

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)
Registration number 2004/007466/08

ANNUAL FINANCIAL STATEMENTS
for the period ended 28 February 2005

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

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for the period ended 28 February 2005

COMPANY INFORMATION

Registration number:	2004/007466/08
Registered address:	5 th Floor ABSA Square 20 Paul Kruger Street Nelspruit
Postal address:	P O Box 19777 Nelspruit 1200
Auditors:	PricewaterhouseCoopers Inc. Nelspruit
Bankers:	Standard Bank of South Africa

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MAPUTO CORRIDOR LOGISTICS INITIATIVE

(An association incorporated in accordance with section 21 of the Companies Act)

STATEMENT OF DIRECTORS' RESPONSIBILITY

for the period ended 28 February 2005

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Maputo Corridor Logistics Initiative (An association incorporated in accordance with section 21 of the Companies Act). The financial statements presented on pages 4 to 16 have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP) in South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all Statements of GAAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the company at year-end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

The company operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company.


The company's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 3.

The financial statements were approved by the board of directors and signed on their behalf:



Director (Jorge Ferraz)

19 May 2005



Director (Leon Arthur)

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF MAPUTO CORRIDOR LOGISTICS INITIATIVE (AN
ASSOCIATION INCORPORATED IN ACCORDANCE WITH SECTION 21 OF THE
COMPANIES ACT)**

We have audited the annual financial statements of Maputo Corridor Logistics Initiative (An association incorporated in accordance with section 21 of the Companies Act) set out on pages 4 to 16 for the period ended 28 February 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

Qualification

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from contributors prior to initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts and invoices actually recorded.

Qualified Audit opinion

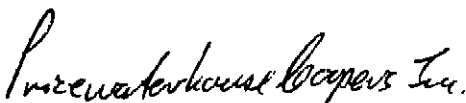
In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, these financial statements fairly present, in all material respects, the financial position of the company at 28 February 2005 and the results of its operations, changes in equity and cash flows for the period then ended in accordance with Statements of Generally Accepted Accounting Practice in South Africa and in the manner required by the South African Companies Act.

Going concern

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because, as disclosed in note 3 of the directors' report, the company is largely dependant on the financial support of its members. These conditions raise doubt that the company will be able to continue trading. The validity of the assumption depends on the members of the company continuing its support by providing adequate finance when required. In the absence of such support, the company would be unable to continue its business and adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Supplementary information

The detailed income statement set out on page 1 of the annexures to the financial statements does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.



PricewaterhouseCoopers Incorporated
Chartered Accountants (SA)
Registered Accountants and Auditors
Nelspruit
19 May 2005

C Beggs Chief Executive Officer

I S Fourie Chief Operating Officer

Resident directors H M Pieters, G J Ackermann, A J Oosthuizen

The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.

VAT reg no. 4950174582

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

DIRECTORS' REPORT
for the period ended 28 February 2005

The directors present their annual report, which forms part of the audited financial statements of the company for the period ended 28 February 2005.

1 Nature of business

The current business operations of the company are the coordination of the logistics for Rail, Road and Seaports of the Maputo Corridor. The principle business was commenced end September 2003 and the company was incorporated on 17 March 2004.

2 Financial results

	2005 (17 months) R
Revenue	1,775,178
Surplus for the period	143
Total assets	328,821
Total liabilities	328,678

3 Going concern

The directors are confident that the company will be able to continue as a going concern. Although the company is largely dependant on the continued financial support of its members, who are not contractually obliged to continue their support, the majority of members have indicated that they are committed to support Maputo Corridor Logistics Initiative (An association incorporated in accordance with section 21 of the Companies Act) for the next financial period.

4 Material events after period end

No matter, which is material to the financial affairs of the company, has occurred between the balance sheet date and the date of approval of the financial statements.

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

DIRECTORS' REPORT
for the period ended 28 February 2005

5 Directors and Secretary

The directors of the company during the period were as follows:

Executive Directors

Jorge Ferraz	(appointed on 17 March 2004)
Leon Arthur	(appointed on 17 March 2004)
Peter Lowe	(appointed on 20 January 2005)
Paulo Franco	(appointed on 17 March 2004)
John Muller	(appointed on 17 March 2004)
Arthur Coy	(appointed on 17 March 2004)
Frans Visser	(appointed on 14 January 2005)
Jan Coetsee	(appointed on 3 December 2004)
Saul Resnick	(resigned on 14 January 2005)
Derek van Niekerk	(resigned on 3 December 2004)
Alec Don	(resigned on 20 January 2005)

Non-Executive Directors

Andre Meyer	(appointed on 17 March 2004)
Barbara Mommen	(appointed on 17 March 2004)
Sam Sibiya	(appointed on 17 March 2004)
Bongani Ntuli	(appointed on 17 March 2004)
Carlos Simbine	(appointed on 17 March 2004)
Antonio Macamo	(appointed on 15 September 2004)

Chief Executive Officer

Brenda Horne

The Secretary of the company is Sinky Ngobe, whose business and postal address is:

Business:

1st Floor Orion Building
26 Bester Street
Nelspruit

Postal:

1st Floor Orion Building
26 Bester Street
Nelspruit

6 Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270 (2) of the Companies Act.

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

BALANCE SHEET
as at 28 February 2005

	Notes	2005 R
ASSETS		
Non-current assets		
Property, plant and equipment	6	66,005
Current assets		
Receivables and prepayments	7	65,527
Cash and cash equivalents	8	197,289
		<u>262,816</u>
Total assets		<u>328,821</u>
EQUITY AND LIABILITIES		
Reserves		
Accumulated surplus		143
Current liabilities		
Trade and other payables	9	188,318
Sundry liabilities	10	95,000
Provisions	11	45,360
		<u>328,678</u>
Total equity and liabilities		<u>328,821</u>

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

INCOME STATEMENT
for the period ended 28 February 2005

	Notes	2005 (17 months) R
Revenue		1,775,178
Other operating income		250,085
Other operating expenses		(2,035,332)
Operating deficit	2	(10,069)
Finance income	4	10,212
Surplus for the period		143

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

STATEMENT OF CHANGES IN EQUITY
for the period ended 28 February 2005

	2005 (17 months) R
Accumulated surplus	
Surplus for the period	<u>143</u>

MAPUTO CORRIDOR LOGISTICS INITIATIVE
(An association incorporated in accordance with section 21 of the Companies Act)

CASH FLOW STATEMENT
for the period ended 28 February 2005

	Notes	2005 (17 months) R
Cash flow from operating activities		
Cash receipts from customers		1,959,736
Cash paid to suppliers and employees		<u>(1,694,249)</u>
Cash flows from operating activities	12	265,487
Interest received	4	<u>10,212</u>
Net cash inflow from operating activities		<u>275,699</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	6	<u>(78,410)</u>
Net cash outflow from investing activities		<u>(78,410)</u>
Net increase in cash and cash equivalents		<u>197,289</u>
Cash and cash equivalents at end of period	8	<u>197,289</u>

MAPUTO CORRIDOR LOGISTICS INITIATIVE

(An association incorporated in accordance with section 21 of the Companies Act)

ANNEXURE TO THE FINANCIAL STATEMENTS

for the period ended 28 February 2005

1. Basis of preparation

The annual financial statements are prepared on the historical cost basis, adjusted by the revaluation of freehold land and buildings. These annual financial statements comply with South African Statements of Generally Accepted Accounting Practice. The following are the principal accounting policies used by the company.

1.1 Property, plant and equipment

All property, plant and equipment are included at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation is recorded by a charge to income computed on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The expected useful lives are as follows:

- Furniture and fittings	5 years
- Office equipment	5 years
- Computer software	3 years

Repairs and maintenance are generally charged to expenses during the financial period in which the expenses are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the original assesses standard of performance of the existing assets will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

1.2 Impairment of assets

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

ANNEXURE TO THE FINANCIAL STATEMENTS
for the period ended 28 February 2005

1.3 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement, if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.4 Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the period in which they are identified.

1.5 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalent comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts.

1.6 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economics benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Were the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

MAPUTO CORRIDOR LOGISTICS INITIATIVE
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ANNEXURE TO THE FINANCIAL STATEMENTS
for the period ended 28 February 2005

1.7 Revenue recognition

Revenue is recognised upon invoicing of membership subscriptions net of Value Added Tax. Other revenues earned by the company are recognised on the following bases:

- Interest income – as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Donations and voluntary contributions - on the basis of cash received.

2005
R

2. Operating surplus

The following items have been charged in arriving at operating surplus:

Depreciation on property, plant and equipment Normal (A detailed break down of the depreciation expense is presented in note 6)	12,405
Auditors' remuneration Audit fees - current year	4,560
Currency Variance	3,545
Withholding Tax on subscriptions	4,992
Fees relating to non-employees Consultation fees for position as CEO of Maputo Corridor Logistics Initiative	725,600
Rent paid	30,333
Staff costs (see note 3)	436,216

3. Staff costs

Salaries and wages	<u>436,216</u>
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Average number of persons employed over the period:

- Full time	<u>3</u>
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MAPUTO CORRIDOR LOGISTICS INITIATIVE
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ANNEXURE TO THE FINANCIAL STATEMENTS
for the period ended 28 February 2005

4. Finance income

2005
R

Interest received
Bank

10,212

5. Taxation

The Company is in the process of registering for tax exemption as a Public Benefit Organisation in terms of Section 30, read together with section 10 of the Income Tax Act, and accordingly no provision has been made in the current period for taxation.

MAPUTO CORRIDOR LOGISTICS INITIATIVE
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ANNEXURE TO THE FINANCIAL STATEMENTS
 for the period ended 28 February 2005

6. Property, plant and equipment	<i>Furniture and fittings</i>	<i>Computer software</i>	<i>Office equipment</i>	<i>Total</i>
Period ended 28 February 2005				
Additions	16,290	7,877	54,243	78,410
Depreciation charge	(2,496)	(1,169)	(8,740)	(12,405)
Carrying amount end of period	13,794	6,708	45,503	66,005
As at 28 February 2005				
Cost	16,290	7,877	54,243	78,410
Accumulated depreciation	(2,496)	(1,169)	(8,740)	(12,405)
Carrying amount end of period	13,794	6,708	45,503	66,005

MAPUTO CORRIDOR LOGISTICS INITIATIVE
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ANNEXURE TO THE FINANCIAL STATEMENTS
 for the period ended 28 February 2005

7. Receivables and prepayments

	2005 R
Trade receivables	
Total trade receivables	163,663
Less: Provision for doubtful debts	(136,118)
	27,545
Other receivables	
SARS- Vat Refund	25,453
MCLI - SCMB Credit Card	3,688
Staff Loan	2,109
	31,250
Prepayments	6,732
Receivables and prepayments	65,527

The company's experience in collection of accounts receivable falls within the recorded allowance. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the company's trade receivables.

8. Cash and cash equivalents

Bank balances	194,292
Cash on hand	2,997
	197,289

For the purpose of the cash flow statement the period-end cash and cash equivalents comprise the above balances.

9. Trade and other payables

Other payables	183,758
Accrual- Audit fees	4,560
	188,318

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ANNEXURE TO THE FINANCIAL STATEMENTS
for the period ended 28 February 2005

	2005 R
10. Sundry liabilities	
Membership fees received in advance	<u>95,000</u>
11. Provisions	
Provision for future expenses	14,500
Provision for penalties and interest – VAT	26,896
Provision for accounting fees	<u>3,964</u>
	<u>45,360</u>
12. Cash flows from operating activities	
Operating deficit for the period	(10,069)
Adjusted for:	
Non cash items	
Depreciation on property, plant and equipment	12,405
Provisions	45,360
Movements in current assets and liabilities	
Increase in receivables and prepayments	(65,527)
Increase in trade and other payables	188,318
Increase in sundry liabilities	95,000
Cash flows from operating activities	<u>265,487</u>

MAPUTO CORRIDOR LOGISTICS INITIATIVE
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ANNEXURE TO THE FINANCIAL STATEMENTS
for the period ended 28 February 2005

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MAPUTO CORRIDOR LOGISTICS INITIATIVE
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DETAILED INCOME STATEMENT
for the period ended 28 February 2005

	Note	2005 (17 months) R
Revenue		
Other operating income		1,775,178
Administrative expenses		250,085
Accommodation and Travel		(362,071)
Depreciation		(12,405)
Entertainment		(21,923)
IT and Accounting Fees		(45,368)
Office accommodation		(75,336)
Other expenses		(91,738)
Provision for bad debts	1	(136,118)
Printing and stationery		(52,121)
Salaries and professional fees		(1,161,816)
Venue organisation		(10,811)
Telephones & Communication		(65,625)
		<u>(2,035,332)</u>
Operating deficit		<u>(10,069)</u>

MAPUTO CORRIDOR LOGISTICS INITIATIVE
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NOTES TO THE DETAILED INCOME STATEMENT
for the period ended 28 February 2005

1. Other expenses

	2005 (17 months) R
Bank charges	
Capitalisation costs	(3,205)
Conferences, seminars and courses	(8,852)
Consumables	(1,654)
Currency variance	(2,678)
Flowers & gifts	(3,545)
Insurance	(2,357)
Penalties and interest	(1,928)
Postage	(26,896)
Promotional	(2,342)
Subscriptions and newspapers	(12,900)
Sundry	(454)
Translation services	(18,240)
Withholding taxes	(1,695)
	<u>(4,992)</u>
	<u>(91,738)</u>