

**VISUAL INTERNATIONAL
HOLDINGS LIMITED
AND ITS SUBSIDIARIES**

(Registration number 2006/030975/06)
Group Annual Financial Statements
for the year ended 28 February 2013

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property holding and development
Directors	CK Robertson PE Grobbelaar G Noble Prof E Links R Kadalie GJ Lundy R Richards T Vorster P Ranchod
Registered office	23 Kleinplaas Hohenhort Street Stellenberg 7550
Business address	23 Kleinplaas Hohenhort Street Stellenberg 7550
Postal address	PO Box 3163 Tyger Valley 7536
Holding company	Visual International (Proprietary) Limited incorporated in South Africa
Ultimate holding company	Visual International Holdings Limited incorporated in South Africa
Auditors	Baker Tilly Greenwoods Chartered Accountants
Company registration number	2006/030975/06
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the International Standards on Auditing for special purposes required by the Johannesburg Stock Exchange.
Preparer	The financial statements were independently compiled under the supervision of G Noble, Financial Director, (B.Comm).
Published	17 February 2014

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Index

The reports and statements set out below comprise the group annual financial statements presented to the shareholder:

Index	Page
Directors' Responsibilities and Approval	3
Directors' Report	6 - 8
Statement of Financial Position	9
Condensed Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 23
Notes to the Group Annual Financial Statements	24 - 50
The following supplementary information does not form part of the audited annual financial statements:	
Detailed Income Statement	51 - 52

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements. This set of financial statements was compiled for the special purpose of the listing of the group as required by the Johannesburg Stock Exchange.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

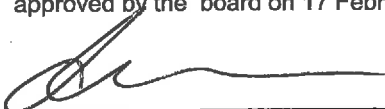
The directors acknowledge that they are ultimately responsible for the company's system of internal financial control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

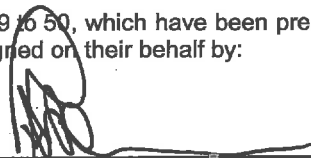
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's group annual financial statements. The group annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 5.

The group annual financial statements set out on pages 9 to 50, which have been prepared on the going concern basis, were approved by the board on 17 February 2014 and were signed on their behalf by:



Director

Director

Director



BAKER TILLY GREENWOODS

24th floor, ABSA Centre
2 Riebeeck Street
Cape Town, 8001
P O Box 3311, Cape Town, 8000
South Africa

T: +27 (21) 410 8500
F: +27 (21) 419 6705

info@bakertillygreenwoods.co.za
www.bakertillygreenwoods.co.za

Independent Auditors' Report

To the Shareholder of Visual International Holdings Limited and its subsidiaries

We have audited the group annual financial statements of Visual International Holdings Limited and its subsidiaries, as set out on pages 9 to 50, which comprise the statement of financial position as at 28 February 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Group Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group annual financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies Act of South Africa where applicable for these special purpose annual financial statements and for such internal control as the directors determine is necessary to enable the preparation of group annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these group annual 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 whether the group annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group annual 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 group annual 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 group annual financial statements.

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

Opinion

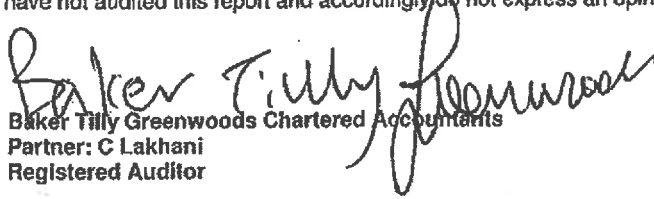
In our opinion, the group annual financial statements present fairly, in all material respects, the financial position of Visual International Holdings Limited and its subsidiaries as at 28 February 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa where applicable to these special purpose annual financial statements.

Partners: **Chris van Heerden** B Com CA (SA), **Mynhardt Kitshoff** B Compt (Hons) CA (SA), **Carl Beekmans** B Com CA (SA), **Chirag Lakhani** B Com CA (SA), **David Botha** B Rek (Hons) CA (SA), **Christine Rossouw** B Compt (Hons) CA (SA), **Monique Podesta** B Rek (Hons) CA (SA)
Consultant: **Oscar de Vries** B Com CA (SA)
Associate: **Elizca Mulder** B Rek (Hons) CA (SA)

An independent member of Baker Tilly International

Other reports required by the Companies Act

As part of our audit of the group annual financial statements for the year ended 28 February 2013, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited group annual financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited group annual financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.


Baker Tilly Greenwoods Chartered Accountants
Partner: C Lakhani
Registered Auditor

17 February 2014
Cape Town

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Directors' Report

The directors submit their report for the year ended 28 February 2013.

1. Incorporation

The company was incorporated on 5 October 2006 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

Visual International Holdings Limited is an investment and management company.

The group supplies a comprehensive range of services to the property development industry. Services include infrastructure through to top structure development with the main focus on the development of entire suburbs, property holding and related management of property services. The group operates principally in the Western Cape.

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

Net profit of the group was R5,199,282, after taxation of R28,287.

Net profit of the company was R12,378,859, after taxation of Rnil.

3. Going concern

The group 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.

The directors have considered the operational budget and cash flow forecasts for the ensuing year which are based on the current expected economic and market conditions and include the following assumptions :

a) The group intends to list on the JSE in the near future.

b) In the event of the listing on the JSE, that development finance will be sought for any shortfall on the cost of developments and the funding of the intended developments. A letter of intent from a recognised financial institution has been received, indicating they intend to provide finance for up to 70% of the total development costs, including land, subject to the company securing 125% pre sales with a maximum loan term of 6-36 months.

c) In the event that the group does not list on the JSE, that development finance will be sought for any shortfall on the cost of developments and the funding of the intended developments. A letter of intent has been received as indicated in (b). A related party has supplied a letter of intent to provide additional funding should the need arise to cover any short term obligations as they become due.

The directors believe that Visual International Holdings Limited and its subsidiaries have adequate financial resources to continue as a going concern during the ensuing year.

Accordingly, the directors have adopted the going concern basis in the preparation of the annual financial statements.

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the group annual financial statements, other than those instances described in note 40.

5. Authorised and issued share capital

An asset-for-share transaction was entered into whereby Visual International Holdings Limited acquired 100% of the issued share capital of Visual International (Proprietary) Limited on 1 March 2012 in exchange for the issue of 525 par value shares for a consideration of R31,796,581, thus becoming the ultimate holding company of the group.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Directors' Report

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate. Furthermore the directors shall procure that the aggregate principal amount at any one time outstanding in respect of moneys borrowed or raised by the company and all the subsidiaries shall not exceed, to the extent applicable, the aggregate amount authorised.

7. Non-current assets

There were no major changes in the nature of the non-current assets of the group during the year under review. Refer to notes 4 and 5 of these financial statements for details regarding additions, impairments and disposals made during the year.

8. Dividends

The dividends already declared and paid to the shareholder during the year are as reflected in the attached statement of changes in equity.

9. Directors

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

CK Robertson	
PE Grobbelaar	
G Noble	
Prof E Links	Appointed 23 October 2013
R Kadalie	Appointed 23 October 2013
GJ Lundy	Appointed 23 October 2013
R Richards	Appointed 21 January 2014
T Vorster	Appointed 21 January 2014
P Ranchod	Appointed 21 January 2014

10. Interest in subsidiaries and joint ventures

Name of subsidiary	Issued share capital		Percentage holding		Shares at cost		Amount due by subsidiaries	
	2013 R	2012 R	2013 %	2012 %	2013 R	2012 R	2013 R	2012 R
Directly held								
Visual International (Proprietary) Limited	3,530	3,530	100	-	31,796,581	-	12,378,859	-
Indirectly held								
Richland (Proprietary) Limited	200	200	100	-	200	-	-	-
Stellendale Village (Proprietary) Limited	100	100	99	-	100	-	-	-
Hoeksteen Projects (Proprietary) Limited	120	120	100	-	120	-	-	-
Data Centre One Investments (Proprietary) Limited	100	100	100	-	100	-	-	-
Mystic-Pearl 129 (Proprietary) Limited	120	120	50	-	100	-	-	-
Dream Weaver Trading (Proprietary) Limited	100	100	50	-	100	-	-	-
					31,797,301	-	12,378,859	-

The aggregate amount of net profit incurred by subsidiaries for the year amounted to R 5,199,282.

The company's voting power is in direct proportion to its percentage holding, except in Mystic-Pearl 129 (Proprietary) Limited where the company has the right to appoint 2 out of 3 directors.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Directors' Report

Details of the company's investment in subsidiaries are set out in note 6 and 7 of the financial statements, respectively.

Details of subsidiaries' and joint ventures' operations

Visual International (Proprietary) Limited is engaged in property holding for investment and for rental purposes, as well as rendering of management services on ongoing property development projects.

Richland (Proprietary) Limited is engaged in acquisition, development and selling of immovable property.

Stellendale Village (Proprietary) Limited is engaged in property holding and development.

Hoeksteen Projects (Proprietary) Limited is engaged in trading in all aspects, with investment in immovable property being the main business.

Data Centre One Investments (Proprietary) Limited was dormant in the year under review.

Mystic-Pearl 129 (Proprietary) Limited and Dream Weaver Trading (Proprietary) Limited are engaged in various investments and general trading as principal.

All subsidiaries and joint ventures are incorporated in South Africa.

11. Special resolutions

At a general meeting of the shareholder it was resolved that financial assistance in terms of section 45 be approved for all group companies. The directors are satisfied that all criteria as per section 45 of the Companies Act was met.

12. Auditors

Greenwoods will continue in office in accordance with section 90 of the Companies Act of South Africa.

13. Liquidity and solvency

The directors have performed the liquidity and solvency tests as and when required by the Companies Act of South Africa.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Statement of Financial Position as at 28 February 2013

	Note(s)	Group	Company	
		2013 R	2013 R	2012 R
Assets				
Non-current assets				
Investment property	4	22,930,000	-	-
Property, plant and equipment	5	8,772	-	-
Interests in subsidiaries	6		31,796,581	-
Investment in joint venture	7	1,257,150	-	-
Loans to group companies	8	840,183	12,378,859	120
Other financial assets	10	6,818,644	-	-
		31,854,749	44,175,440	120
Current Assets				
Other financial assets	10	22,500,000	-	-
Trade and other receivables	13	227,259	-	-
Cash and cash equivalents	14	36,752	-	-
		22,764,011	-	-
Total assets		54,618,760	44,175,440	120
Equity and liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital	15	31,796,581	31,796,581	120
Accumulated losses		(7,192,403)	-	-
		24,604,178	31,796,581	120
Non-controlling interest		(282,690)	-	-
		24,321,488	31,796,581	120
Liabilities				
Non-current liabilities				
Loan from shareholder	9	10,522,029	10,522,029	-
Other financial liabilities	18	11,193,789	-	-
Operating lease liability		22,940	-	-
Deferred tax	12	491,105	-	-
		22,229,863	10,522,029	-
Current liabilities				
Other financial liabilities	18	3,387,970	-	-
Current tax payable		3,956,886	1,856,830	-
Provisions	19	720,725	-	-
Bank overdraft	14	1,828	-	-
		8,067,409	1,856,830	-
Total liabilities		30,297,272	12,378,859	-
Total equity and liabilities		54,618,760	44,175,440	120

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Condensed Statement of Comprehensive Income

	Note	Group	Company	
		2013 R	2013 R	2012 R
Revenue	21	4,851,923	-	-
Cost of sales	22	(592,089)	-	-
Gross profit		4,259,834	-	-
Other income		6,910,806	-	-
Operating expenses		(5,372,482)	-	-
Operating profit/(loss)	23	5,798,158	-	-
Investment revenue	24	247,437	12,378,859	-
Fair value adjustments	25	550,031	-	-
Income from equity accounted investments		60,391	-	-
Finance costs	26	(1,428,448)	-	-
Profit before tax		5,227,569	12,378,859	-
Income tax expense	27	(28,287)	-	-
Profit for the year		5,199,282	12,378,859	-
Other comprehensive income		-	-	-
Total comprehensive income for the year		5,199,282	12,378,859	-
Profit attributable to :				
Owners of the parent		5,186,454	12,378,859	-
Non-controlling interest		12,828	-	-
		5,199,282	12,378,859	-
Earnings per share				
Per share information				
Earnings per share (cents)*		5.72	-	-
Diluted earnings per share (cents)		5.72	-	-
Dividend per share (cents)*		13.65	-	-
* - Weighted average shares in issue		90,704,949.00		

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

(Registration number 2006/030975/06)

Group Annual Financial Statements for the year ended 28 February 2013

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Accumulated losses	Total attributable to equity holders of the group/company	Non-controlling interest	Total equity
	R	R	R	R	R	R	R
Group							
Balance at 1 March 2011	120	-	120	-	120	-	120
Other comprehensive income	-	-	-	-	-	-	-
Issue of share at acquisition on 1 March 2012	525	31,795,936	31,796,461	-	31,796,461	-	31,796,461
Profit for the year	-	-	-	5,186,456	5,186,456	12,828	5,199,284
Gain on dilution of majority shareholder interest (refer note 6)	-	-	-	5,940,000	5,940,000	660,000	6,600,000
Not fully paid up share reserve (refer note 15)	-	-	-	(5,940,000)	(5,940,000)	(660,000)	(6,600,000)
Dividends	-	-	-	(12,378,859)	(12,378,859)	-	(12,378,859)
Business combinations (refer to note 31)	-	-	-	-	-	(295,518)	(295,518)
Total contributions by and distributions to owners of company recognised directly in equity	525	31,795,936	31,796,461	(7,192,403)	24,604,058	(282,690)	24,321,368
Balance at 28 February 2013	645	31,795,936	31,796,581	(7,192,403)	24,604,178	(282,690)	24,321,488
Note	15	15	15				
Company							
Balance at 1 March 2011	120	-	120	-	120	-	120
Balance at 1 March 2012	120	-	120	-	120	-	120
Profit for the year	-	-	-	12,378,859	12,378,859	-	12,378,859
Other comprehensive income	-	-	-	-	-	-	-
Issue of shares	525	31,795,936	31,796,461	-	31,796,461	-	31,796,461
Dividends	-	-	-	(12,378,859)	(12,378,859)	-	(12,378,859)
Total contributions by and distributions to owners of company recognised directly in equity	525	31,795,936	31,796,461	(12,378,859)	19,417,602	-	19,417,602
Balance at 28 February 2013	645	31,795,936	31,796,581	-	31,796,581	-	31,796,581
Note	15	15	15				

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Statement of Cash Flows

	Note	Group	Company	
		2013 R	2013 R	2012 R
Cash flows used in operating activities				
Cash used in operations	29	(3,317,948)	-	-
Interest income		232	-	-
Finance costs		(1,085,496)	-	-
Tax paid	30	(177,537)	-	-
Net cash from operating activities		(4,580,749)	-	-
Cash flows from investing activities				
Sale of investment property		4,125,030	-	-
Acquisition of business	33	1,608,107	-	-
Loans to group companies repaid		700,000	-	-
Repayment of loans from group companies		(14,742,351)	-	-
Proceeds from loans from group companies		15,257,565	-	-
Net cash from investing activities		6,948,351	-	-
Cash flows from financing activities				
Proceeds from other financial liabilities		812,684	-	-
Repayment of other financial liabilities		(3,145,362)	-	-
Net cash from financing activities		(2,332,678)	-	-
Total cash movement for the year		34,924	-	-
Total cash at end of the year	14	34,924	-	-

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1. Presentation of Group Annual Financial Statements

The special purpose group annual financial statements (hereafter the group annual financial statements) have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, where appropriate, and the JSE listing requirements. The group annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy

1.1 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the group annual financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries are included in the consolidated group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.1 Consolidation (continued)

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill recognised in a business combination is measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.1 Consolidation (continued)

Joint ventures

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein.

On acquisition of the investment, any difference between the cost of the investment and the investor's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted as follows:

(a) goodwill relating to a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

(b) any excess of the investor's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the investor's share of the joint venture's profit or loss in the period in which the investment is acquired.

When the group loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

Fair value estimation

At each reporting date the group assesses whether there is any objective evidence that the carrying value of land and buildings has increase/decreased.

Valuations are performed by independent valuers and management determine the fair value for land and buildings based on these valuations. Additional disclosure of these valuations of land and buildings is included in note 4.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Classification of joint arrangements

The group has joint control over Dreamweaver Trading (Pty) Ltd because the contractual arrangements set out that decisions relating to relevant activities can only be taken by unanimous consent of all parties to the arrangement. The directors have concluded that the arrangement is a joint venture, because Dreamweaver Trading (Pty) Ltd is a separate vehicle and the group has limited liability towards the separate entity.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Other

At reporting date certain subsidiaries were beneficiaries of shareholding trusts and received distributions in the ordinary course of their involvement with said trusts, which were landowners and the subsidiaries developers. After the application of IFRS 10, the directors concluded that the group does not have power over the trusts due to the fact that unanimous consent is required for the trustee's actions. Furthermore, the group is not exposed or have rights to variable returns nor does it have the ability to affect the amount of the the returns. The group merely received compensation by virtue of a development agreement with the trusts.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	6 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.5 Interests in subsidiaries

Company annual financial statements

In the company's separate group annual financial statements, interests in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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

1.6 Joint arrangements

Group annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the group recognises in its group annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

No other reclassifications may be made into or out of the fair value through profit or loss category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

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

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at settlement date.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the group 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.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in 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 except for equity investments classified as available-for-sale.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.7 Financial instruments (continued)

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to group companies

These includes loans to a joint venture of the group and a subsidiary of the company and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as available-for-sale financial assets and are measured at fair value.

Loan from a shareholder

This includes a loan from a shareholder of the company.

The loan from a shareholder is classified as an other financial liability and is measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Other receivables are classified as available-for-sale financial assets and are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently measured at amortised cost.

Bank overdraft and borrowings

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

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.8 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

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

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

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.10 Inventories

Inventories are measured 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 the estimated costs necessary to make the sale.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.10 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.12 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.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.13 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 vacation leave and sick 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 expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Provisions and contingencies

Provisions are recognised when:

- the group has a present 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 be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue

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:

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

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

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

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Accounting Policies

1.15 Revenue (continued)

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

1.16 Cost of sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about the resources to be allocated to the segment and assess its performance and for which discrete information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that make strategic decisions.

1.19 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all executive and non-executive directors.

Related party transactions are those where a transfer of resources or obligations between related parties occurs, regardless of whether or not a price is charged.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

2. Changes in accounting policy

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards including the adoption of the following new or revised standards.

IFRS 10 Consolidated Financial Statements

The group adopted "IFRS 10 Consolidated Financial Statements" in the current year.

IFRS 10 was issued in May 2011 and replaces the guidance on control and consolidation of "IAS 27 Consolidated and Separate Financial Statements", "SIC-12 Consolidation Special Purpose Entities" and "SIC 33 Consolidation". IFRS 10 establishes a new definition of control, whereby an entity has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The potential implications of the adoption of IFRS 10 on the group are as follows:

- Certain investee's which were previously consolidated would continue to be consolidated.
- Certain investee's which were previously consolidated would no longer be consolidated.
- Certain investee's which were not previously consolidated would now be consolidated.

Management have applied the requirements of IFRS 10 to the group and have concluded that the consolidation status of all entities in the group have remained unchanged.

IFRS 11 Joint Arrangements

The group adopted "IFRS 11 Joint Arrangements" in the current year.

IFRS 11 was issued in May 2011 and replaces "IAS 31 Interests in Joint Ventures". IFRS 11 classifies joint arrangements as joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. A joint operation exists when the parties that have joint control have rights to the assets and obligations for the liabilities relating to the joint arrangement. A joint venture exists when the parties that have joint control, have rights only to the net assets of the joint arrangement.

Joint ventures are required to be accounted for using the equity method of accounting in the group's financial statements and either at cost or fair value in the joint venturer's separate financial statements. Joint operations are accounted for, in both the group and separate financial statements (as defined by "IAS 27 Separate Financial Statements"), by recognising and measuring the assets, liabilities, income and expenses of the joint operation in relation to the involvement with the joint operation.

The previous accounting policy for joint ventures was the equity method. Therefore, any joint operations identified in the group are now required to be accounted for by recognising the assets, liabilities, income and expenses of the joint operation in relation to the group's involvement with the joint operation in accordance with the provisions of IFRS 11. Joint ventures will continue to be measured according to the equity method.

Joint operations are accounted for in the same manner in the company's separate financial statements as in the group financial statements.

Management have applied the requirements of IFRS 11 to the group and have concluded that there are no changes in accounting for joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities

The group adopted "IFRS 12 Disclosure of Interests in Other Entities" in the current year.

IFRS 12 was issued in May 2011 and sets out new disclosure requirements for entities that have an interest in a subsidiary, associate, joint arrangements or an unconsolidated structured entity.

IFRS 12 provides that the required disclosures need not be presented for any prior year presented which begins before the annual year immediately preceding the first annual year for which IFRS 12 is applied.

Accordingly, the impact of the adoption of IFRS 12 on the group is that additional disclosures have been provided for the current and immediately preceding year.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

	Group	Company	
	2013 R	2013 R	2012 R

2. Changes in accounting policy (continued)

IFRS 13 Fair Value Measurement

The group adopted "IFRS 13 Fair Value Measurement" in the current year.

IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires additional disclosures about fair value measurements. The IFRS provides guidance and explains how to measure fair value for financial reporting purposes.

IFRS 13 is effective for years beginning on or after 1 January 2013, and the application is prospective.

Accordingly, the group have applied IFRS 13 prospectively from the current year. The main impact on the group has been the additional disclosure requirements.

3. New Standards and Interpretations

3.1 Standards and Interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2013 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 1 January 2015.

The group expects to adopt the standard for the first time in the 2016 group annual financial statements.

It is unlikely that the standard will have a material impact on the group annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the group's group annual financial statements is expected to be as follows:

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

	Group	Company	
	2013 R	2013 R	2012 R

4. Investment property

	2013		
Group	Valuation	Accumulated depreciation	Carrying value
Investment property	22,930,000	-	22,930,000

Reconciliation of investment property - Group - 2013

	Opening balance	Additions through business combinations	Disposals	Fair value adjustments	Total
Investment property	-	26,505,000	(4,125,031)	550,031	22,930,000

Encumbered as security

Carrying value of investment properties encumbered as security:

Investment properties: Hagley	3,500,000	-	-
-------------------------------	-----------	---	---

Investment properties with a fair value of R3,500,000 are encumbered as security as detailed in note 16.

Investment properties: Machadadorp	1,200,000	-	-
------------------------------------	-----------	---	---

Investment properties with a fair value of R1,200,000 are encumbered as security as detailed in note 16.

Investment property: La Retreat	825,000	-	-
---------------------------------	---------	---	---

Investment property with a fair value of R825,000 is encumbered as security as detailed in note 16.

Investment properties: Kulls River	16,200,000	-	-
------------------------------------	------------	---	---

Investment properties included in properties with a fair value of R16,200,000 are encumbered as security as detailed in note 16.

Details of properties

Imperial Bank Terraces

Being Erf No 38794, storeroom 6 and 9, Bellville, Cape Town, held under Title Deed No ST4408/2007 and ST22609/2005 respectively.

- Purchase price	255,000	-	-
------------------	---------	---	---

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

	Group	Company	
	2013 R	2013 R	2012 R
4. Investment property (continued)			
Kuils River			
Being Erf No's 18577, 18578, 18582, 18583, 18596, 18597, 18604, 18606, 18618, 18619, 18621, 18625, 18626, 18641, 18642, 18674, 18675, 18680, 18681, 18688, 18649, 18650, 18654, 18676, 18708, 18611 and 18660 situated in the municipality of Kuils River, Cape Town, held under Title Deed No's T2290/2008, T2291/2008, T2292/2008, T2293/2008, T2294/2008, T2295/2008, T2296/2008, T2297/2008, T2298/2008, T2299/2008, T2300/2008, T2301/2008, T2302/2008, T2303/2008, T2304/2008, T2305/2008, T2306/2008, T2307/2008, T2308/2008, T2309/2008, T2436/2009, T2437/2009, T2438/2009, T2439/2009, T2440/2009, T60157/2009 and T601158/2009.			
- Purchase price	16,000,000	-	-
- Fair value adjustment: 2013	200,000	-	-
	16,200,000	-	-
La Retreat			
Being underlying Erf No 15920, unit 12, scheme number 277/2009 situated in the municipality of Cape Town, held under Title Deed No ST10481/2009.			
- Purchase price	4,800,000	-	-
- Fair value adjustment: 2013	150,000	-	-
- Sale of 5 units in 2013	(4,125,000)	-	-
	825,000	-	-
Richmond Park			
Being Erf No's 1114, 1192, 1059, 1154, 955, 1036, 1150, 1137, 909, 1037, 1473, 1471, 1470, 1477, 1469, 1468, 1478, 1341, 1308 and 1233 situated in the municipality of Cape Town, held under Title Deed No's T28694/1985, T4434/1985, T55891/1984, T4433/1985, T34324/1984, T37595/1984, T4432/1985, T27729/1984, T37597/1984, T44638/1987, T47330/1985, T60371/1984, T60372/1984 and T8975/1985.			
- Purchase price:	950,000	-	-
Machadodorp			
Being Erf No's 197 and 238 situated in the Emakhazeni local municipality, held under Title Deed No T17083/2006			
- Purchase price:	1,200,000	-	-
Hagley			
Being Erf No's 1317 and 1319, situated in the municipality of Cape Town, held under Title Deed No T99942/2007.			
- Purchase price:	3,300,000	-	-
- Fair value adjustment: 2013	200,000	-	-
	3,500,000	-	-

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

	Group	Company	
	2013 R	2013 R	2012 R

4. Investment property (continued)

Details of valuation

The effective date of the revaluations were 28 February 2013. The revaluations were performed by an independent valuer, Mr JF Cilliers, professional valuer (Act 47 of 2000), of Adval Valuation Centre CC. Adval Valuation Centre CC is not connected to the group and have recent experience in location and category of the investment property being valued. The comparable sales valuation method was used to determine the fair value of the properties, this method uses the recent selling values of properties in a similar location, condition and size adjusted in certain instances for unit density, usability and access.

Amounts recognised in profit and loss for the year

Rental income from investment property	1,688,260	-	-
Direct operating expenses from rental generating property	(485,350)	-	-
	1,202,910	-	-

5. Property, plant and equipment

	2013		
Group	Cost	Accumulated depreciation	Carrying value
Computer equipment	24,978	(16,206)	8,772

Reconciliation of property, plant and equipment - Group - 2013

	Opening balance	Additions through business combinations	Depreciation	Total
Furniture and fittings	-	3,137	(3,137)	-
Computer equipment	-	22,861	(14,089)	8,772
	-	25,998	(17,226)	8,772

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

6. Interests in subsidiaries

	Held by	% voting power 2013	% holding 2013	Issued share capital 2013	Carrying amount
Directly held:		- %	- %	- %	-
Visual International (Proprietary) Limited	Visual International Holdings Limited	100.00 %	100.00 %	3,530	31,796,581
Indirectly held:		- %	- %	- %	-
Richland (Proprietary) Limited	Visual International (Proprietary) Limited	100.00 %	100.00 %	200	-
Stellendale Village (Proprietary) Limited	Visual International (Proprietary) Limited	90.83 %	90.83 %	100	-
Hoeksteen Projects (Proprietary) Limited	Visual International (Proprietary) Limited	100.00 %	100.00 %	120	-
Data Centre One Investments (Proprietary) Limited	Visual International (Proprietary) Limited	100.00 %	100.00 %	100	-
Mystic Pearl 129 (Proprietary) Limited	Visual International (Proprietary) Limited	66.67 %	50.00 %	100	-
				4,150	31,796,581

The carrying amount of the subsidiaries are shown net of impairment losses. No impairment losses were recognised during the year under review.

An investment in Mystic Pearl 129 (Proprietary) Limited (indirectly held) is included in the consolidated statements as a subsidiary, as Visual International (Proprietary) Limited has the right to appoint 66.67% of the directors of this company, and as such has the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities.

Details of subsidiaries' operations

Visual International (Proprietary) Limited is engaged in property holding for investment and for rental purposes, as well as rendering of management services on ongoing property development projects.

Richland (Proprietary) Limited is engaged in acquisition, development and selling of immovable property.

Stellendale Village (Proprietary) Limited is engaged in property holding and development.

Hoeksteen Projects (Proprietary) Limited is engaged in trading in all aspects, with investment in immovable property being the main business.

Data Centre One Investments (Proprietary) Limited was dormant in the year under review.

Mystic-Pearl 129 (Proprietary) Limited is engaged in various investments and general trading as principal.

All subsidiaries are incorporated in South Africa.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

6. Interests in subsidiaries (continued)

Changes in ownership interest which did not result in loss of control

The following schedule represents the impact of change in ownership interest of a subsidiary (indirectly held) where control was not lost, on the equity attributable to owners of the group:

	2013	2012	
Issue of an additional 9 shares in Stellendale Village (Proprietary) Limited (indirectly held) to non-controlling interest, reducing ownership interest from 99.00% to 91.67%	90.83	99.00	-
Gain on dilution of majority shareholder interest reflected in statement of change in equity.	5,940,000	-	-
Not fully paid up share reserve of subsidiary	(5,940,000)	-	-

7. Joint arrangements

Joint ventures

The following table lists all of the joint ventures in the group:

Group

Name of company	Held by	% ownership interest	Carrying amount
		2013	2013
Dream Weaver Trading (Proprietary) Limited	Visual International (Proprietary) Limited	50.00 %	1,257,150

The carrying value of the joint venture is shown net of impairment losses. No impairment losses were recognised during the year under review.

The company's percentage ownership interest is equal to the percentage voting rights.

The company is incorporated in South Africa, which is also its principle place of business.

Dream Weaver Trading (Proprietary) Limited is engaged in various long term property investments, which is in line with the activities of the group.

Material joint ventures

The following joint venture is material to the group:

	Country of incorporation	Method	% Ownership interest
			2013
Dream Weaver Trading (Proprietary) Limited	South Africa	Equity	50 %

Dreamweaver Trading (Pty) Ltd is a private company, and accordingly there is no market price available for their shares.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

7. Joint arrangements (continued)

Summary of financial information of joint venture

Summarised Statement of Comprehensive Income

	Dream Weaver Trading (Proprietary) Limited
	2013
Revenue	454,709
Other income	100,000
Other income and expenses	(277,174)
Finance charges	(106,991)
Profit before tax	170,544
Tax expense	(49,762)
Profit from continuing operations	120,782
Total comprehensive income	120,782

Summarised Statement of Financial Position

	Dream Weaver Trading (Proprietary) Limited
	2013
Assets	
Non current	5,744,331
Current	
Cash and cash equivalents	41,892
Other current assets	19,409
Total current assets	61,301
Liabilities	
Non current	
Long-term liabilities - interest bearing	1,037,112
Long-term liabilities - non-interest bearing	549,740
Total non current liabilities	1,586,852
Current	
Current liabilities - interest bearing	1,658,362
Current liabilities - non-interest bearing	46,118
Total current liabilities	1,704,480
Total net assets	2,514,300
Reconciliation of net assets to equity accounted investments in joint ventures	
Interest in joint venture at 50% ownership owned by other parties	(1,257,150)
Carrying value of investment in joint venture	1,257,150
Acquisitions	1,196,759
Share of profit	60,391

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

7. Joint arrangements (continued)

Investment at end of period	-	1,257,150
-----------------------------	---	-----------

Commitments and Contingencies

There are no commitments and contingencies related to this joint venture.

8. Loans to group companies

Subsidiary

Visual International (Proprietary) Limited	-	12,378,859	120
--	---	------------	-----

This unsecured loan bears interest 6.00% per annum and has no fixed terms of repayment.

Management does not expect repayment on this loan for a period of at least twelve months after year end.

Joint venture

Dream Weaver Trading (Proprietary) Limited	840,183	-	-
--	---------	---	---

This unsecured loan bears interest as agreed by the parties from time to time and has no fixed terms of repayment.

Credit quality of loans to group companies

The credit quality of the loans to group companies is assessed with reference to the financial position of the relevant company, past experience and other factors.

During the reporting period, there has not been a significant change in the financial position of the companies. The financial position of the companies were determined by assessing the companies' solvency, liquidity and profitability.

Fair value of loans to group companies

The carrying amount of the loans to group companies approximates the fair value.

The maximum exposure to credit risk at the reporting date are the fair values of the loans mentioned above. The group does not hold any collateral as security.

9. Loan from shareholder

CKR Investment Trust	(10,522,029)	(10,522,029)	-
----------------------	--------------	--------------	---

This unsecured loan bears interest at the prime overdraft lending rate plus 2.00% per annum, prime being 8.50% at year end. This loan will not become payable in the ensuing 12 months.

10. Other financial assets

Available-for-sale

Deposit paid: My Place Trust	2,000,000	-	-
------------------------------	-----------	---	---

On 1 March 2012 a deposit was paid to purchase erven 23057 and 24111, Kuils River from My Place Trust. Refer to note 39 for further details.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

10. Other financial assets (continued)

Deposit paid: RAL Trust	20,500,000	-	-
-------------------------	------------	---	---

On 1 March 2012 a deposit was paid to purchase erven 18363, 18358 and the remainder of Farm 1286, Kuils River from RAL Trust. These properties will be transferred to Visual International (Proprietary) Limited in the 2014 financial year. Refer to note 39 for further details.

RAL Trust loan	6,056,081	-	-
----------------	-----------	---	---

This loan is unsecured, bears interest at 6.00% has no specific repayment terms. The directors does not expect to recover this loan in the 12 month period subsequent to year end.

Other immaterial loans from related parties	762,563	-	-
---	---------	---	---

These unsecured loans bear interest as agreed by the parties from time to time and have no fixed terms of repayment.

29,318,644	-	-
-------------------	----------	----------

Non-current assets

Available-for-sale	6,818,644	-	-
--------------------	-----------	---	---

Current assets

Available-for-sale	22,500,000	-	-
--------------------	------------	---	---

29,318,644	-	-
-------------------	----------	----------

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

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

Credit quality of other financial assets

The credit quality of financial assets is assessed by reference to the financial position of the companies. The financial position of the companies were determined by assessing the companies' solvency, liquidity and profitability.

11. Financial assets by category

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

Group - 2013

	Loans and receivables	Available-for- sale	Total
Loan to group company	-	840,183	840,183
Other financial assets	-	29,318,644	29,318,644
Cash and cash equivalents	36,752	-	36,752
	36,752	30,158,827	30,195,579

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

11. Financial assets by category (continued)

Company - 2013

	Loans and receivables	Available-for-sale	Total
Loan to group company	-	12,378,859	12,378,859

Company - 2012

	Loans and receivables	Available-for-sale	Total
Loan to group company	-	120	120

12. Deferred tax

Deferred tax liability

Operating lease liability	6,423	-	-
Temporary difference on assessed loss not recognised	(545,598)	-	-
Temporary difference on revaluation of investment properties	(701,530)	-	-
Tax losses and other deferred tax assets available for set off against future taxable income	749,600	-	-
	(491,105)	-	-

Reconciliation of deferred tax liability

Originating temporary difference due to business combination	(462,818)	-	-
Reversing temporary difference on operating lease liability	(401)	-	-
Reversing temporary difference on revaluation of investment properties	(85,632)	-	-
Reversing temporary difference on tax losses available for set off against future taxable income	115,732	-	-
Reversing temporary difference on assessed tax loss not recognised	(57,986)	-	-
	(491,105)	-	-

Unrecognised deferred tax asset

Unused tax losses and temporary differences not recognised as deferred tax assets are detailed in note 27. The deferred tax asset which relates to assessed losses amount to R749,600.

The asset is recognised to the extent that sufficient taxable temporary differences are available which will result in taxable amounts against which the unused tax losses can be utilised.

The unrecognised deferred tax asset amounts to R545,598 and could be recognised again when trading conditions improve, which will make it more probable that future taxable profit will allow the tax losses to be utilised.

13. Trade and other receivables

Value added taxation	227,259	-	-
----------------------	---------	---	---

14. Cash and cash equivalents

Cash and cash equivalents consist of:

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

14. Cash and cash equivalents (continued)

Cash on hand	200	-	-
Bank balances	36,552	-	-
Bank overdraft	(1,828)	-	-
	34,924	-	-
Current assets	36,752	-	-
Current liabilities	(1,828)	-	-
	34,924	-	-

The balances indicated above are secured as follows:

- Unlimited suretyship by Mr CK Robertson for the obligations of RAL Trust
- Unlimited suretyship by Richland (Proprietary) Limited for the obligations of RAL Trust
- Unlimited suretyship by Visual International (Proprietary) Limited for the obligations of RAL Trust
- Cession in the amount of R20,000 in favour of the bank by Richland (Proprietary) Limited of credit balances held at the bank.

- Registration of a General Composite Bond in favour of the bank by RAL Trust and Richland (Proprietary) Limited in the amount of R9,500,000 and with the ranking as indicated over the fixed properties as listed below, together with a cession of short term insurance for an adequate amount of cover over the said properties and noting of the bank's interest with the insurer.

Ranking: 1st, for the amount of R7,500,000 over Erven 1286; 18358 and 18362 situated in the municipality of Kuils River; 2nd, for the amount of R2,000,000 over Erven 1286; 18358 and 18362 situated in the municipality of Kuils River.

15. Share capital

Authorised

1,000 Ordinary shares of R1	1,000	1,000	-
-----------------------------	-------	-------	---

Issued

1,000 Ordinary shares	645	645	120
Share premium	31,795,936	31,795,936	-
	31,796,581	31,796,581	120

On 1 March 2012 Visual International Holdings Limited entered into an asset-for-share transaction with Visual International (Proprietary) Limited, whereby Visual International Holdings Limited acquired 100.00% of the issued share capital in Visual International (Proprietary) Limited from CKR Investment Trust in return for 100.00% of the issued share capital of Visual International Holdings Limited.

A contract for the purchase of Erf 22887 from My Place Trust was signed on 15 February 2013 in terms of which certain suspensive conditions has not been met at year end. The purchase was settled by a subsidiary (namely Stellendale Village (Proprietary) Limited) by the issue of 9 shares on 15 February 2013. Since the suspensive conditions was not met at year end, the shares were deemed not be paid in full and therefore a corresponding decrease in equity was recognised. The suspensive conditions were met on 3 August 2013, and the fair value as per independent valuer, will accordingly be recognised as inventory at such date. The directors wish to advise that due to operational reasons the purchase of this Erf was cancelled and substituted for Erf 24258 on 20 January 2014 as further detailed in note 39.

16. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 28 February 2013 was based on loss for the period attributable to ordinary shareholders of Visual International Holdings Limited, divided by the weighted average number of ordinary shares issued.

	Gross 2013	Net 2013
Profit attributable to equity holders of Visual International Holdings Limited	5,186,454	5,186,454
Weighted number of ordinary share in issue	90,704,949	90,704,949
Earnings per ordinary share (cents)	5.72	5.72

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

16. Earnings per share (continued)

Diluted earnings per share

The calculation of diluted earnings per share at 28 February 2013 was based on loss for the period attributable to ordinary shareholders of Visual International Holdings Limited, divided by the fully diluted weighted average number of ordinary shares issued.

	Gross 2013	Net 2013
Profit attributable to equity holders of Visual International Holdings Limited	5,186,454	5,186,454
Weighted number of ordinary share in issue	90,704,949	90,704,949
Earnings per ordinary share (cents)	5.72	5.72

Note – a share split has taken place on 3 October 2013, which is after year end, but before the sign off of audit report. The share split has been taken into account in the disclosure of Basic, diluted and Headline earnings per share.

Headline earnings per share

Headline and diluted headline earnings per share are calculated on the basis of adjusted loss attributable to ordinary shareholders divided by the weighted number of ordinary shares in issue during the year as follows:

Reconciliation of headline earnings per share	Gross 2013	Net 2013
Profit attributable to equity holders of Visual International Holdings Limited		5,186,454
Fair value adjustments on investment properties	(550,031)	(447,725)
Capital distribution received from trust	(5,280,000)	(5,280,000)
Headline and diluted headline earnings attributable to ordinary shareholders		(541,270)
Weighted number of ordinary share in issue		90,704,949
Headline and diluted headline earnings per share (cents)		(0.60)

17. Capital disclosures

The group does not have formal objectives, policies and procedures to manage its capital.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

18: Other financial liabilities

Held at amortised cost

Bond - ABSA Limited (Erf 18649)	550,112	-	-
---------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 1.35% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R4,979 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - ABSA Limited (Erf 18650)	550,137	-	-
---------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 1.35% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R3,201 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - ABSA Limited (Erf 18654)	550,413	-	-
---------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 1.35% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R5,005 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - ABSA Limited (Erf 18676)	481,143	-	-
---------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 1.35% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R4,369 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - ABSA Limited (Erf 18708)	550,413	-	-
---------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 1.35% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R5,005 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - First National Bank (Erf 1317 and 1319)	1,777,059	-	-
--	-----------	---	---

This loan bears interest at the prime overdraft lending rate per annum, prime being 8.50% at year end. The loan was repayable in monthly instalments of R25,641, with the final date of repayment being 1 June 2013. The loan is secured by investment property with a net book value of R3,500,000 as well as limited suretyship for R889,836 given by Visual International (Proprietary) Limited, AP Jooste, CK Robertson, IA Jooste and Oupossie Trust. Refer to note 3.

The terms of this loan was renegotiated after year end and is repayable in full on 1 June 2014.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

18. Other financial liabilities (continued)

Bond - Nedbank (Erf 18611)	313,464	-	-
----------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 0.30% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R3,133 and is secured by a first covering mortgage bond of R335,000 over Erf 18611, Stellendale Village, Kuils River, short term insurance in respect of Erf 18611 and a general deed of suretyship (including cession of loan funds) limited to R670,000 provided by CK Robertson. Refer to note 3.

Bond - Nedbank (Erf 18660)	313,466	-	-
----------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate less 0.30% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R3,132 and is secured by a first covering mortgage bond of R335,000 over Erf 18610, Stellendale Village, Kuils River, short term insurance in respect of Erf 18610 and a general deed of suretyship (including cession of loan funds) limited to R670,000 provided by CK Robertson. Refer to note 3.

Bond - Standard Bank (Kuils River)	7,293,357	-	-
------------------------------------	-----------	---	---

This loan bears interest at the prime overdraft lending rate less 2.05% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R66,196 and is secured by investment property included in properties with a net book value of R16,200,000. Refer to note 3.

Bond - Standard Bank (Erf 197 and 238)	160,639	-	-
--	---------	---	---

This loan bears interest at the prime overdraft lending rate less 0.20% per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R1,609 and is secured by investment properties with a net book value of R1,200,000. Refer to note 3.

Bond - Standard Bank (La Retreat)	903,486	-	-
-----------------------------------	---------	---	---

This loan bears interest at the prime overdraft lending rate per annum, prime being 8.50% at year end. The loan is repayable in monthly instalments of R8,671 and is secured by investment property with a net book value of R825,000. Refer to note 3.

Oupossie Trust	1,025,787	-	-
Loan from third party	112,283	-	-

These unsecured loans are interest free and have no fixed terms of repayment.

	14,581,759	-	-
--	-------------------	---	---

Non-current liabilities

At amortised cost	11,193,789	-	-
-------------------	------------	---	---

Current liabilities

At amortised cost	3,387,970	-	-
-------------------	-----------	---	---

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

18. Other financial liabilities (continued)

	14,581,759	-	-
--	------------	---	---

19. Provisions

Reconciliation of provisions - Group - 2013

	Opening balance	Additions	Total
Provisions for penalties and interest	-	720,725	720,725

Provision has been made for possible interest and penalties on late payment of taxation.

20. Financial liabilities by category

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

Group - 2013

	Financial liabilities at amortised cost	Total
Loan from shareholder	10,522,029	10,522,029
Other financial liabilities	14,581,759	14,581,759
Bank overdraft	1,828	1,828
	25,105,616	25,105,616

Company - 2013

	Financial liabilities at amortised cost	Total
Loan from shareholder	10,522,029	10,522,029

21. Revenue

Management fees received	3,163,663	-	-
Rental income	1,688,260	-	-
	4,851,923	-	-

22. Cost of sales

Rendering of services			
Cost of services	592,089	-	-
	592,089	-	-

23. Operating profit/(loss)

Operating profit/(loss) for the year is stated after accounting for the following:

Income from subsidiaries			
Dividends	-	12,378,859	-
	-	12,378,859	-
Operating lease charges			
Premises			
• Contractual amounts	393,323	-	-
	393,323	-	-

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

23. Operating profit/(loss) (continued)

Depreciation on property, plant and equipment	17,226	-	-
Employee costs	2,506,679	-	-

24. Investment revenue

Dividend revenue			
Subsidiaries - local	-	12,378,859	-

Interest revenue

Other loans	247,205	-	-
Bank	232	-	-
	247,437	-	-
	247,437	12,378,859	-

Investment income per financial instrument category:

Available-for-sale financial assets	247,437	-	-

25. Fair value adjustments

Investment property (Fair value model)	550,031	-	-

26. Finance costs

Non-current borrowings	1,125,207	-	-
Other interest paid	303,241	-	-
	1,428,448	-	-

Finance costs per financial instrument category:

Other financial liabilities	1,428,448	-	-

27. Taxation

Major components of the tax expense

Deferred			
Originating and reversing temporary differences	28,287	-	-

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate:

Applicable tax rate	28.00 %	28.00 %	- %
Tax losses not recognised	1.11 %	- %	- %
Disallowable charges	1.70 %	- %	- %
Exempt income	(28.60)%	(28.00)%	- %
Capital gains tax	(0.58)%	- %	- %
Assessed loss not recognised due to section 42 assets	(0.54)%	- %	- %
Permanent difference on capital assets - deferred tax provided at the effective capital gains tax rate	(0.55)%	- %	- %
	0.54 %	- %	- %

Tax loss available to the group for set-off against future taxable income is R2,677,144.

Tax loss available to the company for set-off against future taxable income is Rnil.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

28. Auditors' remuneration

Fees	150,151	-	-
------	---------	---	---

29. Cash used in operations

Profit before taxation	5,227,569	12,378,859	-
Adjustments for:			
Depreciation	17,226	-	-
Income from equity accounted investments	(60,391)	-	-
Dividends received	-	(12,378,859)	-
Interest received	(247,437)	-	-
Finance costs	1,428,448	-	-
Fair value adjustments	(550,031)	-	-
Movements in operating lease accruals	(1,434)	-	-
Movements in provisions	151,176	-	-
Other non-cash items: Expenses and management fees	(1,367,276)	-	-
Profit distribution received	(6,894,522)	-	-
Impairment loss on trade receivables	151,101	-	-
Changes in working capital:			
Trade and other receivables	118,386	-	-
Trade and other payables	(1,290,763)	-	-
	(3,317,948)	-	-

30. Tax paid

Dividend withholding tax not paid	(1,856,830)	-	-
Adjustment in respect of businesses acquired during the year	(2,277,592)	-	-
Balance at end of the year	3,956,886	1,856,830	-
	(177,536)	1,856,830	-

31. Dividends paid

Dividends	(12,378,859)	(12,378,859)	-
-----------	--------------	--------------	---

Dividends are partly from capital profits.

32. Segmental information

The basis of segmentation and the measurement of segment profit/loss are consistent with the prior period audited annual financial statements.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

32. Segmental information (continued)

Primary segment report	Property services	Property investment	Development	Total
Total revenue	3,163,663	1,688,260	-	4,851,923
Inter-segmental revenue	-	-	-	-
External revenue	3,163,663	1,688,260	-	4,851,923
Segmental results	(397,385)	(395,760)	-	(793,145)
Other income	6,910,806	-	-	6,910,806
Income from equity accounted investments	-	60,391	-	60,391
Investment income	161,340	86,097	-	247,437
Finance Cost	-	(1,428,448)	-	(1,428,448)
Fair value adjustments	-	550,031	-	550,031
Depreciation	(11,232)	(5,994)	-	(17,226)
Provisions for penalties and interest	(98,573)	(52,603)	-	(151,176)
Taxation	(18,444)	(9,843)	-	(28,287)
Bad debts	(98,524)	(52,603)	-	(151,127)
Profit/(Loss) for period	6,447,988	(1,248,732)	-	5,199,256
Total segment assets	19,366,852	33,958,005	-	53,324,857
Inter-segmental assest	-	-	-	-
Reportable segment operating assets	19,366,852	33,958,005	-	53,324,857
Total segment liabilities	6,860,817	18,265,911	-	25,126,728
Inter-segmental liabilities	-	-	-	-
Reportable segment operating liabilities	6,860,817	18,265,911	-	25,126,728
Capital expenditure	24,978	22,930,000	-	22,954,978
Investment in Joint venture	-	1,257,150	-	1,257,150

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

33. Business combinations

Aggregated business combinations

Investment property	26,505,000	-	-
Property, plant and equipment	25,998	-	-
Interests in subsidiaries	300	-	-
Joint arrangements	1,196,859	-	-
Other financial assets	26,664,021	-	-
Loans to group companies	780,989	-	-
Trade and other receivables	496,745	-	-
Cash and cash equivalents	1,608,107	-	-
Other financial liabilities	(20,195,651)	-	-
Operating lease liability	(24,374)	-	-
Deferred tax	(462,818)	-	-
Provisions	(569,549)	-	-
Loan from shareholder	(955,788)	-	-
Current tax payable	(2,277,593)	-	-
Trade and other payables	(1,290,763)	-	-
Total identifiable net assets	31,501,483	-	-
Non-controlling interest	295,518	-	-
	31,797,001	-	-

Consideration paid

Equity - 525 ordinary shares in Visual International Holdings Limited (formerly Presto Financing (Proprietary) Limited)	31,796,461	-	-
	31,796,461	-	-

Net cash inflow on acquisition

Cash consideration paid	31,796,461	-	-
Cash acquired	1,608,107	-	-
	33,404,568	-	-

On 1 March 2012, Presto Financing (Proprietary) Limited acquired 100.00% of Visual International (Proprietary) Limited and its subsidiaries, a property development company in South Africa. Visual International (Proprietary) Limited and its subsidiaries are involved developing and leasing residential property.

The reason for the business combination was to acquire development assets with the intention to list on the Johannesburg Stock Exchange.

The consideration for the acquisition of R31,796,461 was funded by an issue of shares of equal value on 1 March 2012. Assets and liabilities were acquired at fair value, therefore no goodwill has arisen. Minority interest was determined using the portion fair value of assets, attributable to minority shareholders of the group.

34. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	214,822	-	-
- in second to fifth year inclusive	267,260	-	-
	482,082	-	-

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

34. Commitments (continued)

Operating leases – as lessor (income)

Minimum lease payments due

- within one year	192,326	-	-
- in second to fifth year inclusive	32,659	-	-
	<u>224,985</u>	<u>-</u>	<u>-</u>

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of five years and rentals escalate by 8.00% yearly. No contingent rent is payable.

35. Related parties

Relationships	Visual International Holdings Limited
Ultimate holding company	Refer to note 7
Joint ventures	Visual International (Proprietary) Limited
Subsidiaries	Stellendale Village (Proprietary) Limited
	Hoeksteen Projects (Proprietary) Limited
	Data Centre One Investments (Proprietary) Limited
	Richland (Proprietary) Limited
	Mystic Pearl 129 (Proprietary) Limited
	HM Robertson
Close family member of director	
Trusts of directors	The Video Bible Trust
	The CC Trust
	CKR Investment Trust
	Diepwater Trust
	The Kleinplaas Trust
	RAL Trust
	Glentana Trust
	My Place Trust
	Oupossie Trust
CC of director	Signal Hill Country Lodge CC
Companies controlled by directors	Richland Developers (Proprietary) Limited
	Spanish Ice Properties 45 (Proprietary) Limited
	Finland Eiendomsdienste (Proprietary) Limited
	Transflora (Proprietary) Limited
	Transflora Properties (Proprietary) Limited
	Vict Systems (Proprietary) Limited
	Tutuni Investments 41 (Proprietary) Limited
	ISA Management (Proprietary) Limited
	Final Agri Mining (Proprietary) Limited
	Visual Energy (Proprietary) Limited
	Wonderdeals 56 (Proprietary) Limited
	Buylines 105 (Proprietary) Limited
	Agriliving (Proprietary) Limited
	K2013014353(South Africa) Proprietary Limited
	Meadow Star Investments 29 Proprietary Limited
	Midnight Feast Properties 36 (Proprietary) Limited
	Winskor 125 (Proprietary) Limited
	Rapivest 92 (Proprietary) Limited
	Clidet No. 946 (Proprietary) Limited
	Little Swift Investments 533 (Proprietary) Limited
Directors	CK Robertson
	PE Grobbelaar
	G Noble

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

35. Related parties (continued)

Related party balances

Loan accounts - owing (to)/by related parties

Trusts of directors	(10,522,029)	(10,522,029)	-
Joint venture	840,183	-	-
Trusts of directors	5,124,786	-	-
Companies controlled by directors	48,139	-	-
Subsidiary	-	12,378,859	-
Companies controlled by directors	1,645,719	-	-
Companies controlled by directors	(1,025,787)	-	-

Investment in joint venture

Dream Weaver Trading (Proprietary) Limited	1,257,150	-	-
--	-----------	---	---

Investment in subsidiary

Subsidiary	-	31,796,581	-
------------	---	------------	---

Deposits paid to related parties

Trusts of directors	22,500,000	-	-
---------------------	------------	---	---

Related party transactions

Interest paid to/(received from) related parties

Trusts of directors	41,021	-	-
Companies controlled by directors	261,369	-	-
Joint venture	(66,384)	-	-
Companies controlled by directors	(165,951)	-	-
Trusts of directors	(15,102)	-	-

Facility fees paid to related parties

Companies controlled by directors	495,662	-	-
Trusts of directors	65,224	-	-

Rent paid to related parties

Trust of directors	110,160	-	-
Company controlled by directors	281,999	-	-

Salary paid to related party

Close family member of director	60,000	-	-
---------------------------------	--------	---	---

Management fees (received from)/paid to related parties

Companies controlled by directors	(3,163,645)	-	-
Companies controlled by directors	51,836	-	-

Distributions received from related parties

Trust of directors	6,894,522	-	-
--------------------	-----------	---	---

Dividends (received from)/paid to related parties

Subsidiary	-	(12,378,859)	-
Trust of director	12,378,859	12,378,859	-

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

36. Directors' emoluments

Executive

2013

	Emoluments	Bonus	Total
CK Robertson	306,000	-	306,000
PE Grobbelaar	1,094,664	205,829	1,300,493
G Noble	490,685	-	490,685
	1,891,349	205,829	2,097,178

37. Comparative figures

No comparative figures have been presented as these are the first group annual financial statements of the group.

38. Risk management

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group 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.

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

Group

At 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	4,226,846	1,261,925	3,785,774	12,331,394
Loan from shareholder	10,522,029	-	-	-
Bank overdraft	1,828	-	-	-

Company

At 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loan from shareholder	10,522,029	-	-	-

Interest rate risk

The group's interest rate risk at statement of financial position date arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Sensitivity analysis

The sensitivity analysis below presents the interest rate risks in accordance with IFRS 7. It has been determined based on the exposure to interest rates for financial instruments at the balance sheet date and shows the effects of changes in market interest rates on interest payments, interest income and expenses and if appropriate, shareholders' equity. For variable rate liabilities, the analysis is prepared assuming the average liability was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonable possible change in interest rate.

During the year ending 28 February 2013, if interest rates on Rand-denominated borrowings had been 100 basis points higher/lower with all other variables held constant, net profit or loss for the year would have increased/decreased by R156,850, mainly as a result of higher/lower interest expense on variable rate borrowings.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

38. Risk management (continued)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due after 4 years
Other financial liabilities	6.45 %	306,634	327,007	348,734	371,904	5,939,077
Other financial liabilities	7.15 %	106,956	114,859	123,346	132,460	2,204,597
Other financial liabilities	8.20 %	24,699	26,817	29,084	31,561	514,784
Other financial liabilities	8.30 %	6,210	6,745	7,327	7,958	132,399
Other financial liabilities	8.50 %	1,805,402	30,848	33,575	36,543	774,186
Other financial liabilities	- %	1,138,070	-	-	-	-
Loan from shareholder	10.50 %	-	10,522,029	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group - 2013	Company - 2013	Company - 2012
Loan to group company	840,183	12,378,859	120
Other financial assets	29,318,644	-	-
Cash and cash equivalents	36,752	-	-

39. Going concern

The 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.

The directors have considered the operational budget and cash flow forecasts for the ensuing year which are based on the current expected economic and market conditions and include the following assumptions:

- The group intends to list on the JSE in the near future. A portion of the proceeds from the offer will be used to fund the group's working capital and settle short term obligations.
- In the event of the listing on the JSE, that development finance will be sought for any shortfall on the cost of developments and the funding of the intended developments. A letter of intent from a recognised financial institution has been received, indicating they intend to provide finance for up to 70% of the total development costs, including land, subject to the company securing 125% pre sales with a maximum loan term of 6-36 months.
- In the event that the group does not list on the JSE, that development finance will be sought for any shortfall on the cost of developments and the funding of the intended developments. A letter of intent has been received as indicated in (b). A related party has supplied a letter of intent to provide additional funding should the need arise to cover any short term obligations as they become due.

The directors believe that Visual International Holdings Limited and its subsidiaries have adequate financial resources to continue as a going concern during the ensuing year.

Accordingly, the directors have adopted the going concern basis in the preparation of the annual financial statements.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

40. Events after the reporting period

Visual International (Proprietary) Limited entered into an agreement with RAL Trust on 18 October 2013 whereby Erf 18363, Kuils River will be purchased for the total sum of R34,000,000 (excluding Value Added Taxation) in the 2014 financial year. 67.00% of this property will be developed to be sold (included in inventories) and 33.00% of the property will be developed to be held (included in investment properties). A deposit of R12,500,000 (refer note 9) was paid on 1 March 2012 in order to secure the acquisition of the property. The balance of payment will be settled by an issue of shares in Visual International Holdings Limited to RAL Trust.

Visual International (Proprietary) Limited entered into an agreement with RAL Trust on 18 October 2013 whereby Erf 18358 and the remainder of farm 1286, Kuils River will be purchased for the total sum of R17,000,000 (excluding Value Added Taxation) in the 2014 financial year. 59.00% of this property will be developed to be sold (included in inventories) and 41.00% of the property will be developed to be held (included in investment properties). A deposit of R8,000,000 (refer note 9) was paid on 1 March 2012 in order to secure the acquisition of the property. The balance of payment will be settled by an issue of shares in Visual International Holdings Limited to RAL Trust. A bond to the value of R6,637,613 currently held in RAL Trust over the property will be assumed by Visual International (Proprietary) Limited on date of property transfer, as part of the sale transaction.

Stellendale Village (Proprietary) Limited entered into an agreement with My Place Trust on 31 October 2013 whereby Erf 23057 (which comprises of the consolidated erven 23600 (a portion of Farm 438/4), 22885, 22886 and 23601 (a portion of Erf 22887), Kuils River and Erf 24111 (which comprises of the consolidated Erf 24110 (a portion of Farm 438/4) and the remainder of Erf 22887), Kuils River are to be transferred to Stellendale Village (Proprietary) Limited for the total sum of R6,400,000 (excluding Value added taxation) in the 2014 financial year. A deposit of R2,000,000 (refer note 9) was paid on 1 March 2012 in order to secure the acquisition of the property. The balance of payment were to be settled by an issue of shares in Visual International Holdings Limited to My Place Trust. However, due to non-financial feasibility, it was concluded on 20 January 2014 that the transaction would not be settled and that the deposit will be repaid by My Place Trust.

With reference to note 15 of these financial statements, the agreement to purchase Erf 22887, with a fair value of R2,155,774 in exchange for the issue of shares to the amount of R6,600,000 by Stellendale Village Proprietary Limited was cancelled. The property was substituted for Erf 24258 with a fair value of R7,350,000 with a commensurate issue of shares by Stellendale Village Proprietary Limited on the 20 January 2014.

The following changes occurred on 3 October 2013:

Name change

The name of the company changed from Presto Financing (Proprietary) Limited to Visual International Holdings Limited.

Conversion to Public Company

Visual International Holdings Limited (previously Presto Financing (Proprietary) Limited) was converted to a public company.

Increase in authorised share capital

The par value shares were converted to no par value shares and the authorised share capital was increased from 1,000 ordinary par value shares to 1,000,000,000 ordinary no par value shares.

The financial effect will be as follows:

	Effect	Total
Investment properties	18,103,820	18,103,820
Inventories	40,246,180	40,246,180
Other financial assets	(22,500,000)	(22,500,000)
Share capital	(31,212,387)	(31,212,387)
Other financial liabilities	(6,637,613)	(6,637,613)
Loan to shareholder	2,000,000	2,000,000
	<u>-</u>	<u>-</u>

41. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities measured at fair value. The different levels are defined as follows:

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Notes to the Group Annual Financial Statements

41. Fair value information (continued)

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	Note(s)			
Investment property	4			
Parking bays		255,000	-	-
Residential units		17,025,000	-	-
Land held for capital appreciation		5,650,000	-	-
Total investment property		22,930,000	-	-
Financial assets at amortised cost				
Cash and cash equivalents		36,752	-	-
Available for sale financial assets	10			
Loans to group companies		840,183	12,378,859	-
Other financial assets		6,818,644	-	-
Deposits paid		22,500,000	-	-
Total available for sale financial assets		30,158,827	12,378,859	-
Liabilities	Note			
Financial liabilities at amortised cost	18			
Loan from shareholder		10,522,029	10,522,029	-
Mortgage bonds		13,443,690	-	-
Other financial liabilities		1,138,070	-	-
Total financial liabilities at fair value through profit or loss		25,103,789	10,522,029	-
Total		78,229,368	22,900,888	-

Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between the different levels of the fair value hierarchy in the current period.

Group - 2013

Valuation techniques used to derive level 2 fair values

The company used the following techniques to determine the fair value measurements categorised in level 2:

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

41. Fair value information (continued)

The fair value revaluations of investment properties were performed by an independent valuer, Mr JF Cilliers, professional valuer (Act 47 of 2000), of Adval Valuation Centre CC. Adval Valuation Centre CC is not connected to the group and have recent experience in location and category of the investment property being valued. The comparable sales valuation method was used to determine the fair value of the properties, this method uses the recent selling values of properties in a similar location, condition and size adjusted in certain instances for unit density, usability and access. The effective date of the revaluations were 28 February 2013.

The carrying value of the available-for-sale financial assets approximates the fair values thereof.

The carrying value of the financial assets and liabilities at amortised cost approximates the fair values thereof.

No changes have been made to the valuation techniques.

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Detailed Income Statement

	Group	Company	
	2013 R	2013 R	2012 R
Revenue			
Management fees received	3,163,663	-	-
Rental income	1,688,260	-	-
	4,851,923	-	-
Cost of sales			
Purchases	(592,089)	-	-
Gross profit	4,259,834	-	-
Other income			
Distributions received	6,894,522	-	-
Sundry income	16,284	-	-
	6,910,806	-	-
Expenses (Refer to page 52)	(5,372,482)	-	-
Operating profit	5,798,158	-	-
Finance costs	(1,428,448)	-	-
Dividend revenue	-	12,378,859	-
Interest received	247,437	-	-
Fair value adjustments	550,031	-	-
Income from equity accounted investments	60,391	-	-
	(570,589)	12,378,859	-
Profit before taxation	5,227,569	12,378,859	-
Taxation	(28,287)	-	-
(Loss)/profit for the year	5,199,282	12,378,859	-
Other comprehensive income	-	-	-
Total comprehensive (loss)/income for the year	5,199,282	12,378,859	-

VISUAL INTERNATIONAL HOLDINGS LIMITED AND ITS SUBSIDIARIES

Group Annual Financial Statements for the year ended 28 February 2013

Detailed Income Statement

	Group	Company	
	2013 R	2013 R	2012 R
Operating expenses			
Accounting fees	(69,727)	-	-
Administration fees	(111,997)	-	-
Auditors' remuneration	(150,151)	-	-
Bad debts	(151,101)	-	-
Bank charges	(25,564)	-	-
Cleaning	(234)	-	-
Commission paid	(144,366)	-	-
Computer expenses	(52,995)	-	-
Depreciation and impairments	(17,226)	-	-
Employee costs	(2,506,679)	-	-
Entertainment	(121,538)	-	-
Facility fees	(501,824)	-	-
General expenses	(146,609)	-	-
Insurance	(46,962)	-	-
Lease rentals on operating lease	(393,323)	-	-
Legal expenses	(23,308)	-	-
Levies	(228,987)	-	-
Motor vehicle expenses	(116,437)	-	-
Postage	(4,663)	-	-
Printing and stationery	(34,867)	-	-
Provision for interest and penalties	(151,176)	-	-
Repairs and maintenance	(74,826)	-	-
Staff welfare	(1,052)	-	-
Storage fees	(5,367)	-	-
Subscriptions	(8,482)	-	-
Telephone and fax	(218,703)	-	-
Training	(13,371)	-	-
Travel - local	(1,811)	-	-
Utilities	(49,136)	-	-
	(5,372,482)	-	-