNA Media Proprietary Limited	**972 334**	189 058
Siva Uranium Limited	**–**	11 100
Sahara Computers Proprietary Limited	**1 832 328**	190 252
Westdawn Investments Proprietary Limited	**2 727 858**	1 768 168
Sahara Consumables Proprietary Limited	**148 750**	–
Tegeta Exploration and Resources Proprietary Limited	**297 034**	–
Islandsite Investments 180 Proprietary Limited	**11 036**	176 676
Oakbay Investments Proprietary Limited	**312 454**	–
Infinity Media Networks Proprietary Limited	**14 361 301**	–

19.3 The directors are:

R Ragavan
KWE Thysse

No emoluments were paid to directors by the company. The company has no prescribed officers.

20. Standard and Interpretations not yet effective

At the date of authorisation of the financial statements of Linkway Trading Proprietary Limited for the year ended 28 February 2014, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective Date
IFRS 9 (2009)	*Financial Instruments*	To be decided
IFRS 9 (2010)	*Financial Instruments*	To be decided

* All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

The directors are of the opinion that the impact of the application of the Standards and Interpretations will not have a material impact on the reported or future results.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The company will adopt this standard for the financial year commencing 1 January 2015. The adoption of IFRS 9 (2010) is expected to have an impact on the company's financial assets, but not any impact on the company's financial liabilities.

21. Dividends

No dividends were declared or paid to shareholders during the current year.

22. Events after the reporting date

There are no matters which are significant to the financial affairs of the company that have occurred between the reporting date and the date of approval of the financial statements, not otherwise dealt with in the financial statements.

23. Estimation and judgement applied by management in applying accounting policies

No estimates or judgements which would have a significant effect on the 2014 results, have been made by management in applying the accounting policies set out in note 4, at 28 February 2014.