RIZOBACTER SOUTH AFRICA (PTY) LTD

(Registration Number 2015 / 308733 / 07)

Annual Financial Statements

for the year ended 30 June 2019

Reviewed Financial Statements

in compliance with Companies Act 71 of 2008

Reviewed by:

Chanette Haasbroek CA(SA)

RIZOBACTER SOUTH AFRICA (PTY) LTD

(Registration Number 2015 / 308733 / 07)

Annual Financial Statements for the year ended 30 June 2019

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

General Information

Country of Incorporation and Domicile	South Africa
Nature of Business and Principal Activities	Agriculture
Directors	AG Lehmann PE Mac Mullen
Registered Office	510 Makou Street Monument Park x 2 Pretoria Gauteng 0181
Business Address	510 Makou Street Monument Park x 2 Pretoria Gauteng 0181
Bankers	The Standard Bank of South Africa Limited
Independent Reviewer	Chanette Haasbroek CA(SA) 494 Road A Rietvalleirand x 32 Pretoria Gauteng 0042

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Independent Reviewer's Report

To the Shareholders of Rizobacter South Africa (Pty) Ltd

I have reviewed the annual financial statements of Rizobacter South Africa (Pty) Ltd set out on pages 8 to 17, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual 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 annual 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 annual financial statements based on my review. 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) requires me to conclude whether anything has come to my attention that causes me to believe that the annual 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 annual financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review engagement 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 annual financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these annual financial statements do not present fairly, in all material respects, the financial position of Rizobacter South Africa (Pty) Ltd as at 30 June 2019, 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.

Other reports required by the Companies Act

As part of my independent review of the annual financial statements for the year ended 30 June 2019, I have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed annual financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report I have not identified material inconsistencies between this report and the reviewed annual financial statements. However, I have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

Chanette Haasbroek CA(SA)

Per:

Chartered Accountant (SA)

15 August 2019
494 Road A
Rietvalleirand x 32
Pretoria
Gauteng
0042

CA(SA)
CHARTERED ACCOUNTANT
SOUTH AFRICA

The Chartered Accountant (South Africa) Declaration

The following annual financial statements of Rizobacter South Africa (Pty) Ltd presented on pages 8 to 17 have been independently compiled by a Chartered Accountant (South Africa) (CA(SA)). Refer to compilation report on page 3.

Use of the CA(SA) designation is governed by the Chartered Accountants Designation (Private) Act, 1993 (Act 67 of 1993), which regulates and permits the use of the CA(SA) designation exclusively by members of The South African Institute of Chartered Accountants (SAICA). Use of the designation without SAICA membership is consequently a criminal offence, and misuse is subject to legal action.

SAICA is the premier accountancy body in South Africa and one of the leading chartered accountancy institutes in the world and all members must comply with the Code of Professional Conduct which conforms to the code released by the International Ethics Standards Board for Accountants (IESBA). The SAICA code and definitions contained therein are consistent in all material aspects with the International Federation of Accountants' (IFAC) code as well as the Independent Regulatory Board for Auditors (IRBA) code.

The following fundamental principles are embodied in the SAICA Code of Professional Conduct and are to be upheld by all CAs(SA) at all times.

- Integrity – a duty to be straightforward and honest in all professional and business relationships.
- Objectivity – a duty to not allow bias, conflict of interest or undue influence of others to override professional or business judgements.
- Professional competence and due care – a duty to maintain professional knowledge and skill at the level required to ensure that a client receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- Confidentiality – a duty to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the chartered accountant or third parties.
- Professional behaviour – a duty to comply with relevant laws and regulations and avoid any action that discredits the accountancy profession.

A distinguishing characteristic of CAs(SA) are their responsibilities and duties which extend beyond the needs of individual clients and also includes the public as a whole.

Accordingly, this declaration serves to confirm that the above mentioned financial statements have been prepared by a CA(SA) who has observed and complied with the SAICA Code.

Chanette Haasbroek CA(SA)

Per:
Director / Partner
Chartered Accountant (SA)

15 August 2019

494 Road A
Rietvalleirand x 32
Pretoria
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RIZOBACTER SOUTH AFRICA (PTY) LTD

(Registration Number 2015 / 308733 / 07)

Annual Financial Statements for the year ended 30 June 2019

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 3.

The annual financial statements as set out on pages 8 to 17 were approved by the board on 15 August 2019 and were signed on their behalf by:

AG Lehmann	PE Mac Mullen

Directors' Report

The directors present their report for the year ended 30 June 2019.

1. Review of activities

Main business and operations

The principal activity of the company is agriculture and there were no major changes herein during the year.

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

2. Going concern

The 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.

3. Events after reporting date

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

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

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.

7. Dividends

No dividends were declared nor paid to shareholders during the year.

Directors' Report

8. Directors

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

AG Lehmann
PE Mac Mullen

9. Secretary

No secretary has been formally appointed.

10. Shareholders

There have been no changes in ownership and the shareholders remain:

	%
AG Lehmann	5
Rizobacter Argentina S.A.	95

11. Independent Reviewer

Chanette Haasbroek CA(SA) was the independent reviewer for the year under review.

RIZOBACTER SOUTH AFRICA (PTY) LTD

(Registration Number 2015 / 308733 / 07)

Financial Statements for the year ended 30 June 2019

Statement of Financial Position

Figures in R	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	99,839	198,438
Current Assets			
Trade and other receivables	4	548,705	403,968
Cash and cash equivalents	5	36,956	76,378
		585,661	**480,346**
Total Assets		**685,500**	**678,784**
Equity and Liabilities			
Equity			
Issued capital	6	120,000	120,000
(Accumulated loss) / retained earnings		(5,765)	6,801
		114,235	**126,801**
Non-Current Liabilities			
Loans from shareholders	7	20,000	20,000
Current Liabilities			
Trade and other payables	8	39,718	50,786
Loans from shareholders	7	511,547	481,197
		551,265	**531,983**
Total Equity and Liabilities		**685,500**	**678,784**

RIZOBACTER SOUTH AFRICA (PTY) LTD

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Financial Statements for the year ended 30 June 2019

Statement of Comprehensive Income

Figures in R	Notes	2019	2018
Revenue		526,882	557,261
Other income	9	22,011	-
Operating costs		(546,246)	(531,173)
Operating profit		**2,647**	**26,088**
Finance income		990	-
Finance costs	11	(16,203)	(14,680)
(Loss)/profit for the year		**(12,566)**	**11,408**

RIZOBACTER SOUTH AFRICA (PTY) LTD

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Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

Figures in R	Share capital	Accumulated loss	Total
Balance at 1 July 2017	120,000	(4,607)	115,393
Total comprehensive income for the year			
Profit for the year		11,408	11,408
Total comprehensive income for the year	-	11,408	11,408
Balance at 30 June 2018	**120,000**	**6,801**	**126,801**
Balance at 1 July 2018	120,000	6,801	126,801
Total comprehensive income for the year			
Loss for the year		(12,566)	(12,566)
Total comprehensive income for the year	-	(12,566)	(12,566)
Balance at 30 June 2019	**120,000**	**(5,765)**	**114,235**
Note	6		

RIZOBACTER SOUTH AFRICA (PTY) LTD

(Registration Number 2015 / 308733 / 07)

Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

Figures in R	Note(s)	2019	2018
Cash flows used in operating activities			
(Loss)/profit for the year		(12,566)	11,408
Adjustments for:			
Finance costs		16,203	14,680
Depreciation of property, plant and equipment		98,600	98,600
Investment income		(990)	-
Operating cash flow before working capital changes		101,247	124,688
Working capital changes			
Increase in trade and other receivables		(144,737)	(320,854)
Decrease in short term loans		30,350	38,096
(Decrease)/increase in trade and other payables		(11,069)	48,886
Net cash flows used in operations		(24,209)	(109,184)
Investment income		990	-
Finance costs		(16,203)	(14,680)
Net cash flows used in operating activities		**(39,422)**	**(123,864)**
Net decrease in cash and cash equivalents		(39,422)	(123,864)
Cash and cash equivalents at beginning of the year		76,378	200,242
Cash and cash equivalents at end of the year	5	**36,956**	**76,378**

Accounting Policies

1. General information

Rizobacter South Africa (Pty) Ltd is a private company incorporated in South Africa.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Property, plant and equipment

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

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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

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

Motor vehicles	25.00%
Furniture and fittings	16.67%

2.2 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.3 Cash and 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 under current liabilities on the statement of financial position.

Accounting Policies

2.4 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.

2.5 Borrowings

Borrowings are recognised 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 rate 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.

2.6 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

Notes to the Annual Financial Statements

Figures in R	2019	2018

3. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
Owned assets						
Motor vehicles	372,550	(288,574)	83,976	372,550	(195,436)	177,114
Furniture and fittings	32,770	(16,907)	15,863	32,770	(11,446)	21,324
	405,320	(305,481)	99,839	405,320	(206,882)	198,438

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
Owned assets					
Motor vehicles	177,114	-	-	(93,138)	83,976
Furniture and fittings	21,324	-	-	(5,462)	15,862
	198,438	-	-	(98,600)	99,838

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
Owned assets					
Motor vehicles	270,251	-	-	(93,138)	177,113
Furniture and fittings	26,786	-	-	(5,462)	21,324
	297,037	-	-	(98,600)	198,437

4. Trade and other receivables

	2019	2018
Trade debtors	535,695	395,306
Prepaid expenses	4,348	-
Deposits	8,662	8,662
	548,705	403,968

5. Cash and cash equivalents

	2019	2018
Favourable cash balances		
Standard Bank current account	35,966	76,378
Standard Bank Money Market account	990	-
	36,956	76,378

Notes to the Annual Financial Statements

Figures in R	2019	2018

6. Share capital

Authorised		
10,000 Ordinary shares of no-par value	-	-
Issued		
1,000 Ordinary shares of no-par value, issued at R120	120,000	120,000
Share reconciliation		
Shares outstanding - beginning of the period	9,000	9,000
Shares outstanding - closing	9,000	9,000

7. Loans from shareholders - unsecured loans

AG Lehmann	20,000	20,000
Rizobacter Argentina S.A.	511,547	481,197
Non-current liabilities	20,000	20,000
Current liabilities	511,547	481,197
	531,547	501,197

The loan from AG Lehmann is interest free, with no fixed terms of repayment.

The loan from Rizobacter Argentina S.A. represents a loan from a foreign entity. The loan is contracted in USD. Interest is charged at 3,5% per annum. This loan is repayable on demand.

8. Trade and other payables

Trade creditors	919	20,338
Value Added Tax	38,799	30,448
	39,718	50,786

9. Other Income

Profit on foreign exchange	22,011	-

Notes to the Annual Financial Statements

Figures in R	2019	2018

10. Profit before tax

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

	2019	2018
Depreciation - Tangible assets	98,600	98,600
Operating lease on premises - contractual obligation	105,735	105,420
Loss on foreign exchange	-	32,764
	204,335	236,784

11. Finance costs

	2019	2018
Interest on loan from shareholder	16,203	14,680
	16,203	14,680

12. Income tax expense

	2019	2018
No provision has been made for tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income amounts to R59,949.	-	-

13. Events after the balance sheet date

No events occurred between 30 June 2019 and the date the directors approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 8 to 17 or the continued existence of the company as a going concern.

Notes to the Annual Financial Statements

Figures in R	2019	2018

14. Financial instruments

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

	Fair value through profit loss	Debt instruments at amortised cost	Equity instruments	Total
2019				
Current financial assets				
Trade and other receivables (refer note 4)	-	544,357	-	544,357
Cash and cash equivalents (refer note 5)	-	36,956	-	36,956

2018	Fair value through profit loss	Debt instruments at amortised cost	Equity instruments	Total
Current financial assets				
Trade and other receivables (refer note 4)	-	403,968	-	403,968
Cash and cash equivalents (refer note 5)	-	76,378	-	76,378

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
2019				
Non-current financial liabilities				
Loans from shareholders (refer note 7)	-	-	20,000	20,000
Current financial liabilities				
Trade and other payables (refer note 8)	-	-	919	919
Loans from shareholders (refer note 7)	-	-	511,547	511,547

2018	Fair value through profit loss	Loan commitments at cost less impairment	Amortised cost	Total
Non-current financial liabilities				
Loans from shareholders (refer note 7)	-	-	20,000	20,000
Current financial liabilities				
Trade and other payables (refer note 8)	-	-	20,338	20,338
Loans from shareholders (refer note 7)	-	-	481,197	481,197

15. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 15 August 2019.

Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
Commission received	263,845	-
Consulting fee income	249,994	274,177
Lab analyses	13,043	-
Market development	-	283,084
	526,882	557,261
Other Income		
Investment income	990	-
Profit on foreign exchange	22,011	-
	23,001	-
	549,883	**557,261**
Expenditure		
Accounting fees	75,732	30,502
Bank charges	4,189	3,040
Computer expenses	2,986	3,067
Consulting fees	54,111	27,554
Depreciation - Tangible assets	98,600	98,600
Electricity and water	15,474	17,769
Field and Greenhouse trials	132,500	132,953
Finance costs	16,203	14,680
Insurance	22,887	24,952
Lease rental on operating lease	105,735	105,420
Legal expense	-	1,710
Logistics: Samples and others	3,510	5,084
Loss on foreign exchange	-	32,764
Marketing	-	3,175
Motor vehicle expense	1,911	1,873
Projects	-	25,080
Reviewer's remuneration	8,000	5,700
SABO Membership fees	10,000	5,000
Secretarial fees	100	160
Telephone and internet	10,511	6,770
	562,449	545,853
(Loss)/profit for the year	**(12,566)**	**11,408**

RIZOBACTER SOUTH AFRICA (PTY) LTD

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Financial Statements for the year ended 30 June 2019

Income Tax Computation

Figures in R	Add Back	Deduct	2019	2018
(Loss)/profit before tax			**(12,566)**	**11,408**
Depreciation per income statement	98,600			98,600
Forex loss - unrealised	9,290			17,706
	107,890	98,600	9,290	17,706
Computed (loss)/income for the year			(3,276)	29,114
Assessed loss brought forward			(56,673)	(85,787)
Computed loss before capital gain/(loss)			(59,949)	(56,673)