WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

Fomerly known as
JOXINAMIX PROPRIETARY LIMITED
(Registration Number 2011/116625/07)
Annual Financial Statements
for the year ended 28 February 2013

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

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

(Registration Number 2011/116625/07)
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	The provision of disaster relief services in their widest form enabled by the letting for commercial hire of helicopter transportation (changed on 17 April 2012)
Directors	Adrian Ralph Nance (British) (appointed 18 January 2012) John Brand (appointed 18 January 2012) Debra-Ann Brand (appointed 18 January 2012)
Registered office address	3A Margaret Avenue Buccleuch 2066
Postal address	PO Box 1025 Buccleuch 2066
Statutory office from 13 December 2016 (address where the company records reside)	J Murray and Chamberlain Accountants (Pty) Ltd P O Box 782561 Sandton 2146
Physical address	Unit 7 Ferndale Mews North 355 Oak Ave Ferndale Randburg 2194
Bankers	Standard Bank
Legal advisor	Birgit Cronau
Accounting Firm	TrailBlazers Accountants Proprietary Limited 8E Nola Avenue Buccleuch 2090
Professional Accountant	Brandon Rajah

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

(Registration Number 2011/116625/07)
Annual Financial Statements for the year ended 28 February 2013

General Information

Legal form	Private Company
Registration Number	2011/116625/07
Tax Number	9492989166

In compliance with the disclosure requirement of the Companies Act, No 71 of 2008, these annual financial statements have been prepared by Trailblazers Accountants Proprietary Limited on behalf of WLE Logistics Southern Africa (Pty) Ltd.

TrailBlazer Accountants

Phone +27 11 802 7723
Mobile +27 83 793 3946
trailblazers@tbaccountants.co.za
www.tbaccountants.co.za
P.O Box 931
Buccleuch
2066

Independent Reviewer's Report

To the Shareholders of WLE Logistics Southern Africa Proprietary Limited

I have reviewed the financial statements of WLE Logistics Southern Africa Proprietary Limited set out on pages 12 to 34, which comprise the statement of financial position as at 28 February 2013, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors' Responsibility for the Annual Financial Statements

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

Independent Reviewer's Responsibility

My responsibility is to express a conclusion on these financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires me to conclude whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires me to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of WLE Logistics Southern Africa Proprietary Limited as at 28 February 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Brandon Rajah

30 November 2017

Per:
Professional Accountant

8E Nola Avenue
Buccleuch
2090

DIRECTORS: BRANDON RAJAH, JAVASHREE NAIDOO

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

(Registration Number 2011/116625/07)
Annual Financial Statements for the year ended 28 February 2013

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The independent reviewer's report is presented on page 4.

The annual financial statements as set out on pages 12 to 34 were approved by the board on 30 November 2017 and were signed on their behalf by:

Adrian Ralph Nance (British)

[illegible]a-Ann Brand

Directors' Report

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

1. Review of activities

1.1 Main Business and operations

The company changed its name from Joxinamix (Pty) Ltd to WLE Logistics Southern Africa (Pty) Ltd on 14 March 2012.

Our first report stated the principal activity of the company as the hire of helicopter transportation. In this year, because of the helicopter acquisition, the principal activity has been amended. On 17 April 2012, the principal activity of the company was amended to the provision of disaster relief services in their widest form enabled by the letting for commercial hire of helicopter transportation The operating results and statement of financial position of the company are set out in the attached financial statements.

Overall, under God, the company had three key events in the period of these annual financial statements. On 5 March 2012 the company was transformed from an aspiration to a practical company, with an African look, focused on disaster relief in its widest form in order to bring good news to the poor. On 21 September 2012 a helicopter previously acquired was brought into service, ready for the good work of the entity. Commencing on 10 February 2013, the company made a significant contribution to disaster relief and extended its reach into the Republic of Mozambique in a period of need.

This period of these annual financial statements is longer than the 2012 period which was only 6 months. A business narrative is provided as the last note to these annual financial statements.

The directors' report for the period of these annual financial statements is in four parts: performance; position; management decision making and risk.

Directors' Report

1.2 Performance

In 2013 the company made a loss of R79,988 over the 6 months that it operated in the period of these annual financial statements (2012: nil).

Overall, the Statement of Comprehensive Income shows revenues grew to R125,643 (2012: nil). The operating loss grew to R26,829 (2012: nil) as operations started, which with finance income and costs made the loss before taxation R25,480 (2012: nil). The 2013 deferred tax liability was R54,508 (2012: nil) and so the accumulated loss was R79,988 (2012: nil).

A helicopter was acquired on 17 April 2012 and imported into the Republic of South Africa on 16 July 2012. It was valued at R1.833 million on its entry into commercial service on 21 September 2013 and had depreciated to R1.827 million by the end of the period of these annual financial statements. According to the Statement of Changes in Equity, during the period of these annual financial statements the company's equity grew to R1.568 million (2012: R120) with the acquisition of the helicopter for shares.

During the period of these annual financial statements the company's operational performance included the helicopter flying for 29 hours (2012: nil). The company also provided 17.9 hours disaster relief in Mozambique (62% of the total hours flown: 2012: nil) by supporting isolated villages with food and stores; by facilitating the targeting of US $25 million of aid from the World Bank and by flying the country's Interior Minister so that the Cabinet of the Republic of Mozambique had access to the best and most recent data for its decision making. All this benefitted the 213,000 people affected by the flood according to the UN OCHA, and provided disaster relief in its widest form according to our nature of business. A fuller narrative is provided at the end of the notes to these annual financial statements.

Directors' Report

1.3 Position

On 28 February 2013 the balance sheet was R2.2 million (2012:R47,505). Current assets covered current liabilities by 449% (2012: nil) and total assets covered total liabilities by 348% (2012: 147%) at the end of the period of these annual financial statements. The estimation uncertainty at the end of the period was R137,552 due to late billing from the UK.

Concerning non-current assets, the helicopter ZS-HPU (formerly 5H-XSH) was imported and became the company's principal asset. R243,756 of expenses in this and the previous period were capitalised onto this helicopter, and it was depreciated. In the current assets, trade receivables included refundable VAT of which R241,912 was paid to import the helicopter. All this VAT was recovered in May 2016.

Under Equity, the number of shares in issue was increased twice during the period of these annual financial statements: first on 5 March 2012 as the current directors took ownership of the company from the previous UK owner, and again on 17 April 2012 when the helicopter was acquired in exchange for shares. This latter acquisition created a Revaluation Reserve held by the company and not allocated to shareholders. At the end of the period the equity multiplier (assets / non-current liabilities) was 395% against a sector average of 190%. A shareholder's agreement restricts the owners' use of the Revaluation Reserve.

Most activity in the period of these annual financial statements was fuelled by borrowing and loans which totalled R495,752 (2012: R32,385) reflecting the high cost of entry into the helicopter market. Eighty five percent of the shareholder's loans in the previous financial statements were transferred to borrowings when the company ownership changed on 5 March 2012. Also timing differences between the depreciation of the helicopter and the wear and tear tax allowance of 25% per year created a deferred tax liability of R54,508 Rand during the period of these annual financial statements (2012: nil). Total liabilities grew to R633,699 (2012: R47,385).

Overall the company's position on 28 February 2013 reflects a start-up during a major recession, in a sector with high entry costs.

1.4 Management decision making

With regard to management decision-making in this operating

• Total earnings of R125,643 and only 29 revenue flying hours from the helicopter movements of assets and from disaster response is of concern, even allowing for an earning period of only 6 months.
• Management made an initial exploration of revenues from the pilot training sector but the client's payment history was not adequate
• Management also explored the aero-medical sector, but the company lacked the equipment for the task

1.5 Risks

During this start-up and during the period of these annual financial statements the company's risk management approach was conservative in the following regard:

•The chief executive and financial controller functions were separate to ensure independent fiscal oversight

•The company complied with all statutory requirements for aircraft insurance

•A narrative of the events of the company is provided at the notes to these annual financial statements

In considering the risks to the company as a whole during the period of these annual financial statements highlights three main downside risks: variable revenues/flying hours; inadequate reserves to absorb the maintenance shocks; and inadequate insurance coverage on the helicopter to assure business continuity.

2. Going Concern

These 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.

Concerning solvency and liquidity, at the end of the period current assets covered current liabilities by 449% (2016: 217%) and total assets covered total liabilities by 348% (2016: 147%). Holding only 8% of the current assets in cash created some difficulty with trade payables of which are in a 30-90 day repayment period. Also the assessment of estimation uncertainty was R137,552, due to un-presented invoices from the UK. But the directors' assessment of the company as a going concern is also validated by its survival in the subsequent years and its trading profit in 2017.

Directors' Report

3. Events after reporting date

The following significant events occurred after the reporting date:

•VAT registration was achieved in July 2014. The company's VAT number is 4370266092
•The accountants appointed were recommended by the Finance Director and Public Officer and their appointment was agreed by the shareholders at an EGM conducted on 8 January 2015
•Company Secretarial support was appointed on 25 July 2016
•Concerning compliance, advice received from accountants and advisors has followed this report and this has resulted in major improvements in reporting, tax compliance and knowledge of IFRS for SME between March 2013 and November 2016 and before the signature of these annual financial statements
•The two loans were regularised with the South African Reserve Bank on 25 November 2016
•All outstanding VAT had been collected and all fines paid by 15 December 2016
•An outline shareholders agreement was signed on 8 May 2017
•All outstanding trade payables were posted by 31 May 2017
•The company made its first trading profit in the 2017 annual financial statements

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

The directors are not aware of any matter or circumstance arising since the end of the period in these annual financial statements that could have a material effect on the financial position of the company.

4. Directors' interest in contracts

Refer to note 8 of the notes to the annual financial statements for Directors' interests in contracts.

5. Authorised and issued share capital

The authorised share capital of the company consists of 1000 shares.

On 5 March 2012, 75 of the shares from WLE Logistics Limited were acquired by D Brand and 45 shares from WLE Logistics were acquired by Adrian Nance (British). A further 80 shares were issued and 75 were acquired by J Brand, the remaining 5 new shares were acquired by Adrian Nance (British). From that date 200 shares were in issue, with 150 held by two South African nationals and 50 held by one British national.

As part of the acquisition of the helicopter on 17 April 2012 a further 200 shares were issued. 75 were acquired by D Brand and 75 by J Brand. 40 shares held by Hope of the Nations Tanzania were exchanged for the helicopter 5H-XSH, a stores support container and a sum of money for maintenance. As of 17 April 2012, 400 shares were therefore in issue.

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.

Directors' Report

7. Dividends

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

8. Directors

The Directors of the company remain unchanged from the last report (and from 18 January 2012) as follows:

Adrian Ralph Nance (British)
John Brand
Debra-Ann Brand

9. Secretary

During the period between the end of the period of these annual financial statements and their signature, the company entered into an arrangement with J Murray and Chamberlain for the provision of Company Secretarial services and a statutory office.

10. Shareholders and shareholdings at 28 February 2013

Name	Shares and percentage held
Adrian Ralph Nance (British)	60 (15%)
John Brand	150 (37.5%)
Debra-Ann Brand	150 (37.5%)
Hope of the Nations Tanzania	40 (10%)

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Statement of Financial Position

Figures in R	Note(s)	2013	2012
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,826,809	15,000
Current Assets			
Trade and other receivables	4	343,150	19,025
Cash and cash equivalents	5	31,484	13,480
		374,634	**32,505**
Total Assets		**2,201,443**	**47,505**
Equity and Liabilities			
Equity			
Issued capital	6	400	120
Other components of equity	7	1,647,332	-
Accumulated loss		(79,988)	-
		1,567,744	**120**
Non-Current Liabilities			
Loans from shareholders	8	2,816	18,905
Borrowings	9	492,936	13,480
Deferred taxation	10	54,508	-
		550,260	**32,385**
Current Liabilities			
Trade and other payables	11	83,439	15,000
Total Equity and Liabilities		**2,201,443**	**47,505**

Statement of Comprehensive Income

Figures in R	Note(s)	2013
Revenue	12	125,643
Operating costs		(152,472)
Operating profit		**(26,829)**
Finance income	14	1,350
Finance costs		(1)
Loss before taxation		**(25,480)**
Taxation expense	15	(54,508)
Loss for the year		**(79,988)**
Loss for the year		(79,988)
Accumulated loss at 28 February 2013		**(79,988)**

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

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Annual Financial Statements for the year ended 28 February 2013

Statement of Changes in Equity

Figures in R	Share capital	Revaluation reserve	Accumulated loss	Total
Balance at 1 March 2011	-	-	-	-
Issue of share capital	120			120
Balance at 29 February 2012	**120**	**-**	**-**	**120**
Balance at 1 March 2012	120	-	-	120
Total comprehensive income for the year				
Loss for the year			(79,988)	(79,988)
Total comprehensive income for the year	-	-	(79,988)	(79,988)
Transfer		1,647,332		1,647,332
Issue of share capital	280			280
Balance at 28 February 2013	**400**	**1,647,332**	**(79,988)**	**1,567,744**
Notes	6	7		

Statement of Cash Flows

Figures in R	Note(s)	2013	2012
Cash flows from operating activities			
Loss for the year		(79,988)	-
Adjustments for:			
Finance costs		1	-
Income tax		54,508	-
Depreciation of Property, plant and equipment		7,829	-
Investment income		(1,350)	-
Change in fair value of investment property		1,647,332	-
Working capital changes			
Increase in trade and other receivables		(324,125)	(19,025)
Increase in trade and other payables		68,439	15,000
Cash generated by/(utilised in) operating activities		1,372,646	(4,025)
Investment income		1,350	-
Finance costs		(1)	-
Net cash utilised in operating activities		**1,373,995**	**(4,025)**
Cash flows from investing activities			
Property, plant and equipment acquired	3	(1,819,638)	(15,000)
Net cash utilised in investing activities		**(1,819,638)**	**(15,000)**
Cash flows from financing activities			
Capital issued		280	120
Borrowings raised		479,456	13,480
Shareholders' loans (repaid)/raised		(16,089)	18,905
Net cash generated from financing activities		**463,647**	**32,505**
Increase in cash and cash equivalents		18,004	13,480
Cash and cash equivalents at beginning of the year		13,480	-
Cash and cash equivalents at end of the period	5	**31,484**	**13,480**

Accounting Policies

1. General Information

WLE Logistics Southern Africa Proprietary Limited is a private company incorporated in South Africa which was previously known as Joxinamix Proprietary Limited and its name change was registered with the Commissioner of Companies and Intellectual Property on 6 March 2013 during the period of these annual financial statements .

For the period of these annual financial statements, the Public Interest Score of the company was six (6). Consequently, under the Companies Act Regulations of 2011, the South African government's prescribed accounting standard is the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME) without modification.

Under IFRS for SME G19 the company is required to make an explicit and unreserved statement of compliance with IFRS by SME in these notes, which the Directors hereby do without reservation.

2. Accounting Policies

These annual financial statements have been prepared in accordance with IFRS for SME issued by the International Accounting Standards Board and with the Companies Act (Number 71 of 2008) of the Republic of South Africa and with the Republic of South Africa's Company Regulations of 2011.

These annual financial statements have been prepared on the historical cost convention and use a conservative approach, incorporating the principal accounting policies set out below. These annual financial statements are presented in South African Rands.

As the financial statements for previous period reflect the period from11 September 2011 to 29 February 2012, and these annual financial statements reflect a 12 month period, the figures cannot be directly compared with the previous period.

As property plant and equipment has been acquired and commercial trading has started new accounting policies have been adopted. However, all these accounting policies are consistent with the previous period.

Following the previous financial statements, these annual financial statements incorporate the significant judgements and sources of estimation uncertainty at paragraph 2.1 and the principal accounting policies set out in paragraph 2.3 below.

2.1 Significant judgements and sources of estimation uncertainty

In preparing annual financial statements, management is required to make judgements, estimations and assumptions that affect the amounts represented in annual financial statements and related disclosures. The estimations and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimations which may be material to the annual financial statements.

2.1.1 Critical judgements in applying accounting policies (in accordance with G77 of IFRS for SME)

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the Companies Act 2008 and the Company Regulations of 2011 and that have the most significant effect on the amounts recognised in these financial statements. Those judgements are centred on the directors' assessment of the company as a going concern and are summarised at Note 20.

Accounting Policies

2.1.2 Key sources of estimation uncertainty (in accordance with G78 of IFRS for SME)

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Variations in the Rand/ US Dollar exchange rate because aviation assets' fair values are most stable in US Dollars
- Added value to the helicopter because of its transfer to the South African Register and its receipt of regular and closely supervised engineering oversight
- Variations in the Regulations of the South African Civil Aviation Authority
- Poor risk management by the staffs of operators and maintenance providers

The estimation uncertainty is quantified at Note 21 below. 100% of the estimation uncertainty is from slow billing from the UK.

2.2 Going Concern

In assessing whether the going concern assumption is appropriate management considers key financial metrics and loan arrangements in its projected budgets, together with existing term facilities, to conclude that the going concern assumption used in compiling these financial statements is relevant (IFRS for SME G20).

Management considers key financial metrics and loan arrangements in its projected budgets, together with existing term facilities, to conclude that the going concern assumption used in compiling these financial statements is relevant. See Note 20.

2.3 Summary of significant accounting policies

2.3.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, and discounts.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

Services revenue

The service rendered is recognised as revenue by reference to the stage of completion of the transaction at the reporting date.

Accounting Policies

Interest income

Interest income is recognised using the effective interest method.

2.3.2 Policies for income taxation

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

The current income taxation charge is calculated on the bases of tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding taxation bases (known as temporary differences). Deferred taxation liabilities are recognised for all temporary differences that are expected to increase taxable profits in the future. Deferred taxation assets are recognised for all temporary differences that are expected to reduce taxable profit in the future and are recoverable in a reasonable period: we assess such a period to be the period of three years.

Deferred taxation is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the company expects the deferred taxation asset to be realised or the deferred taxation liability to be settled on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are however not raised where the utilization of underlying estimated tax losses are not expected to occur within a period of three years.

Using the conservative approach to these accounts, the net carrying amount of deferred taxation assets is reviewed at each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

2.3.3 Policies for 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
• Are expected to be used in more than one period.

Items of property plant and equipment are measured at cost less accumulation plus improvements and less accumulated depreciation and any accumulated impairment losses.

For its property plant and equipment, the company continues to use the revaluation model of IAS 16 as part of IFRS for SME. Property, plant and equipment consist of a spares container, support equipment and a helicopter which is measured at cost to bring into service less accumulated depreciation and any accumulated impairment losses. The helicopter is assumed to have no residual value at the end of its useful life.

Cost of property, plant and equipment 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.

Accounting Policies

Costs include costs incurred to acquire or construct an item of property, plant and equipment as well as costs incurred to add to or replace part of the item or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant or equipment, the carrying amount of the replaced part is derecognised. Impairment is calculated by the subtraction of the book value of the impaired part from the cost of replacement.

Depreciation is charged once the asset is brought into use, so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method to write down the cost, over the useful life of the property plant and equipment, in accordance with IFRS for SMEs as mandated by South African Companies Act (71 of 2008) section 29(5). The following rates of allowable tax expense are used for the depreciation of the property, plant and equipment:

Helicopter	25 %
Spares	0 %

The major components of the helicopter have significantly different patterns of consumption and economic benefit. So the initial cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life. This is achieved by splitting the helicopter into four components namely, engine, rotables, avionics and controls, and airframe, each which depreciate over different timeframes reflecting the different economic lives of those components consistent with the method of operation of the helicopter.

Item	**Average total useful life**	
Aircraft assembly		
Engine	5 500	Hrs
Rotables	5 000	Hrs
Avionics and controls	4 500	Hrs
Airframe	15 000	Hrs

Major maintenance expenditure, and associated replacement spares and labour costs, is capitalised and amortised over their expected lives. Monies spent on improvements to the helicopter are reflected at their cost and depreciated across their economic lives. All other replacement spares and other costs relating to the maintenance of the helicopter, including rental unit costs, overhauls, mandated Airworthiness Directives and Commercial Engine Bulletins and unscheduled maintenance, are charged to the income statement as incurred or on consumption.

The resulting depreciation charged is dependent on the hours flown each year, as this most closely represents the true consumption of the asset. The estimated residual value, useful life and depreciation method of each component of the asset are reviewed at the end of each reporting period if there are indicators present that there has been a significant change from the previous estimate. If expectations differ from previous estimates, the change is accounted as a change in the accounting estimate and declared in the annual financial statements.

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

2.3.4 Policies for Financial Instruments

Loans and trade and other receivables

These financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

Accounting Policies

Cash & cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short term, highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the annual financial statements.

Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Borrowings

Borrowings are recognised at initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are recognised on the basis of the effective interest method and are included in finance costs.

Loans and trade and other payables

The financial liabilities are recognised initially at the transaction price. Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment.

Other Financial assets

All financial assets whose fair value cannot otherwise be measured reliably, and those which do not meet the criteria to be designated as an instrument measured at amortised cost, are measured at cost less impairment.

Policies for the translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the company, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:
• Foreign currency monetary items are reported at the closing rate

Accounting Policies

• Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate at the date of the transaction
• Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

2.3.5 Policies for Taxation

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

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

Deferred taxation

The company 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. We assess the foreseeable future as 3 years

Assessing the recoverability of deferred income tax assets requires the company 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 applications of existing tax laws. To the extent that the future cash flows and taxable income of the company differ from estimates, the ability of the company to realise the net value of deferred tax assets recorded at the end of the reporting period could be impacted.

2.3.6 Policy for Turnover

Turnover comprises sales to customers and services rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

Accounting Policies

2.3.7 Policies for Risk Management

The company has adopted a conservative approach to financial risks.

Helicopter assets across the world are valued in US Dollars, and helicopter of the company is submitted to a formal valuation every 5 year. Directors' valuations are also done at the end of each financial year. The Rand value arrived at depends on the Rate of Exchange and is disclosed each year in the annual financial statements.

As part of our risk management of helicopter equipment, our policy is to reconsider at insurance renewal the Rand insurance value of helicopter equipment and any insurance deductibles against fluctuating exchange rates each year in order best to insure the company's principal assets and maintain the company as a going concern. We also preserve the value of these assets by maintaining complete records of their maintenance and by using engineers with an excellent reputation in the industry to oversee the quality of the maintenance work.

On other risks, the company has adopted the following approach:

Insurance is carried for the helicopter operations and pilots are required to have reasonable experience on make and model before being listed on the policy. Operators are selected for their reputation including their insurance history. Maintenance is contracted out and overseen by one person, and only reputable maintenance organisations are selected. As for the contractual and other liabilities that arise as a consequence of its operation, advice is taken on the likely legal costs and reasonable liability cover is included in the policy. The adequacy of the insurance cover is stated in the annual financial statements.

Major revisions in internal risk management procedures have been undertaken outside the period of these annual financial statements, but before the rendering of this report. These have addressed precision, reliability of data and reduction of errors and are summarised in the Directors' Report as events after the reporting date.

Notes to the Annual Financial Statements

Figures in R	2013	2012

3. Property, plant and equipment

Helicopter

Tanzanian Bell Bet Ranger B3 Helicopter serial number 2337 and call-sign 5H-XSH arrived at Rand Airport, Germiston on 31 May 2011 and was held in the National Aircraft Corporation (NAC) customs bond whilst this company was founded and funds acquired. This period before acquisition incurred costs which have been capitalised onto the helicopter. The company formation completed, the helicopter was bought on 17 April 2012; imported on 14 June 2012 and placed on the aviation register of the South African Civil Aviation Authority on 16 July 2012. After the necessary engineering work and inspections, the helicopter's call sign was changed to ZS-HPU and it entered service on 21 September 2012. The value used in these annual financial statements is that accepted by the South African Revenue Service on import as modified by the accounting conventions in IFRS for SME.

At entry into the Republic of South Africa on 14 June 2012, the import value of the helicopter of R1,570,858 was declared to SARS. Also an encumbrance of the helicopter engine was declared because an Airworthiness Directive had not yet implemented on the engine. This encumbrance did not affect the helicopter's entry economic service and was declared as $68,000 on import (R555,787) on 16 July 2012. The book value of the helicopter above does not include this.

Calculation of the asset value at entry into service on 21 September 2012:

	2013	2012
Prepayment	15,000	15,000
Import value of the helicopter declared to SARS	1,570,858	-
Capitalised costs consisting of:	247,780	-
Insurance payment – capitalised on helicopter	38,049	-
Withheld sum from UK loan – capitalised	33,298	-
Cost of travel to sign the sale contract	15,713	-
Insurance payments before airworthy	47,828	-
Capitalised maintenance to make airworthy	63,183	-
Capitalised phone bills	7,845	-
Capitalised consulting to make helicopter airworthy	41,864	-
	1,833,638	15,000

Notes to the Annual Financial Statements

Figures in R	2013	2012

A total of R247,780 of funds was used to bring the helicopter into service, including 15,000 Rand of pre-payments brought forward from the previous accounting period. After the capitalisation of those funds onto the R1,570,858 import value of the helicopter, the following are the book values of its four components on bringing into service on 21 September 2012, which are the basis for its depreciation:

	On 12 September 2013
Avionic and controls	163,410
Engine and gearbox	786,987
Rotables	561,582
Airframe	321,660
Total	1,833,639

The helicopter's Certificate of Airworthiness was signed by the South African Civil Aviation Authority after a full inspection on 21 September 2012. The helicopter had 6 months economic life in the period of these annual financial statements. It flew 29 hours to 28 February 2013 (2012: nil). The depreciation of the helicopter over the 29 flying hours of economic activity in the period of these annual financial statements has been calculated by costing the components of the capability of the helicopter per flying hour, in accordance with our accounting policies:

	2013	2012
Avionics and Controls	908	-
Engine and gearbox	3,577	-
Rotables	2,808	-
Airframe	536	-
Total helicopter depreciation	7,829	-

Spares

A container of spares was also acquired on 17 April 2012. It is located in Tanzania and the value of its contents is uncertain. On the basis of conservative accounting, it is entered into these annual financial statements at R1,000 and not depreciated.

Notes to the Annual Financial Statements

Figures in R	2013	2012

Carrying values

The carrying value of the property plant and equipment at the end of the period of these annual financial statements is as follows:

	Cost	Accumulated depreciation	2013 Carrying value	Cost	Accumulated depreciation	2012 Carrying value
Owned assets						
Helicopter	1,833,638	(7,829)	**1,825,809**	15,000	-	15,000
Spares	1,000	-	**1,000**	-	-	-
	1,834,638	(7,829)	**1,826,809**	15,000	-	15,000

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of period	Additions	Disposals	Depreciation	2013 Carrying value at end of period
Owned assets					
Helicopter	15,000	1,818,638	-	(7,829)	1,825,809
Spares	-	1,000	-	-	1,000
	15,000	1,819,638	-	(7,829)	1,826,809

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2012 Carrying value at end of year
Owned assets					
Helicopter	-	15,000	-	-	15,000

The helicopter to the value of R1,825,809 at the end of the period of these annual financial statements has been encumbered as security for borrowings, see Note 9.

Insured Value

The insured value of the helicopter was 2 million Rand whilst it was on the ground in the NAC bonded hangar at Rand Airport from 31 May 2011 to its import into South Africa on 16 July 2012. The insurance was put out to competition in July 2012 and the broker on record was changed. The insurance cover was increased to R2,100,000 agreed value on 28 August 2012 when the helicopter started its test flights. This coverage continued to end of the period of these annual financial statements.

Notes to the Annual Financial Statements

Figures in R	2013	2012

4. Trade and other receivables

Trade debtors	82,884	-
Prepaid expenses	-	19,025
Value Added Tax	260,266	-
	343,150	19,025

Value Added Tax receivable

The company was not registered for VAT during the period of these annual financial statements. Two applications for VAT registration were made during the period in order to recover the VAT paid at the import of the helicopter, which is refundable. VAT Registration was achieved in July 2014.

The 2017 period of annual financial statements saw the recovery of all VAT due from the inception of the company. We are most grateful to Trailblazers, our accountants, for this achievement. So we declare the import VAT on the helicopter and the accumulated input VAT as an asset in these annual financial statements.

5. Cash and cash equivalents

Favourable cash balances

Cash on hand	80	13,480
Bank balances - 3 savings accounts	15,619	-
Bank balances - Current account	15,785	-
	31,484	13,480

Notes to the Annual Financial Statements

Figures in R	2013	2012

6. Share capital

	2013	2012
Authorised		
1,000 Ordinary shares of R1 each	1,000	1,000
Issued		
400 Ordinary shares of no par value	400	120
Share reconciliation		
Shares outstanding - beginning of the period	120	-
Issued	280	120
Shares outstanding - closing	400	120

Shares outstanding at end of the period

A total of four hundred (400) shares of no par value were in issue on 28 February 2013 as follows:

Share capital at:	28 February 2013	17 March 2012	05 March 2012	01 March 2012
WLE Logistics Ltd	-	-	-	120
D Brand	150	150	75	-
J Brand	150	150	75	-
A Nance (British)	60	60	50	-
Hope of the Nations Tanzania	40	40	-	-
	400	400	200	120

An initial shareholders' agreement was signed by 100% of the shareholders in May 2017.

The unissued shares are under the control of the directors until the next annual general meeting.

Notes to the Annual Financial Statements

Figures in R	2013	2012

7. Other components of equity

Revaluation reserve

Revaluation reserve	1,647,332	-

The revaluation reserve is part of the equity of the company but is not allocated to the shareholders. The shareholders' agreement indicates that the shareholders will make no claim on this sum. Hence it is shown as a distinct entry in these annual financial statements.

The revaluation reserve is calculated as follows:

Helicopter customs value	1,570,858	-
Spares notional value	1,000	-
NAC funds acquired with the helicopter	42,176	-
Capitalisation of UK funds withheld from loan used to travel to Tanzania for the purchase	33,298	-
	1,647,332	-

8. Loans from shareholders

WLE Logistics Ltd	-	18,905
Unsecured non-interest bearing and repayable by mutual agreement		
This sum was transferred to trade payables with other invoices from WLE Logistics Limited (an English company) on the sale of their shares.		
Loan from a director and shareholder (from 5 March 2012)		
A R Nance	2,816	-
Unsecured, non interest bearing and repayable by mutual agreement		
	2,816	18,905

Notes to the Annual Financial Statements

Figures in R	2013	2012

9. Borrowings

Loans payable

Loans in foreign currencies are re-valued at the end of the accounting period in accordance with IFRS 30.

	2013	2012
WLE Logistics Limited	457,964	-
30,000 GBP - Secured by fixed assets described under note 3, bears interest at 0.5% per annum and repayable within 5 years (SARB reference 16201600359331)		
A Shipton	1,500	803
Unsecured, non interest bearing and repayable by mutual agreement		
S E Gould	33,472	-
2500 GBP - Unsecured, non interest bearing and repayable by mutual agreement (SARB reference 16201600359361)		
Loan payable		
Loan from director (became a shareholder from 5 March 2012)		
AR Nance	-	12,677
Unsecured, non interest bearing, partly repaid during the period and transferred to loan from a shareholder		
	492,936	13,480

Notes to the Annual Financial Statements

Figures in R		2013	2012

10. Deferred taxation

		2013	2012
Movements consisting of:			
Temporary differences		(54,508)	-
Balance at end of year		(54,508)	-
The deferred taxation liability arises from the following temporary differences:			
Property, plant and equipment		(54,508)	-
Deferred tax liability		(54,508)	-

A deferred tax asset is not declared because the directors adopt a conservative approach to accounting in these annual financial statements.

The directors make no provision for a deferred tax asset on assessed loss because they believe it will not be recoverable in three years.

The wear and tear rate used for the depreciation of property plant and equipment for tax purposes is: commercial helicopter 25%.

		2013	2012
Annual wear and tear tax allowance		25%	
Part year apportionment on a daily basis		44%	
Wear and tear tax allowance		11%	
Reconciliation of deferred tax movement			
Net asset value at end of period	Refer note 3.	1,826,809	-
Spares (less than R7,000) - temporary difference		(1,000)	-
Wear & tear allowance per Practice note 19		(201,499)	-
Depreciation		7,829	-
		(194,670)	-
Taxation at 28%		(54,508)	-

11. Trade and other payables

	2013	2012
Trade creditors	-	15,000
Accrued liabilities	83,439	-
	83,439	15,000

12. Revenue

An analysis of revenue is as follows:

	2013	2012
Rental Income - Helicopter	125,643	-

Notes to the Annual Financial Statements

Figures in R	2013	2012

13. Profit before taxation

The following items have been recognised as expenses (income) in determining profit before taxation:

Depreciation - Tangible assets	7,829	-

14. Finance income

Interest income		
Interest received	1,350	-

15. Income taxation expense

Deferred taxation		
Current year temporary differences	54,508	-
Income taxation for the year	54,508	-

Reconciliation of rate of taxation	%	%
South African normal taxation rate	28.00	-
Adjusted for:		
Temporary differences	185.92	-
Net increase	185.92	-
Effective rate of taxation	213.92	-

The directors make no provision for a deferred tax asset on assessed loss because they believe it will not be recoverable in three years.

16. Event after the balance sheet date

No events occurred between 28 February 2013 and the date the directors approved these financial statements that would have a material impact on the results as disclosed in these annual financial statements as set out on pages 12 to 34 or the continued existence of the company as a going concern (see also Note 20 below).

17. Financial instruments

17.1 The company has classified its financial assets in the following categories:

	Fair value through profit loss	Debt instruments at amortised cost	Equity instruments	Total
2013				
Current financial assets				
Trade and other receivables (refer note 4)	-	82,884	-	82,884
Cash and cash equivalents (refer note 5)	-	31,484	-	31,484

2012	Fair value through profit loss	Debt instruments at amortised cost	Equity instruments	Total
Non-current financial assets				
Current financial assets				
Cash and cash equivalents (refer note 5)	-	13,480	-	13,480

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Loan commitments at cost less impairment	Amortised cost	Total
2013				
Non-current financial liabilities				
Loans from shareholders (Note 8)	-	-	2,816	2,816
Borrowings (Note 9)	-	-	492,936	492,936
Current financial liabilities				
Trade and other payables (Note 11)	-	-	83,439	83,439

2012	Fair value through profit loss	Loan commitments at cost less impairment	Amortised cost	Total
Non-current financial liabilities				
Loans from shareholders (Note 8)	-	-	18,905	18,905
Borrowings (Note 9)	-	-	13,480	13,480
Current financial liabilities				
Trade and other payables (Note 11)	-	-	15,000	15,000

Notes to the Annual Financial Statements

Figures in R	2013	2012

17.2 Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

Summary of quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2013				
Loans from shareholders (Note 8)	-	-	-	2,816
Borrowings (Note 9)	-	457,964	-	34,972
Trade and other payables (Note 11)	83,439	-	-	-
2012				
Loans from shareholders (Note 8)	-	-	-	18,905
Borrowings (Note 9)	-	-	-	13,480
Trade and other payables (Note 11)	15,000	-	-	-

18. Comparative figures

The published accounting figures are not comparable as the prior year was from 16 September 2011 to 29 February 2012, and so was shorter than the period of these annual financial statements.

19. Income statement

No income statement was presented for in the previous financial statements as the company did not trade during that period

20. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

The key judgements for these annual financial statements are:

The helicopter's market value is greater than its book value;

Loans from the UK in GB Pounds, despite being re-valued each year in line with the exchange rate on the reporting date, are regarded flexibly by the originator;

Invoices from the UK are regarded flexibly by their originator;

The entry costs to the helicopter market are high;

The helicopter market in South Africa is depressed from its normal activity level, so the start-up is likely to take longer than usual;

The company made its first trading profit in 2017.

Notes to the Annual Financial Statements

Figures in R	2013	2012

21. Sources of estimation uncertainty

For the life of the company to date, the major source of estimation uncertainty in the annual financial statements has been due to un-presented invoices. The table below quantifies the estimation uncertainty. 93% of the estimation uncertainty in these annual financial statements is due to slow billing of start up costs from the UK.

Category of uncertainty	Cause of uncertainty	Originator	2013	2012
Trade payables	RSA Services received but bills not presented by year end	Various	-	-
	UK services not billed	WLE Logistics Ltd	(137,552)	-
Net uncertainty at end of period			(137,552)	-

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

(Registration Number 2011/116625/07)
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Detailed Income Statement

Figures in R	2013
Gross Revenue	
Rental Income - Helicopter	125,643
	125,643
Other Income	
Investment income	1,350
	1,350
	126,993
Expenditure	
Accounting fees	2,625
AOC, permit and licence fees	3,819
Bank charges	4,914
Consulting fees	15,055
Depreciation - Tangible assets	7,829
Electricity and water	936
Finance costs	1
Fuel and oil	2,118
General expenses	697
Hangarage	16,500
Insurance	7,826
Lease rental on operating lease	3,240
Loss on foreign exchange	48,162
Navigation and landing fees	346
Repairs and maintenance	1,012
Travel - local	37,393
	152,473
Loss before taxation	**(25,480)**
Taxation	(54,508)
Loss for the year	**(79,988)**

Narrative of the Company for the period

The Directors offer the following as a narrative of events in the period of these annual financial statements:

On 5 March 2012, the company shareholding changed when the Directors acquired all the issued 120 shares of the company and a further 80 shares were issued. The company changed its name from Joxinamix (Pty) Ltd to WLE Logistics Southern Africa (Pty) Ltd on 14 March 2012.

Acting on legal advice that the company was properly constituted to own and operate a helicopter in the Republic of South Africa, on 17 April 2012 WLE Logistics Southern Africa acquired a Tanzanian-registered Bell Jet Ranger helicopter (serial number 2337, call-sign 5H-XSH) with spares and a maintenance fund, after having been assured it had successfully passed its mandated engineering inspections and could be made airworthy. This acquisition required a further change in shareholding.

This helicopter had arrived from Tanzania into the Republic on 31 May 2011 in anticipation of acquisition. It was held in customs bond at NAC in Rand Airport whilst the company was made ready for the acquisition.

Our first report stated the principal activity of the company as the hire of helicopter transportation. In this year, because of the helicopter acquisition, the principal activity has been amended. From 17 April 2012, the company's business and operations have been the provision of disaster management services in their widest form, particularly in the first instance the acquisition and the letting for commercial hire of a suitable helicopter.

On 15 May 2012, the company took out a loan at a favourable rate from WLE Logistics Ltd, a UK company, for the import expenses of the helicopter and to provide start-up funds. This loan was regularised with the South African Reserve Bank on 6 December 2016 against reference number 16201600359331 and qualifies as a related party transaction in accordance with the regulations of the South African Reserve Bank. On 14 June 2012, an import-export licence was granted to the company by the South African Revenue Service, clearing the way for the helicopter to be legally imported into South Africa.

On 16 July 2012, formalities in Tanzania were completed and the helicopter was exported from the customs bond and brought into the Republic of South Africa, and the South African Civil Aviation Authority placed it on the South African Aviation Register. The helicopter's identification was changed to ZS-HPU on that date. Appropriate and refundable import taxes, were paid on 23 July 2012. The helicopter was then subjected to extensive engineering work and test flying at National Aircraft Corporation's facility at Rand Airport to prepare her for commercial and disaster relief service.

At the same time in July a competition was held for the commercial insurance of the helicopter and on 26 July 2012, the company formally changed its aviation insurance broker on record. On 23 August 2012, the new brokers issued a full flight aviation insurance certificate to allow engineering test flying of the helicopter after 15 months on the ground, and the helicopter's agreed value for insurance purposes was increased from 2.0 to 2.1 million Rand.

The remaining necessary engineering work was completed by mid September 2012 and, after inspection by the South African Civil Aviation Authority, the helicopter was declared airworthy for commercial aviation and was released into service on 10 September 2012 as call sign ZS-HPU. On 16 September 2012 the company celebrated its first anniversary. A Certificate of Airworthiness for the helicopter was issued on 21 September 2012. On that same day a maintenance agreement was signed with Nicholson Helicopters, and the basing of the helicopter at Grand Central Airport, Midrand was agreed. The helicopter was flown from Rand Airport to its new base by Andrew Shipton on 28 September 2012.

On entry into service, the helicopter was capitalised at the sum of R1,833,669. This was above the value of the helicopter at import because expenses of R240,780 and R15,000 of prepayments have been capitalised consistent with the company's accounting policy and in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SME) legally mandated by the Republic of South Africa's Companies Act 2008.

WLE LOGISTICS SOUTHERN AFRICA PROPRIETARY LIMITED

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Annual Financial Statements for the year ended 28 February 2013

Narrative of the Company for the period

In September 2012, the company made its first application for VAT registration to SARS at Edenvale, in order to speed the recovery of the import dues paid during the period of this report, declared as VAT receivable in these annual financial statements. Whilst this application was rejected on the basis of insufficient income, the principle of being able to register the company for VAT was established. Further enquiries as to VAT registration were made in January 2013. These enquiries indicated that VAT registration was possible, but not at that time. The sum of 260,266 Rand is declared as an asset in these annual financial statements.

After the receipt of further legal advice, a non-exclusive use operating lease agreement was signed with Stargate Aviation of Grand Central Airport on 29 October 2012, and the helicopter then started to fly commercially. This lease agreement is an operating lease under the terms of International Accounting Standard 17.

By mid January 2013, the flood disaster situation in Mozambique was sufficiently serious for the UK charity Wings Like Eagles to approach the government of the Republic of Mozambique. The charity's assistance was formally requested and funds were released to WLE Logistics Southern Africa (Pty) Ltd for the helicopter to fly Operation RESTORE HOPE, 17.9 hours of disaster support in the flooded Limpopo valley either side of the end of the financial year of these annual financial statements. The air and ground team ensured that food was delivered to isolated villages, the Interior Minister of the Republic of Mozambique was flown to allow that country's cabinet to be briefed on the situation, and the World Bank disaster assessors were flown in order to allow $25m of aid best to be focused. All these activities underlined the wisdom of changing the principal activity of the company as reported above.

The helicopter flew for 29 hours during the period of these annual financial statements.