

CROYDON WINE COMPANY (PTY) LTD
(REGISTRATION NUMBER 2003/014749/07)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

GENERAL INFORMATION

| | |
|--|---|
| COUNTRY OF INCORPORATION AND DOMICILE | South Africa |
| NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES | Production of wine |
| DIRECTORS | LM Petra JN Grobler MH Neethling JT Gerber |
| REGISTERED OFFICE | Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130 |
| LOCATION OF COMPANY RECORDS | Ground Floor Acorn House Old Oak Office Park Cnr of Old Oak and Durban Road BELLVILLE 7530 |
| POSTAL ADDRESS | Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130 |
| BANKERS | Nedbank |
| AUDITORS | Exceed (Cape Town) Inc. Chartered Accountants (S.A.) Registered Auditors |
| COMPANY REGISTRATION NUMBER | 2003/014749/07 |
| LEVEL OF ASSURANCE | These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008. |
| PREPARER | The financial statements were independently compiled by: GA van Rhyn CA (S.A.) |
| PUBLISHED | _____ |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

INDEX

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

| Index | PAGE |
|--|-------------|
| Independent Auditor's Report | 3 - 4 |
| Directors' Responsibilities and Approval | 5 |
| Directors' Report | 6 - 7 |
| Statement of Financial Position | 8 |
| Statement of Profit or Loss and Other Comprehensive Income | 9 |
| Statement of Changes in Equity | 10 |
| Statement of Cash Flows | 11 |
| Accounting Policies | 12 - 14 |
| Notes to the Financial Statements | 15 - 21 |
| The following supplementary information does not form part of the financial statements and is unaudited: | |
| Detailed Statement of Financial Performance | 22 - 23 |
| Tax Computation | 24 |

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF CROYDON WINE COMPANY (PTY) LTD

We have audited the financial statements of Croydon Wine Company (Pty) Ltd, as set out on pages 8 to 21, which comprise the statement of financial position as at 31 May 2016, and the statement of profit or loss and other 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 Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and requirements of the Companies Act, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Croydon Wine Company (Pty) Ltd as at 31 May 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act, 71 of 2008.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to note 9 of the director's report and note 21 of the notes to the financial statements on going concern.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 22 to 24 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 May 2016, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

EXCEED (CAPE TOWN) INC.
Chartered Accountants (S.A.)
Registered Auditors
Director: GA van Rhyn
TYGER VALLEY

DATE

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities 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 system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 company's cash flow forecast for the year to 31 May 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The financial statements set out on pages 6 to 21, which have been prepared on the going concern basis, were approved by the directors on _____ and were signed by him:

LM PETRA

MH NEETHLING

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Croydon Wine Company (Pty) Ltd for the year ended 31 May 2016.

1. NATURE OF BUSINESS

Croydon Wine Company (Pty) Ltd was incorporated in South Africa. The company's business is to produce wine. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

4. DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

Given the current state of the global economic environment, the directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the directors has resolved not to declare a dividend for the financial year ended 31 May 2016.

5. DIRECTORS

The directors in office during the year and up to the date of this report are as follows:

| Name | Changes |
|--------------|----------------------|
| LM Petra | |
| JN Grobler | Appointed 01/02/2016 |
| MH Neethling | Appointed 01/02/2016 |
| JT Gerber | Appointed 25/02/2016 |

6. PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

7. HOLDING ENTITY

The company's holding entity is Croydon Vineyard Estate Homeowners Association which holds 100% (2015 100%) of the company's equity. Croydon Vineyard Estate Homeowners Association is incorporated in RSA.

8. EVENTS AFTER THE REPORTING PERIOD

Refer to note 10 regarding the loan with Realty Dynamix 16 (Pty) Ltd.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

DIRECTORS' REPORT

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

9. GOING CONCERN

We draw attention to the fact that at 31 May 2016, the company had accumulated losses of R220 074 and that the company's total liabilities exceed its assets by R219 974.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company. Refer to note 21 of these financial statements.

10. SECRETARY

The company had no secretary during the year.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

STATEMENT OF FINANCIAL POSITION

| | Notes | 2016 R | 2015 R |
|-------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 221 197 | 34 234 |
| Deferred tax | 3 | 130 467 | 147 756 |
| | | 351 664 | 181 990 |
| Current Assets | | | |
| Other financial assets | 4 | 19 604 | - |
| Inventories | 5 | 794 315 | 758 937 |
| Trade and other receivables | 6 | 224 962 | 221 901 |
| Cash and cash equivalents | 7 | 54 225 | 39 095 |
| Current tax receivable | | 14 762 | 58 005 |
| | | 1 107 868 | 1 077 938 |
| Total Assets | | 1 459 532 | 1 259 928 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 8 | 100 | 100 |
| Accumulated loss | | (220 074) | (264 196) |
| | | (219 974) | (264 096) |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Loans from shareholders | 9 | 1 002 732 | 421 448 |
| Other financial liabilities | 10 | 569 341 | 569 341 |
| | | 1 572 073 | 990 789 |
| Current Liabilities | | | |
| Trade and other payables | 11 | 107 433 | 533 235 |
| Total Liabilities | | 1 679 506 | 1 524 024 |
| Total Equity and Liabilities | | 1 459 532 | 1 259 928 |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | 2016 R | 2015 R |
|---|-------|----------------|------------------|
| Revenue | 12 | 2 930 806 | 1 048 473 |
| Cost of sales | 13 | (2 307 775) | (1 534 489) |
| Gross profit (loss) | | 623 031 | (486 016) |
| Other income | 14 | - | 732 727 |
| Operating expenses | | (527 877) | (731 530) |
| Operating profit (loss) | 15 | 95 154 | (484 819) |
| Investment revenue | 16 | 3 452 | 63 |
| Finance costs | 17 | (37 195) | (40 877) |
| Profit (loss) before taxation | | 61 411 | (525 633) |
| Taxation | 18 | (17 289) | 129 646 |
| Profit (loss) for the year | | 44 122 | (395 987) |
| Other comprehensive income | | - | - |
| Total comprehensive income (loss) for the year | | 44 122 | (395 987) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

STATEMENT OF CHANGES IN EQUITY

| | Share capital | Accumulated loss | Total equity |
|--|---------------|---------------------|------------------|
| | R | R | R |
| Balance at 01 June 2014 | 100 | 131 791 | 131 891 |
| Loss for the year | - | (395 987) | (395 987) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss for the year | - | (395 987) | (395 987) |
| Balance at 01 June 2015 | 100 | (264 196) | (264 096) |
| Profit for the year | - | 44 122 | 44 122 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 44 122 | 44 122 |
| Balance at 31 May 2016 | 100 | (220 074) | (219 974) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

STATEMENT OF CASH FLOWS

| | Notes | 2016 R | 2015 R |
|---|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | | 2 927 743 | 1 605 282 |
| Cash paid to suppliers and employees | | (3 239 628) | (1 739 874) |
| Cash used in operations | 19 | (311 885) | (134 592) |
| Interest income | | 3 452 | 63 |
| Finance costs | | (37 195) | (40 877) |
| Tax received (paid) | | 43 243 | (25 234) |
| Net cash from operating activities | | (302 385) | (200 640) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 2 | (244 166) | (2 272) |
| Other financial assets granted | | (19 604) | - |
| Net cash from investing activities | | (263 770) | (2 272) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from shareholder's loan | | 581 285 | 228 240 |
| Net cash from financing activities | | 581 285 | 228 240 |
| Total cash movement for the year | | 15 130 | 25 328 |
| Cash at the beginning of the year | | 39 095 | 13 767 |
| Total cash at end of the year | 7 | 54 225 | 39 095 |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act, 71 of 2008. The financial statements have been prepared on the historical cost basis, 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.

1.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

| Item | Average useful life |
|----------------------------|----------------------------|
| Furniture and fixtures | 5 years |
| Wine barrels and machinery | 5 years |
| Refrigeration plant | 6 years |
| Computer software | 2 years |
| Computer hardware | 3 years |

The residual value, depreciation method and useful life of each asset are reviewed at each reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

ACCOUNTING POLICIES

1.2 FINANCIAL INSTRUMENTS

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

1.3 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 INVENTORIES

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis for bottled wine and weighted average cost basis for bulk wine and consumables.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

ACCOUNTING POLICIES

1.5 IMPAIRMENT OF ASSETS

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 SHARE CAPITAL AND EQUITY

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.7 REVENUE

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.8 BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

2016
R

2015
R

2. PROPERTY, PLANT AND EQUIPMENT

| | 2016 | | | 2015 | | |
|----------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Furniture and fixtures | 29 105 | (23 716) | 5 389 | 23 005 | (23 004) | 1 |
| Computer hardware | 9 219 | (7 938) | 1 281 | 9 219 | (4 865) | 4 354 |
| Computer software | 21 109 | (11 689) | 9 420 | 2 272 | (1 136) | 1 136 |
| Refrigeration plant | 131 356 | (71 235) | 60 121 | 75 214 | (55 580) | 19 634 |
| Wine barrels and machinery | 239 770 | (94 784) | 144 986 | 76 683 | (67 574) | 9 109 |
| Total | 430 559 | (209 362) | 221 197 | 186 393 | (152 159) | 34 234 |

Reconciliation of property, plant and equipment - 2016

| | Opening balance | Additions | Depreciation | Total |
|----------------------------|-----------------|----------------|-----------------|----------------|
| Furniture and fixtures | 1 | 6 100 | (712) | 5 389 |
| Computer hardware | 4 354 | - | (3 073) | 1 281 |
| Computer software | 1 136 | 18 838 | (10 554) | 9 420 |
| Refrigeration plant | 19 634 | 56 142 | (15 655) | 60 121 |
| Wine barrels and machinery | 9 109 | 163 086 | (27 209) | 144 986 |
| | 34 234 | 244 166 | (57 203) | 221 197 |

Reconciliation of property, plant and equipment - 2015

| | Opening balance | Additions | Depreciation | Total |
|----------------------------|-----------------|--------------|-----------------|---------------|
| Furniture and fixtures | 1 | - | - | 1 |
| Computer hardware | 7 427 | - | (3 073) | 4 354 |
| Computer software | - | 2 272 | (1 136) | 1 136 |
| Refrigeration plant | 32 172 | - | (12 538) | 19 634 |
| Wine barrels and machinery | 21 777 | - | (12 668) | 9 109 |
| | 61 377 | 2 272 | (29 415) | 34 234 |

Registers with details of property, plant and equipment are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

CROYDON WINE COMPANY (PTY) LTD
 (REGISTRATION NUMBER 2003/014749/07)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 R | 2015 R |
|---|----------------|----------------|
| 3. DEFERRED TAX | | |
| Deferred tax asset | | |
| Tax losses available for set off against future taxable income | 130 467 | 147 756 |
| Reconciliation of deferred tax asset | | |
| At beginning of year | 147 756 | 18 110 |
| Increase in tax losses available for set off against future taxable income | (17 289) | 129 646 |
| | 130 467 | 147 756 |
| 4. OTHER FINANCIAL ASSETS | | |
| At amortised cost | | |
| Short term loan | 19 604 | - |
| The short term loan is unsecured, bears interest at prime plus 2% and is repayable in monthly installments of R5,000. | | |
| Current assets | | |
| At amortised cost | 19 604 | - |
| 5. INVENTORIES | | |
| Bulk wine | 486 153 | 342 756 |
| Bottled wine | 308 162 | 416 181 |
| | 794 315 | 758 937 |
| 6. TRADE AND OTHER RECEIVABLES | | |
| Trade receivables | 140 743 | 215 171 |
| Employee costs in advance | - | 6 730 |
| South African Revenue Services - VAT | 70 551 | - |
| POS cash control | 13 668 | - |
| | 224 962 | 221 901 |
| 7. CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 38 | 4 386 |
| Bank balances | 54 187 | 34 709 |
| | 54 225 | 39 095 |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 R | 2015 R |
|---|------------------|----------------|
| 8. SHARE CAPITAL | | |
| Authorised | | |
| 1,000 Ordinary shares of R1 each | 1 000 | 1 000 |
| Issued | | |
| 100 Ordinary shares of R1 each | 100 | 100 |
| 9. LOANS FROM SHAREHOLDERS | | |
| Croydon Vineyard Estate Homeowners Association | | - |
| - Working capital on behalf of the developer The entity received working capital from Croydon Vineyard Estate Homeowners Association on behalf of the developer. The loan bears interest at 9%. | 384 281 | 350 000 |
| - Working capital - other The loan bears no interest. | 191 582 | 71 448 |
| - Grape purchases The loan bears no interest. | 217 513 | - |
| - Assets purchased Funds were received from the capital development fund from Croydon Vineyard Estate Homeowners Association. The loan bears interest at 9%. | 209 356 | - |
| | 1 002 732 | 421 448 |
| Repayments are expected as and when funds are available. Croydon Vineyards Estate Homeowners Association has signed a letter of support in favour of the entity. | | |
| 10. OTHER FINANCIAL LIABILITIES | | |
| At amortised cost | | |
| Realty Dynamix 16 (Pty) Ltd | 569 341 | 569 341 |
| The loan is unsecured, bears interest as agreed upon from time to time and has no fixed terms of repayment. No material repayments are expected in the twelve months after year end. The loan originated from funds that were made available by the developer for working capital in the time of the development. The loan will in all likelihood not be repaid, depending on the outcome of litigation. | | |
| | 569 341 | 569 341 |
| Non-current liabilities | | |
| At amortised cost | 569 341 | 569 341 |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 R | 2015 R |
|--|------------------|------------------|
| 11. TRADE AND OTHER PAYABLES | | |
| Trade payables | 105 934 | 416 261 |
| South African Revenue Services - VAT | - | 45 365 |
| South African Revenue Services - PAYE, UIF & SDL | 335 | 7 117 |
| Sundry suppliers | 1 164 | 64 492 |
| | 107 433 | 533 235 |
| 12. REVENUE | | |
| Function revenue | 98 691 | 91 050 |
| Lifestyle Centre revenue | 336 603 | 689 963 |
| Storage | 50 764 | 77 671 |
| Wine sales | 2 428 393 | 165 789 |
| Winemaking services | 16 355 | 24 000 |
| | 2 930 806 | 1 048 473 |
| 13. COST OF SALES | | |
| Sale of goods | | |
| Cost of goods sold | 2 009 483 | 1 345 411 |
| Sale of goods | | |
| Function expenses | 39 292 | 84 752 |
| Sale of goods | | |
| Lifestyle Centre cost of sales | 259 000 | 104 326 |
| | 2 307 775 | 1 534 489 |
| 14. OTHER INCOME | | |
| Levy contribution | - | 708 561 |
| Staff overtime | - | 24 166 |
| | - | 732 727 |
| 15. OPERATING PROFIT (LOSS) | | |
| Operating profit (loss) for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | - | 17 118 |
| Impairments | 2 474 | 42 142 |
| Depreciation on property, plant and equipment | 57 203 | 29 415 |
| Employee costs | 209 645 | 517 187 |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 R | 2015 R |
|--|------------------|------------------|
| 16. INVESTMENT REVENUE | | |
| Interest revenue | | |
| Bank | 846 | - |
| South African Revenue Service | 2 606 | 63 |
| | 3 452 | 63 |
| 17. FINANCE COSTS | | |
| Shareholder's loan | 37 135 | 30 896 |
| Trade and other payables | 17 | 9 672 |
| South African Revenue Service | 43 | 309 |
| | 37 195 | 40 877 |
| 18. TAXATION | | |
| Major components of the tax expense (income) | | |
| Deferred | | |
| Increase in tax losses available for set off against future taxable income | 17 289 | (129 646) |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting profit and tax expense. | | |
| Accounting profit (loss) | 61 411 | (525 633) |
| Tax at the applicable tax rate of 28% (2015: 28%) | 17 195 | (147 177) |
| Tax effect of adjustments on taxable income | | |
| Disallowable expenses | 94 | 17 531 |
| | 17 289 | (129 646) |
| 19. CASH USED IN OPERATIONS | | |
| Profit (loss) before taxation | 61 411 | (525 633) |
| Adjustments for: | | |
| Depreciation and amortisation | 57 203 | 29 415 |
| Interest received | (3 452) | (63) |
| Finance costs | 37 195 | 40 877 |
| Devaluation | 2 474 | 42 142 |
| Changes in working capital: | | |
| Inventories | (37 851) | 165 622 |
| Trade and other receivables | (3 062) | (175 919) |
| Trade and other payables | (425 803) | 288 967 |
| | (311 885) | (134 592) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| | 2016 R | 2015 R |
|---|-------------|---|
| 20. RELATED PARTIES | | |
| Relationships | | |
| Shareholder | | Croydon Vineyard Estate Homeowners Association |
| Members of key management | | LM Petra MH Neethling JN Grobler JT Gerber |
| Related party balances | | |
| Loan accounts - Owing to related parties | | |
| Shareholder | (1 002 732) | (421 448) |
| Amounts included in Trade receivable (Trade Payable) regarding related parties | | |
| Shareholder | - | 118 603 |
| Shareholder | - | (287 535) |
| Related party transactions | | |
| Interest paid to (received from) related parties | | |
| Shareholders | 37 135 | 30 896 |
| Purchases from (sales to) related parties | | |
| Shareholder | (439 053) | (9 043) |
| Shareholder | 217 513 | 52 796 |
| Management fees paid to related parties | | |
| Member of key management | 120 000 | - |
| Rent paid to related parties | | |
| Shareholder | 120 000 | 205 416 |
| Levy contribution received from related parties | | |
| Shareholder | - | (708 561) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

NOTES TO THE FINANCIAL STATEMENTS

| 2016 | 2015 |
|------|------|
| R | R |

21. GOING CONCERN

We draw attention to the fact that at 31 May 2016, the company had accumulated losses of R 220 074 and that the company's total liabilities exceed its assets by R 219 974.

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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the letter of support referred to in note 9 of these financial statements will remain in force for as long as it takes to restore the solvency of the company.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Profit or Loss

| | | |
|--------------------|---|-----------|
| Cost of sales | - | 259 820 |
| Operating expenses | - | (259 820) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

| | 2016 R | 2015 R |
|--------------------------------------|--------------------|--------------------|
| REVENUE | | |
| Function income | 98 691 | 91 050 |
| Lifestyle Centre revenue | 336 603 | 689 963 |
| Storage | 50 764 | 77 671 |
| Wine sales | 2 428 393 | 165 789 |
| Winemaking services | 16 355 | 24 000 |
| | 2 930 806 | 1 048 473 |
| COST OF SALES | (2 307 775) | (1 534 489) |
| Gross profit (loss) | 623 031 | (486 016) |
| OTHER INCOME | | |
| Interest received | 3 452 | 63 |
| Levy contribution | - | 708 561 |
| Staff overtime | - | 24 166 |
| | 3 452 | 732 790 |
| Expenses (Refer to page 23) | (527 877) | (731 530) |
| Operating profit (loss) | 98 606 | (484 756) |
| Finance costs | (37 195) | (40 877) |
| Profit (loss) before taxation | 61 411 | (525 633) |
| Taxation | (17 289) | 129 646 |
| Profit (loss) for the year | 44 122 | (395 987) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

| | 2016 R | 2015 R |
|--|------------------|------------------|
| OPERATING EXPENSES | | |
| Advertising | (21 421) | (15 308) |
| Auditor's remuneration | (111 141) | (52 530) |
| Bad debts | (1 618) | (2 582) |
| Bank charges | (18 347) | (17 046) |
| Cleaning | - | (8 158) |
| Commission paid | (117 197) | - |
| Computer expenses | (1 844) | (189) |
| Counter expenses | (1) | (11 470) |
| Courier and postage | - | (1 154) |
| Customs and excise | (50 352) | (25 759) |
| Depreciation, amortisation and impairments | (59 676) | (71 557) |
| Employee costs | - | (278 290) |
| Fines and penalties | (292) | (11) |
| Function expenses | (27 406) | - |
| General expenses | (2 486) | (703) |
| Insurance | (29 712) | (29 712) |
| Lease rentals on operating lease | - | (17 118) |
| Licences | (14 915) | (21 696) |
| Motor vehicle expenses | - | (4 838) |
| Printing and stationery | (1 012) | (11 905) |
| Protective clothing | - | (3 891) |
| Repairs and maintenance | (52 721) | (111 726) |
| Small assets | (8 355) | (6 586) |
| Staff welfare | - | (7 595) |
| Telephone and fax | (462) | (310) |
| Training | (2 800) | - |
| VAT adjustment | - | (31 396) |
| Workmen's compensation | (6 119) | - |
| | (527 877) | (731 530) |

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2016

TAX COMPUTATION

| | 2016 R |
|--|------------------|
| Net profit per income statement | 61 411 |
| NON-DEDUCTIBLE AND NON-TAXABLE ITEMS | |
| Interest, penalties paid in respect of taxes (s 23(d)) | 335 |
| TEMPORARY DIFFERENCES | |
| Depreciation according to financial statements | 57 203 |
| Wear and tear allowance (s 11(e)) | (57 203) |
| | - |
| Calculated tax profit for the year | 61 746 |
| Assessed loss brought forward | (527 699) |
| Assessed loss for 2016 - carried forward | (465 953) |
| Tax thereon @ 28% in the Rand | Nil |
| Reconciliation of tax balance | |
| Amount owing/(prepaid) at the beginning of year | (58 005) |
| Prior year adjustment - interest | (2 607) |
| Amount refunded in respect of prior year | 60 612 |
| Amount owing/(prepaid) in respect of prior year | - |
| Tax owing/(prepaid) for the current year: | |
| NORMAL TAX | |
| 1st provisional payment | (14 762) |
| Amount owing/(prepaid) at the end of year | (14 762) |