

3K (one) LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2013

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Private Equity Investment Company
Directors	**Independent Non-Executive** P.K.V. Ncetezo P.G. Gaylard H.P. van Noort **Executive** D.P. Richards S.J. Sieff
Registered office	12th Floor 2 Long Street Cape Town 8000
Postal address	P O Box 6223 Roggebaai 8012
Bankers	Nedbank
Auditors	Deloitte & Touche
Secretary	SecCorp Secretarial Services (Pty) Ltd
Company registration number	2011/008103/06
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of 2008 of South Africa as amended.
Preparer	A de Nobrega-Thorold (Chartered Accountant) (SA) Under the supervision of: D.P. Richards S.J. Sieff
Published	31 May 2013



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INTRODUCTION

BK One Limited ("BK One" or "the Company") was incorporated in South Africa on 12 April 2011 as a private company (registration number 2011/008103/06) under the name Sains Trading (Proprietary) Limited. The Company changed its name to BK One Limited on 19 September 2011 and was converted into a public company on 12 September 2011.

The Johannesburg Stock Exchange ("JSE") granted permission for the listing of the preference shares in September 2011. The 20,102,000 preference shares were fully subscribed and listed on 8 December 2011 raising R201 020 000. In addition, ordinary shareholders contributed R200 of equity capital.

Kwanda Capital Investments (Proprietary) Limited ("KCI") was appointed as investment manager for the investment portfolio of the Company. KCI was appointed with an advisory mandate prior to listing and has continued to act in that capacity to date. BK One is a long-term investment company.

As set out in the Prospectus dated 30 November 2011, the Ordinary shareholders are entitled to share 10% of any profits earned by the Company over the ten year period in excess of an internal rate of return of 20% per annum. Each year the Company will apportion the earnings attributable to each class of share.

The Company is unique in that it is geared towards generating a return for its preference shareholders, with the ordinary shareholders only being rewarded with performance participation in excess of the predetermined hurdle rate at the end of the term of the preference shares. Accordingly the company will publish Earnings per Share attributable to both classes of shares.

The remaining content of this report should be read in this context. For the avoidance of doubt, where any reference is made to a function performed by the Company, other than a function performed by the Board of the Company itself or BK One employees (refer to Chairman's report for changes to outsourced functions in the current year under review), it should be read and understood that that function was performed by the relevant outsourced company in terms of its mandate.



INTRODUCTION

The financial year ended 28 February 2013 has been a challenging one for the Company. The Board has however proactively managed the adversities and the Company was able to protect the shareholders' value through the steps detailed below.

BK One co-investment partner, Basileus Capital (Proprietary) Limited ("Basileus"), suffered a major loss through the untimely death of its CEO, which then resulted in a capital shortage. As a result of this, the remaining directors of Basileus decided to place Basileus into business rescue during August 2012.

As Basileus was responsible for the sourcing and primary management of the investee companies in which the Company is invested, it required a swift response from the Board of Directors of BK One (the "Board") to protect the value of BK One's investments and, in turn, BK One's preference shareholders.

The Board consequently decided to reconsider the co-investment relationship with Basileus and, to ensure that BK One would be able to direct the future direction of the investee companies in a manner which would benefit BK One preference shareholders, entered into a Memorandum of Understanding ("MoU") with Basileus whereby BK One, or its nominee, would acquire a number of assets held by Basileus (please refer to the SENS announcement dated 28 August 2012 in this regard). The Board also identified the importance of creating a new management team capable of successfully managing the assets being acquired from Basileus.

After entering into the MoU, the Board, in consultation with its advisors, examined a number of options and, for the reasons set out in the SENS announcement dated 8 November 2012, decided to enter into an assignment and option agreement ("option agreement") with Isitsaba Investment Group (Proprietary) Limited ("IIG"), in terms of which it would take control of the assets being acquired from Basileus.

BK One is a long-term investment company and all operational and administrative functions had originally been outsourced. Following the placement of Basileus in business rescue, a number of changes to the responsibility for management and administration functions were made to ensure continued effective control of the assets and business.

- KCI retained its responsibility for the investment advisory and marketing functions.
- SecCorp Secretarial Services (Proprietary) Limited retained its company secretarial functions.

Employed by BK One to bring these responsibilities in-house

- A Financial Manager – Chartered Accountant (SA)
- Head of Legal (B.Com, LLB, MBA)
- Office manager





During this time the Board initiated various steps to safeguard the interests of the BK One preference shareholders. These actions together with negotiations with various related parties were only completed in December 2012.

The Board assisted the underlying projects by providing management, leadership and business support. Key ex-employees of Basileus were deployed to the underlying projects where necessary to ensure continuity of operations.

Despite substantial effort, capital raising continued to prove very difficult. This was due to a number of reasons including perceived legacy issues with Basileus and the current lack of appetite for funding of early stage private equity in South Africa. Ongoing capital requirements needed in the underlying projects resulted in two strategic responses. The first was that capital raising activities shifted focus to the individual projects. This allows for targeted funding activities with investors who understand the specific projects and have a greater appetite for investing in projects they are familiar with. The second action was to free up some of the capital that was invested into the Cash Connect Rentals Trust to provide short term funding. This transaction was covered in the SENS announcement dated 6 March 2013.

INVESTMENT PORTFOLIO

Pure Ocean Aquaculture remains an exciting and, to date, successful business. The business plan has been modified to adapt to funding constraints. Nevertheless, significant progress has been made at both of its production farms.

Highlands Trout has made substantial progress and as at 28 February 2013 had some 220 000 fish in the water. The first harvest started in November 2012 to secure a six-month off take agreement with one of the largest retailers in Japan. Sales are also being made to the South African market. The processing facilities at Highlands Trout are complete and are able to handle the harvesting needs. Substantial progress has been made in securing further rights and approval has been obtained to build the second farm on Mohale Dam.

The East London plant has completed the hatchery phase.

Avalloy continues to require working capital and has been operating on a reduced operating budget. Avalloy requires no further capital expenditure and has adjusted its business strategy to deal with reduced working capital and to ensure that the business will react quickly when new working capital becomes available. Avalloy continues with efforts to raise working capital funding from various sources. Market dynamics remain positive in this industry and Avalloy remains well positioned in an industry with high barriers to entry, having completed the lengthy accreditation processes needed to ensure marketability of its products.





INVESTMENT IMPACT

The original investments were made in December 2011 at which time the initial investment, at carrying value, was R196.5m. The first year end results as at 29 February 2012 had the fair value of the portfolio at R232.9m. As at 28 February 2013 the fair value of the portfolio was R164.9m.This equates to a 16% reduction in fair value from 8 December 2011 (listing date) and a 29% reduction in fair value since 29 February 2012.

Both valuations at 29 February 2012 and at 28 February 2013 were performed by an independent professional valuation expert.

The key reasons for this reduction in investment value were firstly, the write down of Tor Holdings and secondly, a change in the valuation assumptions on the remaining investments due to the change in circumstances.

One of the first consequences of the capital shortage at Basileus, together with the particular industry challenges facing Tor Construction, was a decision taken by Basileus to apply for voluntary liquidation of Tor Construction in August 2012. Therefore, the Board decided to provide for the impairment and write-off the loan to Tor Holdings at full value, amounting to R35 731 071. The demise of Basileus meant that all three of the companies in which BK One had invested lost their major shareholder, placing all of these companies under severe capital funding constraints.

Due to these challenges, the Company has recorded a loss per preference share of 335 cents for the period ended 28 February 2013 compared with earnings of 143 cents per preference share for the previous financial year ended 29 February 2012. In addition, BK One has experienced a significant decrease in its Net Asset Value ("NAV") over the past year.

The period under review has been a difficult one for both global and local economies, resulting in difficult trading conditions for investment companies. This pressure is more difficult to absorb for companies which are early in their life cycle, making it harder to weather adverse market conditions than it has been for established competitors.



TRADING OF SHARES

Trading of our shares since listing has been limited. While this is the typical nature of preference shares (they are not as volatile as ordinary shares) it is our belief that this has been due to the fact that our initial investors understand the nature of Private Equity and are therefore willing to wait for growth to emerge over time. We continue to believe that there are many opportunities for good returns (on a risk adjusted basis).

CORPORATE RESPONSIBILITY

While the primary focus of BK One will always be to reward investors with good returns it is also very satisfying to know that we are contributing to the South African economy. Job creation in South Africa should be everybody's responsibility. BK One and KCI are in the business of creating high growth companies which in turn create jobs. The companies we have invested in currently employ over 100 people. Should they achieve their business plans over the next four to five years, these companies will employ over 400 people.

We remain committed to the transformation of our country and, together with our business partners and shareholders, will actively look for opportunities to support this objective.

CONCLUSION

During the period under review, BK One was required to move away from its co-investment model. In order to do so, the board of BK One secured the rights to acquire from Basileus Capital their shareholding in the companies in which BK One had also invested, as well as other selected assets. This transaction was not completed in the financial period under review; however the potential in the BK One portfolio companies remains, the past period notwithstanding, and we believe that the individual projects have the potential to deliver value for shareholders upon successful implementation of their business plans.

Ms P.K.V. Ncetezo
Chairperson

31 May 2013
Cape Town



AVALLOY

Business Background

Avalloy is a producer of superalloys; a class of composite materials utilised within technologically-driven industries, and operates in a niche market segment which is experiencing substantial growth. Avalloy, as a new independent producer, is a major attraction to casting houses looking for an alternative source of supply in preference to established producers. Avalloy is unique on the African continent and is exploiting the fact that superalloy demand is growing faster than supply. The barriers to entry in the superalloy industry are high and the Company has overcome these and is now in a position to capitalise on this achievement.

Investment Summary

The Company needs working capital funding to establish production at its targeted levels. Due to working capital constraints, Avalloy has experienced a difficult trading environment and has been operating on a reduced budget to allow the business to be more flexible during this challenging period. However, the business is well poised for growth as it has all the necessary equipment, skills, and approvals in place. Avalloy is positioning itself to take advantage of supply constraints in the market and will react quickly when further working capital is injected into the business.

Progress

Avalloy is actively working on securing growth funding.

Performance

BK One Investment Combination of equity and debt	Initial Carrying Value R'm	Year ended Feb 2012 R'm	Year ended Feb 2013 R'm
Avalloy	63.8	70.4	45.04

Please refer to the annual financial statements of BK One Limited for the period ended February 2013 for the relevant notes and significant assumptions regarding the valuations on which the figures are based






PURE OCEAN

Business Background

Pure Ocean is the holding company for a group of companies developing aquaculture opportunities in Southern Africa. Pure Ocean is a vertically integrated company whose strategy is to achieve an operating scale similar to that seen in developed countries.

Investment Summary

The Company remains an exciting and, to date, successful business. The business plan has been modified to adapt to recent funding constraints. Nevertheless, progress has been made at both of its production farms, particularly at Highlands Trout, the farm that has received the majority of capital over the period under review.

Highlands Trout continues to make progress on the delivery of its business plan. The processing facility was completed in November 2012, leading to the commencement of the first harvest. The hatchery has been completed and full operational commissioning has taken place, cementing the competitive position of the business as a fully integrated production operation. The next increment of cages has been ordered and growth rates and feed conversion ratios on the biomass in the water are performing in line with expectations. Sales into the international markets have commenced at higher prices than those in the original business plan.

The East London plant has completed its hatchery phase and is currently operating this facility which has a production capacity of between 10 and 20 tons of fish per annum, and a juvenile capacity of approximately one million fish per annum. Continuous and consistent spawning of the broodstock continues.

Progress

Progress made to date has largely focused on the development of Highlands Trout. Highlands Trout attended the annual international supplier exhibition in Japan, of the largest joint procurement group for supermarkets in Japan (CGC Japan Co Limited). CGC survey revealed that there are six million customers per day and over 48 million people in Japan (37% of the population) who rely on CGC Japan Co Limited connected supermarkets. To date there has been a positive feedback on the quality of the fish delivered. There is also increasing demand for Highlands Trout product in the local Southern African market.

Investment Performance

BK One Investment Combination of equity and debt	Initial Carrying Value R'm	Year ended Feb 2012 R'm	Year ended Feb 2013 R'm
Pure Ocean	63.9	86.3	92.12

Please refer to the annual financial statements of BK One Limited for the period ended February 2013 for the relevant notes and significant assumptions regarding the valuations on which the figures are based





TOR CONSTRUCTION

Business Background

Tor Construction was originally positioned to take advantage of the increase in infrastructure spend by the South African government with a particular focus on road construction, given that operating margins derived from the rehabilitation and construction of roads were some of the highest in the construction market. Tor Construction had, prior to the investment by BK One, experienced significant year-on-year growth in revenues with the expectation that revenues would double in the year of investment based on Tor Construction's secured order book.

Investment Summary

Following the investment by BK One, Tor Construction experienced serious challenges caused by a deterioration of the operating environment within the construction industry. The road construction sector, in particular, was affected by an industry-wide bitumen shortage during the course of 2012 and, in many cases, the removal of working capital finance facilities and credit terms, which had previously been available to industry participants. These issues affected Tor Construction's working capital cycle negatively and consequently the company experienced severe cash flow pressures.
Until July 2012, BK One's co-investment partner, Basileus, had been providing Tor Construction with working capital support to enable it to meet its operating commitments.

The directors of Tor Construction considered it prudent to place Tor Construction into voluntary liquidation in August 2012. Therefore, the Board decided to provide for the write-off of the BK One loan to Tor Holdings, and its investment in the Company, at full value, amounting to R35 731 071 for the interim period ending 31 August 2012. At present, no recovery of these amounts, following the liquidation of Tor Construction, is anticipated.

CASH CONNECT RENTALS TRUST

BK One holds an investment in the Cash Connect Rentals Trust ("CCRT").The current value of the investment held in the trust is approximately R26.4 million.

CONCLUSION

To conclude, it has been a challenging period for BK One and its portfolio companies that included unprecedented events with BK One's co-investment partner. This translated into a decrease in the Net Asset value per share over the reporting period. The Board of BK One took decisive steps during the period to preserve value for preference shareholders and we remain of the opinion that the portfolio investments remain set for further growth.





PINKIE KEDIBONE VERONICA NCETEZO (56)

Independent Non-Executive Chairperson

BA Social work (UniZul), MEd (Ohio University USA), MAP (Wits Business School), MBA (Open University UK), Diploma in Management (Open University UK)

Appointed: 22 July 2011

Pinkie has substantial experience in various business sectors. From 1983 to 1985 and 1988 to 2003, she held a number of positions at IBM, including Client Relationship Manager, Team Leader — Customer Service Operations and Business Administrator. She was the CEO of South African Women in Mining Investment Holdings from November 2003 until October 2007. Pinkie currently serves on many boards, and has been a non-executive director of Exxaro Resources Limited. She is currently the CEO of Lefika Concrete Products (Proprietary) Limited.

DEAN PAUL RICHARDS (51)

Executive Director

B.Com

Appointed: 22 July 2011

Dean is an established executive in the South African Financial Services industry with 28 years of experience in the Financial Services industry both locally and internationally. He joined Old Mutual in 1984 and held a number of key senior management roles within the Old Mutual Group during his 25 years with Old Mutual plc which included General Manager (National Broker Distribution), General Manager (Investment Frontiers), Managing Director Fairbairn Capital and most recently (2007 -2009) he was the CEO of Skandia-BSAM/Old Mutual in China. In addition to the above, Dean has also been a director of several unlisted companies in the financial services industry.

PETER GORDON GAYLARD (70)

Independent Non-Executive Director

Pr Eng B Sc Chem Eng

Appointed: 16 August 2011

Peter has 35 years' experience in extractive metallurgy, mostly in the platinum industry. He has been the Senior Consulting Metallurgist for Impala Platinum Holdings Limited amongst other senior managerial and consultancy positions, covering all stages of the platinum extraction and refining process. During the past 15 years he was an Honorary Research Associate and Adjunct Professor in the Department of Chemical Engineering at the University of Cape Town for 11 years, and also worked as a research director of AMIRA International for 10 years. Peter has also served as a director of Wesizwe Platinum Limited and continues to work for them as a metallurgical advisor.

SAUL JONATHAN SIEFF (47)

Financial Director

B. Economics

Appointed: 22 July 2011

Jonathan has extensive experience in the financial services and asset management sectors. His early career included joining Liberty Life before moving on to join Accenture as a strategic consultant. From Accenture, he joined HSBC Investment Bank in their privatisation team mandated to advise the South African Government on the restructuring of state assets. During November 1997, he relocated to London to HSBC's Corporate Finance and Advisory division - where he was involved in a range of mergers & acquisitions, capital raisings and corporate restructurings. He left HSBC to join Old Mutual in London where he held a number of positions including joint CEO of Fairbairn Private Bank and Strategic Director for Gerrard Limited. In 2003 he took up the role of Chief Executive at Close Brothers Asset Management where the assets under management grew from $ 13bn to some $ 45bn in 2008 when he left to take up the role of Chief Executive and shareholder at Principle Capital – a proprietary investment house based in London with a strong African focus. He headed an entrepreneurial team with over $ 1.1bn of alternative assets invested in emerging markets (with a particular focus on Africa), and over $ 2bn of HNW fiduciary assets via Silex, a Geneva-based wealth management business.

HENRICUS PETRUS VAN NOORT (52)

Independent Non-Executive Director

CA(SA)

Appointed: 16 August 2011

Henry is a Chartered Accountant with some 28 years' experience in the accounting and auditing professions. He started his own audit practice in 1990 that eventually merged with Moose Stephens in 2008. He withdrew from the auditing profession in 2009 to pursue his own business interest, becoming a private business consultant and investor. His business interest includes property, a new food franchise, and plans to open an aggregate mining operation in Sub-Sahara Africa.



BK One is committed to the highest standards of corporate governance.

BK One is a long-term investment company and all operational and administrative functions were originally outsourced. Due to a change in business strategy the following changes were made to functions performed by the company.

Following the placement of Basileus in business rescue, a number of changes to the responsibility for management and administration functions were made to ensure continued effective control of the assets and business.

- KCI retained its responsibility for the advisory management and marketing functions.
- SecCorp Secretarial Services (Proprietary) Limited retained its company secretarial functions.

Employed by BK One to bring these responsibilities in-house

- A Financial Manager – Chartered Accountant (SA)
- Head of Legal (B.Com, LLB, MBA)
- Office manager

The Board supports the King III report on Corporate Governance. Good corporate governance is an integral part of BK One's business philosophy. The values espoused in this business philosophy will govern the way in which BK One interacts with all its stakeholders and stresses the importance of good corporate citizenship, integrity, transparency and accountability. Accordingly, BK One aims to comply with the provisions and the spirit of the King Code to the extent that these are practical and appropriate to a company of it's nature and size.

An internal assessment of the application and compliance of King Code III is set out in table form below. A detailed report of BK One's application with the 75 King III principles is set out on the company's website: www.bkone.co.za

KING III CODE COMPLIANCE ASSESSMENT

Ethical Leadership and Corporate Citzenship		
1	The board should provide effective leadership based on an ethical foundation	Compliant
2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Partially compliant
3	The board should ensure that the company's ethics are managed effectively	Compliant
Board and Directors		
4	The board should act as the focal point for and custodian of corporate governance	Compliant
5	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Compliant
6	The board should provide effective leadership based on an ethical foundation	Compliant
7	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Compliant
8	The board should ensure that the company's ethics are managed effectively	Compliant
9	The board should ensure that the company has an effective and independent audit committee	Compliant
10	The board should be responsible for the governance of risk	Compliant
11	The board should be responsible for information technology governance	Compliant
12	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Compliant
13	The board should ensure that there is an effective risk-based internal audit (Note 1)	Non-compliant
14	The board should appreciate that stakeholders' perceptions affect the company's reputation	Compliant

15	The board should ensure the integrity of the company's integrated report	Compliant
16	The board should report on the effectiveness of the company's system of internal controls	Compliant
17	The board and its directors should act in the best interest of the company	Compliant
18	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act (Note 2)	Not applicable
19	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fill the role of chairman of the board	Compliant
20	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	Compliant
21	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Compliant
22	Directors should be appointed through a formal process	Compliant
23	The induction of and on-going training and development of directors should be conducted through formal processes.	Compliant
24	The board should be assisted by a competent, suitably qualified and experienced company secretary	Compliant
25	The evaluation of the board, its committees and the individual directors should be performed every year	Compliant
26	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Compliant
27	A governance framework should be agreed between the group and its subsidiary boards (Note 3)	Not applicable
28	Companies should remunerate directors and executives fairly and responsibly	Compliant
29	Companies should disclose the remuneration of each director and certain senior executives	Compliant
30	Shareholders should approve the company's remuneration policy	Compliant
Audit Committees		
31	The board should ensure that the company has an effective and independent audit committee	Compliant
32	Audit committee members should be suitably skilled and experienced independent non-executive directors	Compliant
33	The audit committee should be chaired by an independent non-executive director	Compliant
34	The audit committee should oversee integrated reporting	Compliant
35	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Compliant
36	The audit committee should satisfy itself of the expertise and experience of the company's finance function (Note 4)	Compliant
37	The audit committee should be responsible for overseeing of internal audit (Note 1)	Partially compliant
38	The audit committee should be an integral component of the risk management process (Note 4)	Compliant
39	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Compliant
40	The audit committee should report to the board and shareholders on how it has discharged its duties	Compliant

The Governance of Risk

41	The board should be responsible for the governance of risk	Compliant
42	The board should determine the levels of risk tolerance	Compliant
43	The risk committee or audit committee should assist the board in carrying out its responsibilities	Compliant
44	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Compliant
45	The board should ensure that risk assessments are performed on a continual basis.	Compliant
46	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Compliant
47	The board should ensure that management considers and implements appropriate risk responses	Compliant
48	The board should ensure continual risk monitoring by management	Compliant
49	The board should receive assurance regarding the effectiveness of the risk management process	Compliant
50	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Compliant

The Governance of Information Technology

51	The board should be responsible for information technology governance	Compliant
52	IT should be aligned with the performance and sustainability objectives of the company	Compliant
53	The board should delegate to management the responsibility for the implementation of an IT governance framework	Compliant
54	The board should monitor and evaluate significant IT investments and expenditure	Compliant
55	IT should form an integral part of the company's risk management.	Compliant
56	The board should ensure that information assets are managed effectively	Compliant
57	A risk committee should assist the board in carrying out its IT responsibilities	Compliant

Compliance of Laws, Rules, Codes and Standards

58	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Compliant
59	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Compliant
60	Compliance risk should form an integral part of the company's risk management process	Compliant
61	The board should delegate to management the implementation of an effective compliance framework and processes	Compliant

Internal Audit

62	The board should ensure that there is an effective risk based internal audit	Refer to Note 1
63	Internal audit should follow a risk based approach to its plan	Refer to Note 1
64	Internal audit should provide a written assessment of the effectiveness of the company's systems of internal control and risk management	Refer to Note 1
65	The audit committee should be responsible for overseeing internal audit	Refer to Note 1
66	Internal audit should be strategically positioned to achieve its objectives	Refer to Note 1

Governance Stakeholders Relationships		
67	The board should appreciate that stakeholders' perceptions affect a company's reputation	Compliant
68	The board should delegate to management to proactively deal with stakeholder relationships	Compliant
69	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Compliant
70	Companies should ensure the equitable treatment of shareholders	Compliant
71	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Compliant
72	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Compliant
Integrated Reporting and Disclosure		
73	The board should ensure the integrity of the company's integrated report	Compliant
74	Sustainability reporting and disclosure should be integrated with the company's financial reporting (Note 5)	Under review
75	Sustainability reporting and disclosure should be independently assured (Note 5)	Under review

Notes:

1. *Due to the nature of BK One's business, the Board took a decision not to establish an Internal Audit function. A combined assurance model is utilized to manage risk to an acceptable level. It is the view of the Board that the financial reporting controls are sufficiently covered by the work performed by the Statutory Auditors and that investment decisions are appropriately monitored through the audit & risk committee where the independent directors apply their mind to both the investment decision and the manner in which the investment is monitored on an on-going basis. Further comfort is gained through outsourcing the Investment valuation process.*
2. *It has not been necessary to consider business rescue proceedings.*
3. *BK One Ltd is not part of a group.*
4. *The Board has assigned oversight of the Company's risk management function to the Audit and Risk Committee. The Committee has reviewed the risk management policy and plan as well as the risk management process as performed by Basileus Capital until December 2012 and then internally in BK One by the newly appointed resources and has concluded that these are appropriate to the company.*
5. *The Company is a long -term Investment Company focusing on early stage private equity investments and, as such is not involved in the day to day activities or governance of the underlying investments. Decisions made on whether to invest or not are governed by the company's investment process. Due to the changes that have taken place in the last reporting period the Board will apply itself to the validity of this approach in the future.*





BOARD OF DIRECTORS

BK One is chaired by Pinkie Ncetezo, an independent non-executive director, and managed by Dean Richards in his role as Chief Executive Officer.

As of 28 February 2013, the Board of BK One comprised five directors, of whom three are non-executive directors, reflecting an appropriate balance of executive and non-executive directors with the necessary credibility, skills and experience.

The roles of Chairman and Chief Executive Officer are separated and there exists a clear division of responsibilities at board level that ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making. Education is on-going to ensure that directors are kept informed of industry developments and international best practice. All independent non-executive directors have attended an introductory programme provided by the staff of SecCorp Secretarial Services (Proprietary) Limited. The aim of the programme was to acquaint the directors with a detailed understanding as to the roles, operations and regulatory framework in existence in order for them to be up to date with the relevant corporate governance issues as they would relate to BK One.

The directors have a duty and responsibility to ensure that the principles set out in King III are observed. The directors have a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the Company and all stakeholders. The Board of Directors accepts these duties and responsibilities. The board met on the following dates:

Name of member	31 May 2012	04 July 2012	15 August 2012
Ms P.K.V. Ncetezo (Chairman)	Present	Present	Present
S.J. Sieff	Present	Present	Present
D.P. Richards	Present	Present	Present
P.G. Gaylard	Present	Present	Present
H.P. van Noort	Present	Present	Present

	16 August 2012	27 September 2012	18 January 2013
Ms P.K.V. Ncetezo (Chairman)	Present	Present	Present
S.J. Sieff	Present	Present	Present
D.P. Richards	Present	Present	Present
P.G. Gaylard	Present	Present	Present
H.P. van Noort	Present	Present	Present

	13 February 2013	26 February 2013
Ms P.K.V. Ncetezo (Chairman)	Present	Present
S.J. Sieff	Present	Present
D.P. Richards	Present	Present
P.G. Gaylard	Present	Present
H.P. van Noort	Present	Present

INTERNAL CONTROLS

The board, assisted by the Audit and Risk Committee, is responsible for the systems of internal control. The purpose of the systems of internal control is to detect and minimise the risk of fraud, potential liability, loss and misstatement.

In addition, the systems of internal control assist the board in behaving responsibly to all stakeholders and ensuring business sustainability under general as well as adverse conditions.

The board recognises that there are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls, and highlights that these systems provide reasonable, but not absolute, assurance regarding compliance with statutory laws and regulations and the maintenance of proper accounting records. The systems are therefore designed to manage rather than mitigate the risks to which the company is exposed.

After considering the information and explanations given by management of BK One and discussions with the external auditor on the results of the audit, assessed by the Audit and Risk Committee, nothing has come to the attention of the Board that caused it to believe that internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is supported by the Audit and Risk Committee.

AUDIT AND RISK COMMITTEE

The company has an Audit and Risk Committee comprising Henry van Noort (Chairman), Peter Gaylard and Pinkie Ncetezo, all of whom are independent non-executive directors. King III stipulates that the Chairperson of the Board should not be a member of the Audit and Risk Committee; however since the company has only three independent non-executive directors it was considered appropriate to include Pinkie Ncetezo as a member of the Audit and Risk Committee. A detailed report by the Audit and Risk Committee follows.

The Audit and Risk committee has considered the appropriateness, expertise and experience of the financial director and finds the appointment to be satisfactory.





SOCIAL AND ETHICS COMMITTEE

The Company has a Social and Ethics Committee comprising Pinkie Ncetezo (Chairperson), Peter Gaylard and Henry van Noort all of whom are independent non-executive directors.

BK One will use its influence as far as possible to ensure that the businesses of the current underlying investments will adhere to the BK One Code of Ethics which includes good corporate governance (King III) and the JSE Listing requirements. In the future BK One intends to invest only in projects that formally undertake to comply with the BK One Code of Ethics.
The committee met on the following date: 12 February 2013. All board members attended.

NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee comprising Peter Gaylard (Chairman), Pinkie Ncetezo and Henry van Noort, all of whom are independent non-executive directors.

The Nomination and Remuneration Committee has been charged with the development of an appropriate policy for future appointments to the Board. The nomination committee considered the composition of the Board of Directors to ensure that no one director has unfettered powers of decision-making. Executive directors received no remuneration from BK One in the current year under review. The executive directors are remunerated via Kwanda Capital Investments (Proprietary) Limited. This Committee will still consider remuneration matters as they relate to the independent non-executive directors. This Committee met twice prior to the financial year-end and all committee members attended both meetings. The Committee proposed the payment of directors' fees as follow:

Non-executive director	2013	2014
P.K.V. Ncetezo	220 000	280 000
P.G. Gaylard	200 000	220 000
H.P. van Noort	240 000	300 000

The directors' remuneration for the 2013 financial period was approved by shareholders at the annual general meeting held on the 5 July 2012. The remuneration proposed for the 2014 financial year will be put forward for approval by the shareholders at the annual general meeting.



SUSTAINABILITY REPORT

The Company is a long -term Investment Company focusing on early stage private equity investments and, as such is not involved in the day to day activities or governance of the underlying investments. Decisions made on whether to invest or not are governed by the company's investment process. Due to the changes that have taken place in the last reporting period the Board will apply itself to the validity of this approach in the future.

GOING CONCERN

The directors are confident that the company has adequate resources to operate for the foreseeable future after considering the future cash flow requirements. The financial statements have been prepared on the going concern basis.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have unlimited access to the services of the Company Secretary. All directors are also entitled to seek independent professional advice with regard to the affairs of the Company.

The Company Secretary, who is subject to an "annual assessment" by the board, assists the board in fulfilling its functions and is empowered by the board to perform her duties. The Company Secretary, directly or indirectly:

- will advise BK One on corporate governance matters and company secretarial procedures to be followed by BK One's Memorandum of Association ("MOI") and any shareholders agreement relating to BK One , as may be applicable
- will assist the board with directors orientation, development and education

In June 2013, the board considered and was satisfied with the competence, qualification and experience of the Company Secretary, SecCorp Secretarial Service (Proprietary) Limited. They concluded that an arm's length relationship had been maintained between the board members and the Company Secretary as required by the JSE Listing requirements. The certificate required to be signed in terms of section 88(2) (e) of the Companies Act appears on page (page 23) of the integrated report.

AUDITOR INDEPENDENCE

The financial statements have been audited by the independent auditors, Deloitte & Touche. The board, supported by the Audit and Risk Committee, has no reason to believe that Deloitte & Touche has not at all times acted with unimpaired independence.





SHAREHOLDING

As of 28 February 2013, BK One had two hundred ordinary shares and 20 102 000 preference shares in issue. Shareholders with beneficial interests of 3% or greater are listed below:

	2013	
Ordinary shares	Number	%
Atlantic Trust Company Limited	10	5,00
Basileus Capital (Proprietary) Limited	50	25,00
K201110266 (Proprietary) Limited	38	19,00
Kwanda Capital Investments (Proprietary) Limited	102	51,00

Preference shares	Number	% Holding
AC GSY Clients Deutsche Bank	14 936 000	74.30%
Atlantic Nominees (Pty) Ltd	1 001 999	4.98%
Basileus Invest Ventures 12 (BIV12)	878 834	4.37%
GEPF Equity	1 200 000	5.97%
Personal Trust High Yield Growth	900 000	4.48%
Personal Trust Sa Equity Fund CIS	100 000	0.50%

85,83%(17 253 604 preference shares) of the preference shareholding are held by non-public shareholders and 14,17%(2 848 396 preference shares) are held by public shareholders.

ANNUAL GENERAL MEETING

The agenda for the annual general meeting is set by the Company Secretary and communicated to all shareholders in the notice of the annual general meeting, which accompanies the annual report. The notice of the annual general meeting is distributed well in advance of the meeting and affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions.

Adequate time is also provided by the chairperson in the annual general meeting for the discussion of any proposed resolutions. The conduct of a poll to decide on any proposed resolutions is controlled by the chairperson at the meeting and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the annual report for this purpose.

The auditor of the Company and the Chairman of the Audit and Risk committee attends the annual general meeting to respond to any questions relevant to the audit of the financial statements.

All meeting participants are required to provide identification as set out in the notice of the annual general meeting.

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 71 of 2008, 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 fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee (IFRIC), as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the Companies Act of South Africa, as amended and the Listing Requirements of the JSE Limited and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 directors have reviewed the company's cash flow forecast for the year to 28 February 2014 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 24.

The annual financial statements set out on pages 25 to 70 which have been prepared on the going concern basis, were approved by the board on 31 May 2013 and were signed on its behalf by:



D.P. Richards
Executive Director



H.P. van Noort
Non-Executive Director

31 May 2013
Cape Town

DECLARATION BY COMPANY SECRETARY

The Company Secretary hereby certifies, in compliance with section 88(2)(e) of the Companies Act No 71 of 2008, as amended, that all returns required have been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

SECCORP SECRETARIAL SERVICES (PROPRIETARY) LIMITED

Company Secretary

31 May 2013
Cape Town



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the annual financial statements of BK One Limited, set out on pages to 31 to 70 which comprise the statement of financial position as at 28 February 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of BK One Limited as at 28 February 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the financial statements for the year ended 28 February 2013, we have read the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per U van der Horst
Partner
31 May 2013

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

1. REVIEW OF ACTIVITIES

Main business and operations
The company holds investments as its principal activity and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Net loss of the company was R67 312 551, after a taxation credit of R 6 866 453.

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 there will be sufficient funds available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER THE REPORTING PERIOD

BK One has entered into an Assignment and Option Agreement ('the Option Agreement") with Isitsaba Investment Group (Proprietary) Limited ("hereafter referred to as "Isitsaba" or "IIG"). In terms of the Option Agreement, the Company is entitled to acquire the assets of IIG at a pre-determined price. The option was extended to 31 July 2013 (SENS 3rd May 2013). The option agreement was out of the money at the reporting date.

In order to meet the short term funding needs of IIG companies, BK One obtained a loan advance from Winn Developments CC of R12 500 000. Of this amount, R5 000 000 was advanced before year-end and is reflected as a current liability on the statement of financial position. The balance of R7 500 000 was advanced subsequent to year-end.

This funding was subsequently on-lent to the following IIG companies on the same terms as the current loans disclosed in note 7:

Avalloy (Proprietary) Limited ("Avalloy")	R930 000
Burgan Oil Services (Proprietary) Limited ("Burgan" or "BOS")	R490 000
Kawuleza Connect Holdings (Proprietary) Limited ("Kawuleza")	R320 000
Pure Ocean Aquaculture (Proprietary) Limited ("POA")	R4 101 000

On 30 May 2013, IIG entered into a binding Sale and Purchase agreement in respect of the Cash Connect business. In connection with this agreement, the loan of R26 423 002 owing by Cash Connect Rental Treasury Trust to the company will be repaid in full. This will enable the settlement of the short-term funding received from Winn Developments CC (refer to note 13).

The company purchased 598,161 additional shares from POA on 17 May 2013 resulting in an increase in the ownership percentage in POA from 10.37% to 10.85%.

The Directors are not aware of any other matter or circumstance arising since the end of the financial year.

4. DIRECTORS' SHAREHOLDING

Shareholding of directors, directly and indirectly:

	For the year ended 28 February 2013		For the 11 months ended 29 February 2012	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
D.P. Richards	20,4% (Indirect)	5 000 (Direct)	20,4% (Indirect)	5 000 (Direct)
P.K.V. Ncetezo	-	10 000 (Direct)	-	10 000 (Direct)

There have been no directors' dealings between the financial year-end and the date of this report. The prior years' annual financial statements incorrectly disclosed that Jonathan Sieff had an indirect holding of 10,2% of the ordinary shares.

5. DIRECTORS' INTERESTS IN CONTRACTS

Dean Richards is a director of Kwanda Capital Investments (Proprietary) Limited ("Kwanda Capital"). Kwanda Capital were appointed as investment managers for the Company, and as such, are entitled to an equity participation of 10% of any profits earned above an Internal rate of return hurdle rate of 20%, compounded over ten years. The detail of this participation has been set out in the Prospectus dated 30 November 2011.

Henry Van Noort, Dean Richards and Jonathan Sieff are directors of Isitsaba.

BK One had entered into the Option Agreement with IIG. In terms of the Option Agreement, the Company is entitled to acquire the assets of IIG at a pre-determined price. The option was extended to 31 July 2013.

6. AUTHORISED AND ISSUED SHARE CAPITAL

During the current year the ordinary shares were converted from par value to no par value.

The issued share capital comprises: 200 ordinary shares with no par value and 20 102 000 non-cumulative redeemable, participating preference shares of R10 each. The preference shares were listed on the JSE Limited on 8 December 2011 and an amount of R201 020 000 was raised during the listing process. Costs of R3 220 210 were incurred, resulting in a net amount raised of R197 799 790.

7. DIVIDENDS

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



8. DIRECTORS

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

Name	Appointed
D.P. Richards	22 July 2011
P.K.V. Ncetezo	22 July 2011
S.J. Sieff	22 July 2011
P.G. Gaylard	16 August 2011
H.P. van Noort	16 August 2011

Pinkie Ncetezo and Peter Gaylard automatically retire in terms of the Memorandum of Incorporation. They have made themselves available for re-election at the annual general meeting on 18 July 2013.

9. SECRETARY

The secretary of the company is SecCorp Secretarial Services (Proprietary) Limited:

41 & 42 Bueno Vista Office Park
Cnr Durban & Kendal Rds
Durbanville
7550

Postnet Suite 113
Private Bag x7
Tyger Valley
7536

10. AUDITORS

Grant Thornton Cape Incorporated resigned as auditors on 23 October 2012. Deloitte & Touche were appointed as auditors of the company for 2013.



This report is presented by the Company's Audit and Risk Committee appointed by the Board in respect of the financial year ended 28 February 2013.

The Audit and Risk Committee is an independent statutory committee appointed by the Board. Further duties are delegated to the Audit and Risk Committee by the Board of Directors of the Company. This report includes both these sets of duties and responsibilities.

1. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Audit and Risk Committee adopted the formal terms of reference that were approved by the Board of Directors prior to the end of the 2012 financial year. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request.

2. AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee is independent and consists of three independent, non-executive directors, listed below, who are suitably skilled and experienced.

	31 May 2012	5 July 2012	7 December 2012
H.P. van Noort (Chairman)	Present	Present	Present
P.K.V. Ncetezo	Present	Present	Present
P.G. Gaylard	Present	Present	Present

	11 December 2012	13 February 2013
H.P. van Noort (Chairman)	Present	Present
P.K.V. Ncetezo	Present	Present
P.G. Gaylard	Present	Present

The effectiveness of the Audit and Risk Committee and its individual members is assessed on an annual basis.

The CEO, Financial Director and External Auditor and other professional advisors attend the meetings by invitation.

3. ROLES AND RESPONSIBILITIES

The Audit and Risk Committee's roles and responsibilities include those assigned to it by the Board, as well as statutory duties in terms of the Companies Act, 2008.

The Audit and Risk Committee executed its duties in terms of the requirements of King III.

4. INTERNAL AUDIT AND COMPLIANCE

The Audit and Risk Committee initially relied on Basileus Capital and its service providers to perform the internal audit function. Furthermore, the Committee reviewed cooperation between Basileus Capital staff and the external auditors, and served as a link between the Board of Directors and these functions.

From December 2012 BK One had appointed its own Financial Manager, a Chartered Accountant (SA) to perform the financial functions.

Due to the nature of BK One's business, the Board took a decision not to establish an Internal Audit function. A combined assurance model is utilized to manage risk to an acceptable level. It is the view of the Board that the financial reporting controls are sufficiently covered by the work performed by the Statutory Auditors and that investment decisions are appropriately monitored through the investment committee where the independent directors apply their mind to both the investment decision and the manner in which the investment is monitored on an ongoing basis. Further comfort is gained through outsourcing the Investment valuation process.

During the year, the Audit and Risk Committee Chairman met with the external auditors without management being present.

The Committee is satisfied that it complied with its legal, regulatory and other responsibilities during the year under review.

5. INTERNAL FINANCIAL AND ACCOUNTING CONTROL

The Audit and Risk Committee has satisfied itself that the Financial Director has appropriate expertise and experience. The Audit and Risk Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of Basileus Capital management responsible for the financial function. Since December 2012 the internal financial and accounting controls were performed by the newly appointed Financial Manager of BK One. The Audit and Risk Committee has satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function and experience of the Financial Manager.

The Audit and Risk Committee has considered the accounting practices and internal financial control of the company and has concluded that the practices and controls in place are appropriate.

The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the period under review.

6. GOVERNANCE OF RISK

The Board has assigned oversight of the Company's risk management function to the Audit and Risk Committee. The Committee has reviewed the risk management policy and plan as well as the risk management process as performed by Basileus Capital until December 2012 and then internally in BK One by the newly appointed resources and has concluded that these are appropriate to the company.

7. COMPLAINTS AND/OR CONCERNS

No complaints or concerns were received by the committee on any matters relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company or on any other related matter during the year under review.

8. GOING CONCERN

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by BK One of the going concern status of the Company and has confirmed to the Board that the Company is a going concern.

9. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Audit and Risk Committee has satisfied itself that the external auditor was independent of the Company. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee ensured that the appointment of the auditor complied with the Companies Act and all other relevant legislation. The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2013 year.

No non-audit service was provided by the external auditors for the year under review.

The Committee has nominated, for election at the annual general meeting, Deloitte & Touche, as the external audit firm and Ms U van der Horst as the designated auditor, responsible for performing the functions of auditor, for the 2014 year. The Audit and Risk Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.

10. FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee has reviewed the accounting policies and the annual financial statements of the Company and is satisfied that they are appropriate and comply with International Financial Reporting Standards and the Companies Act.

Accordingly the Audit and Risk Committee recommends the annual financial statements to the board for its approval.



H.P. van Noort
Chairman of the Audit and Risk Committee

31 May 2013
CapeTown

	Notes	2013 R	2012 R
ASSETS			
Non-current assets		**128 285 402**	**232 904 956**
Property, plant and equipment	3	84 065	-
Intangible assets	4	70 790	-
Investments	5	51 067 624	94 247 870
Loans	6	77 062 923	138 657 086
Current assets		**37 374 353**	**1 278 078**
Loans	7	36 816 209	-
Other receivables	8	88 095	-
Cash and cash equivalents	9	470 049	1 278 078
Total assets		**165 659 755**	**234 183 034**
EQUITY AND LIABILITIES			
Capital and reserves		**(38 602 892)**	**28 709 659**
Share capital	10	200	200
Accumulated (loss) profit		(38 603 092)	28 709 459
Non-current liabilities		**197 799 790**	**204 666 243**
Preference shares	11	197 799 790	197 799 790
Deferred taxation	12	-	6 866 453
Current liabilities		**6 462 857**	**807 132**
Loan	13	5 000 000	-
Trade and other payables	14	1 462 857	807 132
Total equity and liabilities		**165 659 755**	**234 183 034**

	Notes	For the year ended 28 February 2013	11 months ended 29 February 2012
		R	R
Revenue	15	11 039 322	4 992 021
Fair value adjustment on investments	16	(43 180 258)	34 046 192
Employee benefits expense		(801 000)	(340 000)
Impairment of loan	6	(35 731 071)	-
Other expenses		(5 505 997)	(3 122 301)
(Loss) profit before taxation	17	(74 179 004)	35 575 912
Taxation	18	6 866 453	(6 866 453)
(Loss) profit for the year		(67 312 551)	28 709 459
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) profit for the year, net of tax		(67 312 551)	28 709 459
(Loss) profit for the year attributable to:			
Ordinary shareholders		-	-
Preference shareholders		(67 312 551)	28 709 459
Total comprehensive profit (loss) attributable to:			
Ordinary shareholders		-	-
Preference shareholders		(67 312 551)	28 709 459
(Loss) earnings per share, in Rands			
Ordinary shareholders	19	-	-
Diluted (loss) earnings per share, in Rands			
Ordinary shareholders	19	-	-

	Share capital	Accumulated (loss) profit	Total
	R	R	R
Balance at 28 February 2011	-	-	-
Ordinary shares issued	200	-	200
Total comprehensive profit for the period	-	28 709 459	28 709 459
Balance at 29 February 2012	200	28 709 459	28 709 659
Total comprehensive loss for the year	-	(67 312 551)	(67 312 551)
Balance at 28 February 2013	200	(38 603 092)	(38 602 892)

	Notes	For the year ended 28 February 2013	11 months ended 29 February 2012
		R	R
Cash flows from operating activities			
Cash absorbed by operations	20	(5 734 184)	(2 655 170)
Interest received		3 020 916	-
Taxation		-	-
Net cash outflow from operating activities		(2 713 268)	(2 655 170)
Cash flows from investing activities			
Investments made		(12)	(52 168 813)
Purchase of plant and equipment and intangibles		(160 037)	-
Non-current loans advanced		(5 380 000)	(108 776 921)
Net cash outflow from investing activities		(5 540 049)	(160 945 734)
Cash flows from financing activities			
Share capital		-	200
Preference share capital raised		-	197 799 790
Loans received		5 000 000	-
Current loans advanced		(4 935 000)	(34 921 008)
Loans repaid		7 380 288	2 000 000
Net cash inflow from financing activities		7 445 288	164 878 982
Net (decrease) increase in cash and cash equivalents		(808 029)	1 278 078
Cash and cash equivalents at beginning of the year		1 278 078	-
Cash and cash equivalents at end of the year	9	470 049	1 278 078

1. ACCOUNTING POLICIES

A. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee (IFRIC), containing the information required by the Companies Act of South Africa, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council. These financial statements have been prepared on a going concern basis with accounting policies consistent with those applied in the prior year.

B. Basis of preparation

The financial statements have been prepared on the historical cost basis, as amended for the fair valuation of investments and incorporate the principal accounting policies set out below. They are presented in South Africa Rands. No standards or interpretations have been early adopted.

C. Property, plant and equipment and depreciation

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the entity. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their estimated residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Computer equipment	3 years
Office equipment	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there are is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

1. ACCOUNTING POLICIES (continued)

D. Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The estimated useful lives, residual values and the amortisation method for intangible assets are reviewed every year with the effects of any changes accounted for on a prospective basis.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their estimated residual values over a period of two years.

E. Financial assets

BK One's principal financial assets are various investments, loans receivable, and bank and cash balances.

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Classification depends on the purpose for which the financial assets were acquired. The Board determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Initial measurement

Financial assets are initially recognised as follows:

- Fair value through profit or loss (designated as held at fair value through profit or loss) – at fair value.
- Transaction costs are expensed.
- Loans and receivables - at fair value plus transaction costs that are directly attributable to their acquisition.

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, other deposits held at call with banks and other short-term highly liquid investments that have original maturities of three months or less. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at cost which approximates fair value.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and;
- its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

BK One has elected to designate all investments as at FVTPL because the financial assets form part of a group of financial assets which is managed and their performance is evaluated and reported internally on a fair value basis, in accordance with a documented risk management or investment strategy. BK One intends to report the outcome of these valuations to investors on a bi-annual basis along with a brief commentary, which will consist of a progress report on the underlying portfolio companies.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in note 25.

Loans and receivables

Loans that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.





1. ACCOUNTING POLICIES (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the loan does not exceed the amount that would have been recognised at amortised cost had the impairment not been recognised.

F. Financial liabilities and equity instruments issued by BK One

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities consist of preference shares and trade and other payables. These are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Loan payable

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

G. Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxation for the period

Current and deferred taxation are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

1. ACCOUNTING POLICIES (continued)

H. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

I. Judgements and Estimates

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 a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Fair value reporting

As described in note 25, the company uses valuation techniques that include inputs which are not based on observable market prices to estimate the fair value of certain financial instruments. Note 25 provides detailed information about the key assumptions used in the determination of the fair value thereof, as well as the sensitivity analyses for these assumptions. The directors believe that the chosen valuation method and assumptions are appropriate in determining the fair value of the financial instruments.

The following are the critical judgements, apart from key assumptions above, that the directors have made in the process of applying the accounting policies:

Interest on loans

The loan to POA accrues interest which is payable after 3 years only if the borrower is liquid and solvent at that stage. Based on the valuation at 28 February 2013, the borrower is expected to be liquid and solvent and therefore interest has been accrued at the relevant rates (prime plus 3%) because the right to receive the interest in such circumstances is embodied in the contract and it is probable that the interest will be received. The likelihood of this borrower being liquid and solvent in 3 years' time will be reassessed at each reporting date and the interest accrual will reverse if it appears that it will not be liquid and solvent.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue, but not yet effective:

Item	Details	Effective date	Date to be adopted (year beginning)
IFRS 9	New standard that forms the first part of a three-part project to replace IAS 39.	1 January 2015	1 March 2015
IFRS 12	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013	1 March 2013
IFRS 13	New guidance on fair value measurement and disclosure requirements.	1 January 2013	1 March 2013
IAS 1	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1 July 2012	1 March 2013
IAS 16	Annual improvements 2009-2011 Cycle: amendments to the recognition and classification of servicing equipment	1 January 2013	1 March 2013

The directors have not yet assessed the impact of the adoption of these Standards and Interpretations in future periods.

In addition, the following Standards and Interpretations were in issue, but not yet effective and are not expected to affect the company in future.

Item	Details	Effective date
IFRS 7 & IAS 32	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure.	1 January 2013
IFRS 10	New standard that replaces the consolidation requirements in SIC 12 and IAS 27.	1 January 2013
IFRS 11	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form.	1 January 2013
IFRS 19	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans	1 January 2013
IAS 27	Consequential amendments resulting from the issue of IFRS 10,11 and 12	1 January 2013
IAS 28	Consequential amendments resulting from the issue of IFRS 10,11 and 12	1 January 2013

3. PROPERTY, PLANT AND EQUIPMENT

For the year ended February 2013	Opening balance	Additions	Disposals	Closing balance
	R	R	R	R
COST				
Computer equipment	-	55 627	-	55 627
Office furniture	-	30 481	-	30 481
	-	86 108	-	86 108

	Opening balance	Depreciation	Disposals	Closing balance
	R	R	R	R
ACCUMULATED DEPRECIATION				
Computer equipment	-	1 532	-	1 532
Office furniture	-	511	-	511
	-	2 043	-	2 043
NET BOOK VALUE	-			84 065

4. INTANGIBLE ASSETS

For the year ended February 2013	Opening balance	Additions	Disposals	Closing balance
	R	R	R	R
COST				
Computer software	-	73 929	-	73 929
	-	73 929	-	73 929

	Opening balance	Amortisation	Disposals	Closing balance
	R	R	R	R
ACCUMULATED AMORTISATION				
Computer software	-	3 139	-	3 139
NET BOOK VALUE	-			70 790

5. INVESTMENTS

	2013 R	2012 R
Unlisted investments at fair value:		
Investment in Avalloy (Proprietary) Limited	39 010 507	65 333 565
Preference shares with a coupon of 15%	18 411 634	17 650 230
Option on ordinary shares	20 598 873	47 683 335
Investment in Pure Ocean Aquaculture (Proprietary) Limited		
Ordinary shares	12 057 117	20 633 013
Investment in Tor Holdings (Proprietary) Limited		
Ordinary shares	-	8 281 292
	51 067 624	94 247 870

Avalloy (Proprietary) Limited ("Avalloy")

In terms of the Sale of Preference Shares Agreement between Four Elements, BK One and Avalloy, BK One acquired from Four Elements, for cash 2 500 15% cumulative redeemable preference shares in Avalloy which have a term of three years and one day. In terms of the Sale of Preference Shares Agreement between SA Superalloys, BK One and Avalloy, BK One acquired from SA Superalloys, for cash, 2 000 preference shares as well as the related option rights and obligations. The preference shares were issued on 19 August 2011, attract a coupon of 15% and are redeemable on 20 August 2014, if not converted prior to that. BK One has an option to convert the capital amount at any time into ordinary shares in Avalloy at a valuation of R490 000 000 for Avalloy.

The option referred to above was exercised at year end February 2012 with the result that although legally BK One still owns preference shares, in substance their nature has changed to ordinary shares. The effect of the option exercised will lead to the future holding of 10.31% of the ordinary shares in Avalloy with effect from 20 August 2014. The number of shares to be issued will be determined by the number in issue at that date. In the intervening period, the preference shares will attract a coupon, are no longer redeemable and BK One will be entitled to all the benefits in the same way as an ordinary shareholder from August 2014.

5. INVESTMENTS (continued)

	2013	2012
	R	R
Opening balance	65 333 565	-
Original investment in preference shares	-	52 168 788
Add: Interest accrued	-	1 475 410
Partial conversion of loan to investment (refer note 7)	-	6 557 455
Remaining investment prior to fair value adjustment	65 333 565	60 201 653
Fair value adjustment (refer note 16)	(26 323 058)	5 131 912
	39 010 507	65 333 565

Investment in Pure Ocean Aquaculture (Proprietary) Limited ("POA")

	2013	2012
	Number of shares	Number of shares
Opening balance	7 436 589	-
Additions	4 135 749	7 436 589
Closing balance	11 572 338	7 436 589

	R	R
Opening balance	20 633 013	-
Additions	12	7
Fair value adjustment	(8 575 908)	20 633 006
	12 057 117	20 633 013

Total shares issued

11 572 338 ordinary shares of R0,000001 each, representing a 10,37% interest (2012: 7 436 589 ordinary shares of R0,000001 each, representing a 6,92% interest).

Tor Holdings (Proprietary) Limited ("Tor")	2013 R	2012 R
Opening balance	8 281 292	-
Subscription price	-	18
Fair value adjustment	(8 281 292)	8 281 274
	-	8 281 292
18 ordinary shares of R1 each, representing a 12% interest		
Classification in terms of IAS39		
At fair value through profit or loss (designated)	51 067 624	94 247 870

The reconciliation and significant assumptions of the above mentioned investments are disclosed in Note 25 of these financial statements.

6. NON-CURRENT LOANS

	2013 R	2012 R
Avalloy (Proprietary) Limited (refer note 7)	-	5 113 628
Cash Connect Rental Treasury Trust (refer note 7)	-	33 803 291
Pure Ocean Aquaculture (Proprietary) Limited	12 732 496	6 130 192
Pure Ocean East London (Proprietary) Limited	64 330 427	57 878 904
Tor Holdings (Proprietary) Limited	-	35 731 071
	77 062 923	138 657 086

At year end the loans to Avalloy and to the Cash Connect Rental Treasury Trust were due within 12 months and are reflected under current loans in note 7.

Pure Ocean Aquaculture (Proprietary) Limited ("POA")	2013 R	2012 R
Opening balance	6 130 192	-
Advancements	5 380 000	6 000 000
Add: Interest accrued	1 222 304	130 192
	12 732 496	6 130 192

The loan is repayable in various tranches between 31 December 2016 and 31 July 2017 and the repayment dates can be renegotiated in accordance with the agreements. Interest is payable on maturity date, provided POA is liquid and solvent. If interest is payable, it accrues at prime plus 3%.

6. NON-CURRENT LOANS (continued)

	2013	2012
Pure Ocean East London (Proprietary) Limited ("POEL")	R	R
Opening balance	57 878 904	-
Loan acquired	-	56 415 233
Add: Interest accrued	6 451 523	1 463 671
	64 330 427	57 878 904

The loan is repayable on 31 December 2016. Interest accrues at prime plus 3%. The repayment date can be renegotiated on the basis whether POEL is considered successful.

	2013	2012
Tor Holdings (Proprietary) Limited ("Tor")	R	R
Opening balance	35 731 071	-
Advancements	-	35 000 000
Add: Interest accrued	-	731 071
Less: Impairment	(35 731 071)	-
Closing balance	-	35 731 071

Tor Construction (Proprietary) Limited was placed under final liquidation on 27 August 2012. The loan to Tor Construction (Proprietary) Limited from Tor Holdings (Proprietary) Limited was subordinated in favour of other creditors. The loan was repayable on 31 December 2016. Interest accrued at the prime interest rate and was payable on the maturity date. No interest has been accrued for in the current year as future economic benefits are not probable. The capital has been fully impaired and the accrued interest written off as a bad debt in the current year as it is highly unlikely that any liquidation dividend will be received.

7. CURRENT LOANS

	2013	2012
	R	R
Avalloy (Proprietary) Limited	6 028 207	-
Burgan Oil Services (Proprietary) Limited	380 000	-
Cash Connect Rental Treasury Trust	26 423 002	-
Kawuleza Connect Holdings (Proprietary) Limited	985 000	-
Pure Ocean Aquaculture (Proprietary) Limited	3 000 000	-
	36 816 209	-

Avalloy (Proprietary) Limited

Loan 1: Avalloy

BK One acquired a loan claim in Avalloy which bears interest at prime plus 3%, but is capped at 15%. The loan period is three years and one day. BK One has an option to convert a portion of the loan claim into ordinary shares in Avalloy at a predetermined rate. BK One bought this loan claim from Four Elements and it is due for repayment on 27 October 2013. At the same time that the option to convert the preference shares was exercised, a portion of this loan claim was converted shortly before the 29 February 2012 financial year end.

	2013 R	2012 R
Opening balance	5 113 628	-
Amount originally loaned	-	11 361 688
Add: Interest accrued	344 579	309 395
Loan amount prior to partial conversion	5 458 207	11 671 083
Less: Partial conversion of loan to investment (refer to note 5)	-	6 557 455
	5 458 207	5 113 628

Interest accrues until the conversion or repayment date and is compounded annually in arrears and accrued daily.

Loan 2: Avalloy

	2013 R	2012 R
Opening balance	-	-
Advancements	570 000	-
Add: Interest accrued	-	-
Closing balance	570 000	-
Total	6 028 207	5 113 628

BK One advanced R570 000 on 28 February 2013 to Avalloy. The loan is repayable on demand and interest accrues until the repayment date and is compounded monthly in arrears. The loan bears interest at prime plus 3%.

7. CURRENT LOANS (continued)

Cash Connect Rental Treasury Trust ("CCRTT")

This loan was originally made to Cash Connect Management Solutions (Proprietary) Limited ("CCMS") and was converted to a loan to CCRTT on 29 December 2011.

The amount consists of 2 loans, the first for R14 000 000 initially which bears interest at prime plus 1.5%. The second loan for an initial amount of R21 105 323 which bears interest at prime plus 2%. Both of these loans have an indefinite term but can be called up in instalments of up to R3.5 million per loan provided a notice period of 3 months is given. Notice may not be given more than once within a 3 month period.

CCRTT: Loan 1

	2013	2012
	R	R
Opening balance	14 275 463	-
Loan acquired	-	14 000 000
Add: Interest accrued	1 433 111	275 463
Capital repaid	(180 029)	-
Less: Interest paid	(1 433 111)	-
Closing balance	14 095 434	14 275 463

CCRTT: Loan 2

	2013	2012
	R	R
Opening balance	19 527 828	-
Loan acquired	-	21 105 323
Add: Interest accrued	1 587 805	422 505
Capital repaid	(7 200 260)	(2 000 000)
Less: Interest paid	(1 587 805)	-
Closing balance	12 327 568	19 527 828
Total	26 432 002	33 803 291

BK One entered into a binding sale and repurchase agreement with Winn Developments CC in terms of which it sold the Cash Connect Loans. The substance of the agreement is that of a lending arrangement to provide interim liquidity for the investment portfolio. Winn Developments CC bought the loans for R12 500 000. Ownership of the investment will transfer back to BK One upon full payment of the repurchase amount of R15 500 000.

POA

	2013	2012
	R	R
Opening balance	-	-
Advances	3 000 000	-
Add: interest accrued	-	-
Closing balance	3 000 000	-

BK One advanced R3 000 000 on 28 February 2013 to POA. Interest accrues until the repayment date and is compounded monthly in arrears and accrued daily. The loan bears interest at prime plus 3%. Isitsaba has guaranteed this loan and ceded 7 810 063 shares of POA (7% holding) as security for the loan. These shares can only be ceded by Isitsaba once the post commencement funding has been repaid.

Burgan Oil Services (Proprietary) Limited ("BOS")

	2013	2012
	R	R
Opening balance	-	-
Advancement	380 000	-
Add: interest accrued	-	-
Closing balance	380 000	-

BK One advanced R380 000 on 28 February 2013 to BOS. Interest accrues until the repayment date and is compounded monthly in arrears and accrued daily. The loan bears interest at prime plus 3%. Isitsaba has guaranteed this loan and ceded 40 ordinary shares of BOS (40 % holding) as security for the loan. These shares can only be ceded by Isitsaba once the post commencement funding has been repaid.

Kawuleza Connect Holdings (Proprietary) Limited ("Kawuleza")

	2013	2012
	R	R
Opening balance	-	-
Advancement	985 000	-
Add: interest accrued	-	-
Closing balance	985 000	-

BK One advanced R985 000 on 28 February 2013 to Kawuleza. Interest accrues until the repayment date and is compounded monthly in arrears. The loan bears interest at prime plus 3%. Isitsaba has guaranteed and ceded 7 700 000 ordinary shares of Kawuleza (77 % holding) as security for the loan. These shares can only be ceded by Isitsaba once the post commencement funding has been repaid.

8. OTHER RECEIVABLES

	2013	2012
	R	R
Prepayments	88 095	-

9. CASH AND CASH EQUIVALENTS

	2013	2012
	R	R
Nedbank	469 849	1 277 878
Petty cash	200	200
	470 049	1 278 078

The credit quality of cash and cash equivalents, excluding cash on hand, that is neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

	2013	2012
	R	R
Bank financial - strength rating C - (Moody's)	469 849	1 277 878

No interest is earned on positive bank balances.

10. SHARE CAPITAL

	2013	2012
1 000 Authorised ordinary shares	1 000	1 000
200 Issued ordinary shares with no par value	200	200

The shares were issued on 12 April 2011 and there has been no subsequent change in ordinary shares issued. There are no shares reserved for issuance under any contract. There are no restrictions attached to the share capital. These shares are not listed and are wholly owned by non-public entities.

Ordinary shareholders only participate in earnings above an annualised hurdle rate of 20% after 10 years.

11. PREFERENCE SHARES

	2013	2012
	R	R
Redeemable preference shares – capital raised	201 020 000	201 020 000
Fees associated with listing	(3 220 210)	(3 220 210)
	197 799 790	197 799 790
(Loss) earnings attributable to preference shares	(67 312 551)	28 709 459
Fair value of the preference shares	159 196 698	226 509 249

20 102 000 redeemable, participating, non-cumulative preference shares listed on the JSE Limited. The preference shares are of one class, non-cumulative, redeemable, participating preference shares of the same class, with no nominal or par value and rank pari passu with each other in all respects. These redeemable, participating, non-cumulative preference shares, share in the reserves and the accumulated profit of the company. The preference shares rank equally but in priority to ordinary shares for dividends. These redeemable, participating, non-cumulative preference shares are compulsorily redeemable after 10 years and three days from date of issue of the last tranche of preference shares. At the reporting date, the redemption date has not been finalised.

The total authorised redeemable preference share capital is 100 000 000.

12. DEFERRED TAXATION

	2013	2012
	R	R
At year end the balance comprises:		
Fair value adjustments	8 344 913	(6 332 592)
Accelerated capital allowances	(29 378)	-
Interest income taxable in future periods	(2 799 653)	(650 981)
Other temporary differences	42 534	-
Assessed loss	699 219	117 120
Deferred tax asset not raised	(6 257 635)	-
	-	(6 866 453)
The movement for the period is as follows:		
At beginning of the period	(6 866 453)	-
Fair value adjustments	14 677 505	(6 332 592)
Accelerated capital allowances	(29 378)	-
Interest income taxable in future periods	(2 148 671)	(650 981)
Other temporary differences	42 533	-
Assessed loss	582 099	117 120
Deferred tax asset not raised	(6 257 635)	-
At end of the year	-	(6 866 453)

A deferred tax asset has not been recognised due to the uncertainty of future taxable income.

13. CURRENT LOAN

	2013	2012
	R	R
Opening balance	-	-
Winn Developments CC	5 000 000	-
Closing balance	5 000 000	-

The loan facility is R12 500 000. Interest payable is R3 000 000 over the period of the loan. The capital and interest is due on 30 May 2013. The balance of the loan of R7 500 000 was received after year end. As described in the Directors' report and note 24, this short-term liquidity loan was applied to certain IIG assets in order to preserve the value of current BK One assets as well as two additional IIG assets.

The loan is secured by the Cash Connect loan receivable of R26 423 002 (refer note 7).

14. TRADE AND OTHER PAYABLES

	2013	2012
	R	R
Trade payables	259 039	196 353
SARS accruals	60 287	119 500
Other accruals	1 143 531	491 279
	1 462 857	807 132

Included in trade and other payables and accruals are the following from related parties:

	2013	2012
	R	R
Basileus Capital (Proprietary) Limited	252 297	189 610
Kwanda Capital Investments (Proprietary) Limited	108 000	348 269

The average credit period on purchases is one month. No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within a reasonable credit time frame. The carrying amounts of trade and other payables approximate their fair value.

15 REVENUE

Interest income

	For the year ended 28 February 2013	11 months ended 29 February 2012
	R	R
Avalloy (Proprietary) Limited	344 579	309 395
Avalloy (Proprietary) Limited preference shares	-	1 475 410
Cash Connect Management Solutions (Proprietary) Limited	-	184 315
Cash Connect Rental Treasury Trust	3 020 916	697 968
Pure Ocean Aquaculture (Proprietary) Limited	1 222 304	130 192
Pure Ocean East London (Proprietary) Limited	6 451 523	1 463 671
Tor Holdings (Proprietary) Limited	-	731 071
	11 039 322	4 992 021

16. FAIR VALUE ADJUSTMENTS ON INVESTMENTS

	For the year ended 28 February 2013	11 months ended 29 February 2012
	R	R
Avalloy (Proprietary) Limited	(26 323 058)	5 131 912
Pure Ocean Aquaculture (Proprietary) Limited	(8 575 908)	20 633 006
Tor Holdings (Proprietary) Limited	(8 281 292)	8 281 274
	(43 180 258)	34 046 192

17. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation costs is stated after taking into account the following:

	For the year ended 28 February 2013	11 months ended 29 February 2012
Expenses	R	R
Auditor's remuneration	904 020	225 606
- consulting fee	-	225 606
- audit fees for financial year 2012	470 820	-
- audit fees for financial year 2013	433 200	-
Employee costs	801 000	340 000
- directors	660 000	340 000
- other	141 000	-

17. (LOSS) PROFIT BEFORE TAXATION (continued)

	For the year ended 28 February 2013	11 months ended 29 February 2012
	R	R
Depreciation and amortisation	5 182	-
Impairment of loan	35 731 071	-
Legal fees - Structuring of contracts	801 518	222 437
Legal fees - Prospectus	-	549 900
Legal fees - Consulting	-	147 858
Investment management fees (note 23)	1 453 570	348 269

18. TAXATION

	For the year ended 28 February 2013	11 months ended 29 February 2012
	R	R
Current taxation	-	-
Deferred taxation	6 866 453	(6 866 453)
	6 866 453	(6 866 453)

Reconciliation of tax rate:	%	%
Standard rate of taxation	28, 00	28,00
Permanent difference due to deferred tax provided at 18,6% (CGT rate)	(10,00)	(9,00)
Non-deductible expenses for tax purposes	(0,31)	1,46
Income accrued	-	(1,16)
Deferred tax asset not raised	(8,44)	-
	9,26	19,30

19. (LOSS) EARNINGS PER SHARE

Earnings (loss) and headline earnings (loss) per share are based on the profit (loss) attributable to ordinary and preference shareholders in issue during the period. The number of ordinary and preference shares in issue for the period under review was 200 and 20,102,000 respectively.

There are no dilutive instruments in issue.

Ordinary shareholders only participate in earnings per share above an annualised hurdle rate of 20% after 10 years.

Earnings (loss) and headline earnings (loss) per share and the corresponding diluted earnings (loss) and diluted headline earnings (loss) per share are identical as no adjustments are required, and are therefore calculated as follows:

For the year ended February 2013	Ordinary share holders	Preference shareholders	Total
Loss	-	(67 312 551)	(67 312 551)
Number of shares issued	200	20 102 000	-
Loss per share (Rands)	-	(3.35)	
For the 11 months ended February 2012			
Earnings	-	28 709 459	28 709 459
Number of shares issued	200	20 102 000	-
Earnings per share (Rands)	-	1.43	

20. CASH FLOW STATEMENT

Cash absorbed by operations

Reconciliation of (loss) profit before taxation to cash generated from operations	For the year ended 28 February 2013 R	11 months ended 29 February 2012 R
(Loss) profit before taxation	(74 179 004)	35 575 912
Adjusted for:		
- Revenue - finance income	(11 039 322)	(4 992 021)
- Impairment of loan	35 731 071	-
- Depreciation and amortisation	5 182	-
- Fair value adjustments	43 180 258	(34 046 192)
Operating cash flows before working capital changes	(6 301 815)	(3 462 301)
Working capital changes	567 631	807 131
Increase in other receivables	(88 095)	-
Increase in trade and other payables	655 726	807 131
	(5 734 184)	(2 655 170)

21. FINANCIAL INSTRUMENTS

Analysis per category of financial asset

For year ended 28 February 2013	Loans and receivables R	At fair value through profit or loss R
Investments		51 067 624
Avalloy (Proprietary) Limited - preference shares		18 411 634
Avalloy (Proprietary) Limited options		20 598 873
Pure Ocean Aquaculture (Proprietary) Limited		
- ordinary shares		12 057 117
Tor Holdings (Proprietary) Limited - ordinary shares		-
Loans	113 879 132	
Avalloy (Proprietary) Limited	6 028 207	
Burgan Oil Services (Proprietary) Limited	380 000	
Cash Connect Rental Treasury Trust	26 423 002	
Kawuleza Connect Holdings (Proprietary) Limited	985 000	
Pure Ocean Aquaculture (Proprietary) Limited	15 732 496	
Pure Ocean East London (Proprietary) Limited	64 330 427	
Tor Holdings (Proprietary) Limited	-	
Cash and cash equivalents	470 049	
Bank	470 049	
Total	114 439 181	51 067 624

21. FINANCIAL INSTRUMENTS (continued)

Analysis per category of financial asset 11 months ended 29 February 2012

	Loans and receivables	At fair value through profit or loss
	R	R
Investments		94 247 870
Avalloy (Proprietary) Limited - preference shares		17 650 203
Avalloy (Proprietary) Limited options		47 683 335
Pure Ocean Aquaculture (Proprietary) Limited		
- ordinary shares		20 633 013
Tor Holdings (Proprietary) Limited - ordinary shares		8 281 292
Loans	138 657 085	
Avalloy (Proprietary) Limited	5 113 628	
Pure Ocean Aquaculture (Proprietary) Limited	6 130 192	
Pure Ocean East London (Proprietary) Limited	57 878 904	
Tor Holdings (Proprietary) Limited	35 731 071	
Cash Connect Rental Treasury Trust	33 803 291	
Cash and cash equivalents	1 278 078	
Bank	1 278 078	
Total	139 935 164	94 247 870

All investments are designated as at fair value through profit or loss.

Analysis per category of financial liability for year ended 28 February 2013

	At amortised cost 2013	At amortised cost 2012
	R	R
Preference shares	197 799 790	197 799 790
Loans	5 000 000	-
Winn Developments CC	5 000 000	-
Trade and other payables	1 402 570	687 632
Trade payables	259 039	196 353
Accruals	1 143 531	491 279
Total	204 202 360	198 487 422

Liquidity and interest risk tables

The following table outlines the remaining contractual maturity for non-derivative financial assets and liabilities.

For year ended 28 February 2013	Interest rate %	Year 1 R	Years 1 - 5 R	Over 5 years R	Total R
Liabilities					
Accounts payables	Interest free	259 039	-	-	259 039
Accruals	Interest free	1 143 531	-	-	1 143 531
Preference shares	Interest free	-	-	201 020 000	201 020 000
Winn Developments CC	Refer note 13	5 000 000	-	-	5 000 000
		6 402 570	-	201 020 000	207 422 570
Assets					
Current loan - POA	Prime plus 3%	3 000 000	-	-	3 000 000
Current loan - BOS	Prime plus 3%	380 000	-	-	380 000
Current loan - Kawuleza	Prime plus 3%	985 000	-	-	985 000
POA	Prime plus 3%	-	12 732 496	-	12 732 496
POEL	Prime plus 3%	-	64 330 427	-	64 330 427
Avalloy	Prime plus 3%	6 028 207	-	-	6 028 207
CCRTT: Loan 1	Prime plus 1,5%	14 095 433	-	-	14 095 433
CCRTT: Loan 2	Prime plus 2%	12 327 568	-	-	12 327 568
		36 816 208	77 062 923	-	113 879 131

21. FINANCIAL INSTRUMENTS (continued)

Liquidity and interest risk tables (continued)

For the year ended 29 February 2012	Interest rate %	Year 1 R	Years 1 - 5 R	Over 5 years R	Total R
Liabilities					
Accounts payables	Interest free	196 353	-	-	196 353
Accruals	Interest free	491 279	-	-	491 279
Preference shares	Interest free	-	-	201 020 000	201 020 000
		687 632	-	201 020 000	201 707 632
Assets					
POA	Prime plus 3%	-	6 130 192	-	6 130 192
POEL	Prime plus 3%	-	57 878 904	-	57 878 904
Avalloy	Prime plus 3%	-	5 113 628	-	5 113 628
Tor	Prime plus 3%	-	35 731 071	-	35 731 071
CCRTT: Loan 1	Prime plus 1,5%	-	14 275 463	-	14 275 463
CCRTT: Loan 2	Prime plus 2%	-	19 527 828	-	19 527 828
		-	138 657 086	-	138 657 086

RISK MANAGEMENT

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

The capital structure of the company consists of debt and equity attributable to equity holders, comprising issued capital and retained loss as disclosed in the statement of changes in equity and preference share debt as disclosed in note 11.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The company is exposed to credit risk, cash flow and variable interest rate risk, price risk and liquidity risk. There is no exposure to foreign exchange risk. The company seeks to minimise the effects of credit, liquidity and cash flow interest rate risk through active management processes. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The company's risk management is coordinated at its registered offices, in close co-operation with the board of directors, and focuses on actively securing the company's investment goals by employing the services of a professional investment manager. Long-term financial investments are managed to generate long-term growth of the investment portfolio.

Credit risk management

Credit risk is the risk that the counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example granting loans to investees. The company's maximum exposure to credit risk is limited to the carrying amount of the financial asset recognised at the reporting date.

Credit risk arises on cash deposits, cash equivalents and loans. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties, with the exception of the credit loss on the liquidation of Tor Holdings which has been provided for fully in the current year.

The company continuously monitors defaults of counterparties, identified individually, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The company's financial assets that are secured by collateral or other credit enhancements are monitored by management.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an on-going review of future commitments and credit facilities. The company's liquidity risk is influenced by the liquidity demands of the underlying investments.

Cash flow forecasts are prepared and adequate cash balances are maintained.

The company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 3-month periods at a minimum.

RISK MANAGEMENT (continued)

Interest rate risk management

Interest rate risk is the risk that the company will experience larger-than-expected interest charges on financing or less-than-expected income from investments in interest-bearing assets.

As the company has significant interest-bearing assets during the financial period, the company's income and operating cash flows are affected by changes in market interest rates.

The company is exposed to interest rate risk associated with fluctuations in the market rates and prices of financial instruments. These fluctuations in market rates and prices impact the value and revaluation gains or losses of financial instruments stated at fair value.

The company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting date, the company had no bank borrowings. The exposure to interest rate risk, as it relates to financing, is not considered material.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. When reporting interest rate risk internally to key management personnel for floating rate loans, the analysis is prepared re-applying the interest receivable based on an interest rate 100 basis points higher or lower than actually realised, which is considered to represent management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher and all other variables were held constant, the company's loss for the period would have decreased by R977 810. If interest rates had been 100 basis points lower and all other variables were held constant, the company's loss for the period would have increased by R968 540.

Price risk management

The company is exposed to equity securities price risk because of unlisted investments held by the company and classified in the statement of financial position as at fair value through profit or loss. The company is not exposed to commodity price risk. Since the investments are unlisted, the price risk relates to the risk of changes in fair value measurements based on the use of valuation techniques such as discounted cash flow models. A detailed discussion of the valuation approach and resulting price sensitivity analysis is included in note 25 fair value measurements.

Commitments

There are no commitments.

22. DIRECTORS' EMOLUMENTS

2013 BK ONE LIMITED	For services as director	For representation on committees	Total	Other companies*
Pinkie Ncetezo	180 000	40 000	220 000	-
Peter Gaylard	180 000	20 000	200 000	-
Henry van Noort	180 000	60 000	240 000	-
Dean Richards	-	-	-	875 000
Jonathan Sieff	-	-	-	700 000
Total	540 000	120 000	660 000	1 575 000

2012 BK ONE LIMITED	For services as director	For representation on committees	Total	Other companies*
Pinkie Ncetezo	90 000	20 000	110 000	-
Peter Gaylard	90 000	10 000	100 000	-
Henry van Noort	90 000	40 000	130 000	-
Dean Richards	-	-	-	250 000
Total	270 000	70 000	340 000	250 000

*This relates to basic remuneration received from Kwanda Capital.

There are no prescribed officers as defined in terms of the Companies Act.

23. RELATED PARTIES

The following related party relationships exist:

Key management:

Dean Richards	(Executive Director)
Jonathan Sieff	(Executive Director)
Pinkie Ncetezo	(Non-executive Director)
Peter Gaylard	(Non-executive Director)
Henry van Noort	(Non-executive Director)

Key management of the following related parties:

Dean Richards	Isitsaba Investment Group, Pure Ocean Aquaculture, Kawuleza Connect Holdings, Oceans Edge Retail, Pure Ocean East London and Highlands Trout
Henry van Noort	Isitsaba Investment Group
Belinda Williams	Isitsaba Investment Group, Cash Connect Management, Baron Asset Management
Lincoln Ngculu	Isitsaba Investment Group, Basileus Capital, Basileus Investments, TOR, CCMS, Avalloy, Kawuleza Connect Holdings
Julian Williams	Basileus Capital, TOR, CCMS, Avalloy
*Julian Williams	passed away on 26 July 2012

Holding company
Kwanda Capital (Proprietary) Limited (KCI)
Dean Richards is also a director of Kwanda Capital.

Subsidiaries or fellow subsidiaries
None

Other related parties

Isitsaba Investment Group (Proprietary) Limited
Basileus Capital (Proprietary) Limited (an associate of Kwanda Capital)
TOR
Avalloy
Pure Ocean Aquaculture and its subsidiaries
Cash Connect Rental Treasury Trust (a trust which is consolidated by CCMS)

Related party transactions	Notes	For the year ended 28 February 2013	11 months ended 29 February 2012
		R	R
Interest income	15	11 039 322	4 992 021
Fair value adjustments		(43 180 258)	34 046 192
POA	16	(8 575 908)	20 633 006
TOR	16	(8 281 292)	8 281 274
Avalloy	16	(26 323 058)	5 131 912
Impairment of loan		35 731 071	-
Investment management fees (paid) - Kwanda Capital		1 453 570	348 269
Accounting fees (paid) - Basileus Capital		134 963	22 800
Key management compensation			
- short-term employee benefits		660 000	340 000
Assignment and Option agreement with IIG (note 24)		-	-
Related party balances			
Investments	5	51 067 624	94 247 870
Non-current loans	6	77 062 923	138 657 085
Current loans	7	36 816 209	-
Trade and other payables	14	259 039	196 353

24. EVENTS AFTER THE REPORTING DATE

BK One has entered into an Assignment and Option Agreement ('the Option Agreement") with IIG. In terms of the Option Agreement, the Company is entitled to acquire the assets of IIG at a pre-determined price. The option was extended to 31 July 2013. The option agreement was out of the money at the reporting date and is therefore not recognised in the statement of financial position.

In order to meet the short term funding needs of IIG companies, BK One obtained a loan advance from Winn Developments CC of R12 500 000. Of this amount, R5 000 000 was advanced before year-end and is reflected as a current liability on the statement of financial position. The balance of R7 500 000 was advanced subsequent to year-end.

This funding was subsequently on-lent to the following IIG companies on the same terms as the current loans disclosed in note 7:

Avalloy	R930 000
Burgan	R490 000
Kawuleza	R320 000
Pure Ocean Aquaculture	R4 101 000

On 30 May 2013, IIG entered into a binding Sale and Purchase agreement in respect of the Cash Connect business. In connection with this agreement, the loan of R26 423 002 owing by Cash Connect Rental Treasury Trust to the company will be repaid in full. This will enable the settlement of the short-term funding received from Winn Developments CC (refer to note 13).

The company purchased 598,161 additional shares from POA on 17 May 2013 resulting in an increase in the ownership percentage in POA from 10.37% to 10.85%.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of derivative instruments, is calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives, and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Specifically significant assumptions used in fair valuing the investments (financial assets) are set out below:

The financial statements include holdings in unlisted shares which are measured at fair value (note 5). These are all level 3 fair value measurements which are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs). There are no instruments which are measured at level 1 or level 2.

Fair value is estimated by an independent valuer, using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. The effective date of the valuations was 28 February 2013. Business assumptions are not supported by historical performance, and also assume that the required funding support is received.

Avalloy

In determining the fair value, a ten year projection period has been used. First year revenue growth assumes a 699.9% increase (with production increasing from the current 43 tons to 397 tons), followed by a 140.9% increase (approximately 939 tons) in year two and averaging growth of 20.3% from year three to year ten. First year operating profit margin is -9.9%, increasing to 11.9% in year two and averaging 20.69% from year three to year ten. A risk adjusted discount factor of 18.00% has been used. The Avalloy valuation was prepared on a real basis.

The ability of Avalloy to operate profitably is highly dependent on funding. Should the required level of funding not be obtained, the company is not expected to be in a position to reach break-even or cover existing debt obligations. It may be necessary to recapitalise Avalloy's balance sheet prior to obtaining funding commitments. In the absence of funding the company's valuation is likely to change.

Pure Ocean

In determining the fair value, an eighteen year projection period has been used. First year revenue growth assumes a 797.5% increase (with production increasing from 38 tons to 433 tons), followed by a 254.8% increase in year two and averaging 22.5% growth from year three to year eighteen. The model assumes a long-term average operating profit margin of 34,4% from year three onward. A risk adjusted discount factor of 21.69% has been used. The Pure Ocean valuation was prepared on a nominal basis.

The ability of the company to operate at a profitable level is highly dependent on funding. Should the required level of funding not be obtained, it appears unlikely that the company will be in a position to achieve the levels of growth required to generate the cash flow necessary to cover existing short term debt obligations.

Tor

Tor Construction (Proprietary) Limited was placed into final liquidation on 27 August 2012. No interest has been accrued for in the current year as future economic benefits are not probable. The capital and interest has been fully impaired in the current year as it is highly unlikely that any liquidation dividend will be received.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of level 3 fair value measurement of financial assets

For the year ended 28 February 2013

	Opening balance	Additions to investment	Fair value adjustment	Partial conversion of loan to investment	Interest	Closing balance
	R	R	R	R	R	R
Avalloy	65 333 565	-	(26 323 058)	-	-	39 010 507
Pure Ocean	20 633 013	12	(8 575 908)	-	-	12 057 117
Tor	8 281 292	-	(8 281 292)	-	-	-
	94 247 870	12	(43 180 258)	-	-	51 067 624

For the 11 months ended 29 February 2012

	Opening balance	Additions to investment	Fair value adjustment	Partial conversion of loan to investment	Interest	Closing balance
	R	R	R	R	R	R
Avalloy	-	52 168 788	5 131 912	6 557 455	1 475 410	65 333 565
Pure Ocean	-	7	20 633 006	-	-	20 633 013
Tor	-	18	8 281 274	-	-	8 281 292
	-	52 168 813	34 046 192	6 557 455	1 475 410	94 247 870

If each of the most significant inputs to these valuations were higher or lower by the following percentage, with all other assumptions remaining constant the fair value would change as follows:

For the year ended 28 February 2013

	Revised valuations			
	Avalloy	Pure Ocean	Total	Difference
	R	R	R	R
Plus 10% revenue	n/a	21 850 460	21 850 460	9 793 343
Minus 10% revenue	n/a	2 263 862	2 263 862	(9 793 255)
Plus 10% tonnage	43 409 551	n/a	43 409 551	4 399 043
Minus 10% tonnage	34 613 299	n/a	34 613 299	(4 397 208)
Plus 10% earnings before interest and tax	41 340 000	17 654 769	58 994 769	7 927 145
Minus 10% earnings before interest and tax	36 682 000	6 459 554	43 141 554	(7 926 070)
Plus 1% discounting rate	36 524 741	7 778 720	44 303 461	(6 764 163)
Minus 1% discounting rate	41 716 919	17 007 940	58 724 859	7 657 235

For the 11 months ended 29 February 2012

		Valuations			
	Tor	Avalloy	Pure Ocean	Total	Difference
	R	R	R	R	R
Plus 10% revenue	14 379 690	77 069 739	21 469 808	112 919 237	18 671 367
Minus 10% revenue	2 215 822	53 523 037	19 796 217	75 535 076	(18 712 794)
Plus 1% net profit	9 206 748	68 820 760	22 009 449	100 036 957	5 789 087
Minus 1% net profit	7 355 836	61 763 016	19 256 577	88 375 429	(5 872 441)
Plus 1% discount rate	7 849 097	61 649 271	17 211 039	86 709 407	(7 538 463)
Minus 1% discount rate	8 752 122	69 241 849	24 562 377	102 556 348	8 308 478

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified. These reclassifications had no effect on the net profit for the current or prior years and have been changed to more appropriately reflect the substance of the underlying transaction or for consistency with current year presentation. There was no need to restate the opening comparative statement of financial position, given that these reclassifications have no impact on the opening accumulated profit.

Statement of comprehensive income

The line item for "Administrative expenses" amounting to R 100 491 in 2012 was reclassified as part of "Other expenses" in the current year for consistency with current year presentation.

Statement of cash flows

A cash outflow of R108 776 921 that was reflected in the "Borrowings – advanced" line item under financing activities in 2012 was reclassified to "Non-current loans – advanced" in investing activities to more appropriately reflect the substance of the transaction as an investing activity

27. SEGMENT REPORTING

BK One is an investment company with investments in certain industries with differing risk profiles. The information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance is provided per investment, which is currently per industry. The reportable segments under IFRS 8 are therefore noted below. The only transactions that affect BK One are the fair value adjustments and interest which are:

For the year ended 28 February 2013

Investment	Industry	Fair value adjustment	Interest received
		R	R
Pure Ocean	Aquaculture	(8 575 908)	7 673 827
Avalloy	Superalloys	(26 323 058)	344 579
Tor	Construction	(8 281 292)	-

For the 11 months ended 29 February 2012

Investment	Industry	Fair value adjustment	Interest received
		R	R
Pure Ocean	Aquaculture	20 633 006	1 593 863
Avalloy	Superalloys	5 131 912	309 395
Tor	Construction	8 281 274	731 071

CORPORATE INFORMATION

Registered office
12th Floor,
2 Long Street
Cape Town, 8001

P O Box 6223
Roggebaai, 8012

Company secretary
SecCorp Secretarial Services (Proprietary) Limited
(Registration number 2001/007821/07)
Jennifer van der Merwe (extensive experience in company secretarial)
Block C Suites 41-42 Bueno Vista Office Park
Cnr Kendal & Durban Roads
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Private Bag X7
Tyger Valley, 7536

Investment bank and debt sponsor
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PO Box 1144
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Legal advisors
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Financial service provider
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Independent Auditor
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1st Floor Cape Quarter
27 Somerset Road
Greenpoint

Cape Town 8005
P O Box 578
Cape Town, 8000

Transfer Secretaries
Computershare Investor Services (Proprietary) Limited
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BK ONE LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2011/008103/06)
JSE Share Code BK1PREF
ISDN: ZAE 000161352
("BK" or "the Company)

NOTICE OF PREFERENCE SHAREHOLDERS' MEETING

Notice is hereby given that the second meeting of the Preference Shareholders of BK One Limited will be held at The Victoria & Alfred Hotel, On The Waterfront Pierhead, Cape Town on Thursday, 18 July 2013 at 11h00.

Purpose

The purpose of the meeting is to transact the business set out in the agenda below.

Record date, attendance and voting

The record date for the meeting (determined in accordance with section 59(3)(a) of the Companies Act, 2008 as amended ("the Act"), is Friday, 21 June 2013 being the date on which a person must be registered as a preference shareholder of the company for purposes of being entitled to receive notice of the preference shareholders' meeting.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at the meeting as determined in terms of section 59(3)(b) of the Act is Friday, 12 July 2013.

Votes at the preference shareholders' meeting will be taken by way of a poll.

A member entitled to attend and vote at the preference shareholders' meeting is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. A form of proxy is attached for the convenience of any shareholder who cannot attend the preference shareholders' meeting, but who wishes to be represented thereat.

Proxy forms must be received by the Chairman on or before 11h00 on Tuesday, 16 July 2013.

Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the preference shareholders' meeting. Forms of identification include a valid identity document, a driver's licence or a passport.

Agenda

1. To approve Special Resolution Number 1
2. To approve Ordinary Resolution Number 1

Special Resolution Number 1 – Authorisation of allotment of remaining authorised but unissued preference shares by directors

To authorise the Company to pass the following special resolution:

"The Company be and is hereby authorised, until its next annual general meeting, to issue 79 898 000 (seventy-nine million, eight hundred and ninety-eight thousand Preference Shares), being the remaining authorised but unissued 'A' Preference Shares in the authorised share capital of the Company, to selected investors as part of a private placement undertaken or to be undertaken by the Company, at a price not less than the 30-day volume weighted average price of such 'A' Preference Shares, determined by the board of directors of the Company on the business day immediately prior to the issue date thereof."

Rationale

The Company wishes to raise additional capital to deploy in investment opportunities in a manner consistent with the investment mandate, as communicated in the prospectus dated 30 November 2011, a copy of which may be obtained from the Company upon request. The Company intends to raise the additional capital via a private placement of unissued, non-cumulative, redeemable, participating preference shares ("the 'A' Preference Shares") in the share capital of the Company (the "Fresh Issue").

To this end, the Company is continuously engaged with potential investors and accordingly wishes to be in a position to proceed quickly should an opportunity arise. The Company therefore seeks approval, valid until its next annual general meeting, from the existing holders of 'A' Preference Shares to issue all the authorised but unissued 'A' Preference Shares in its share capital as may be required to raise additional capital.

((i) The 'A' Preference Shares issued pursuant to the approval sought will be issued at a price not less than the 30 day volume weighted average price, calculated immediately preceding the issue date of the fresh issue ("the Fresh Issue Date").

(ii) The effect of the Fresh Issue will result in the redemption date of the existing 'A' Preference Shares being 10 years and 3 business days from the Fresh Issue Date. This represents a maximum extension of the term of the 'A' Preference Shares held by existing holders of 'A' Preference Shares of approximately 20 months.

(iii) In terms of section 41(3) of the Act, any issue of shares in a transaction or a series of integrated transactions requires approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the shares of that class held by the shareholders immediately before the transaction or series of transactions. The effect of this Special Resolution Number 1 is to grant the Company, until the next annual general meeting, the authority to issue the remaining authorised but unissued 'A' Preference Shares to selected investors as part of the private placement undertaken or to be undertaken by the Company.

In order for Special Resolution Number 1 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by the preference shareholders present or represented by proxy at the preference shareholders' meeting and entitled to exercise voting rights on the resolution is required.

Ordinary Resolution Number 1: Authority to sign all documents required

"Resolved that, any one of the directors or the company secretary be and is hereby authorised to do all such things and sign all documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions to be proposed at the preference shareholders' meeting at which this resolution will be proposed."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the preference shareholders' meeting and entitled to exercise voting rights on the resolution is required.

Certificated shareholders/dematerialised shareholders with own name registration

Registered holders of certificated non-redeemable cumulative preference shares ("preference shares") and holders of dematerialised preference shares in their own name, may attend, speak and vote at the preference shareholders' meeting or are entitled to appoint a proxy or more than one proxy to attend, speak and, on a poll, vote in his stead.

Any person appointed as a proxy need not be a shareholder of the company.

Forms of proxy must be received at the registered office of the Company, 12th Floor, 2 Long Street, Cape Town, 8001 (P O Box 6223, Roggebaai, 8012) or by the company's transfer secretaries (Computershare Investor Services (Pty) Limited) at 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown 2107), by not later than 11h00 on Tuesday, 16 July 2013.

Dematerialised shareholders

Shareholders who have dematerialised their shares through a Central Securities Depositary Participant ("CSDP") or stockbroker, and who have not elected own-name registration and wish to attend the preference shareholders' meeting, should timeously inform their CSDP or stockbroker of their intention to attend the meeting and request such CSDP or stockbroker to issue them with the necessary authority to attend. If they do not wish to attend the preference shareholders' meeting, they may provide such CSDP or stockbroker with their voting instructions.

Voting rights

On a show of hands, every preference shareholder who is present in person or by proxy at the general meeting will have one vote (irrespective of the number of preference shares held in the Company) and, on a poll, every preference shareholder will have one vote for every preference share held or represented.

Electronic participation by shareholders

Should any shareholder (or a proxy for a shareholder) wish to participate in the preference shareholders' meeting by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address above, to be received by the transfer secretaries at least five business days prior to the preference shareholders' meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or its representative or proxy) with details as to how to access any electronic participation to be provided.
The Company reserves the right not to provide for electronic participation at the preference shareholders' meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the company.

By order of the board



J.A. van der Merwe
For: SecCorp Secretarial Services (Pty) Ltd
Company Secretaries
Durbanville 25 June 2013

BK ONE LIMITED
(Incorporated in the Republic of South Africa)
((Registration Number 2011/008103/06)
JSE Share Code BK1PREF
ISDN: ZAE 000161352
("BK" or "the Company)

SECOND MEETING OF PREFERENCE SHAREHOLDERS

To be completed by certificated shareholders and dematerialised shareholders with ´own name´ registration only.

I/We _____

of (address) _____

being a member of the abovementioned company and holding _____

preference shares entitling me/us to _____votes (1 per share)

do hereby appoint _____ of _____ or failing him/her,

_____ of _____ or failing him/her,

the chairman of the meeting,

as my/our proxy to vote for me/us on my/our behalf at the preference shareholders' meeting of the Company to be held at The Victoria & Alfred Hotel, On The Waterfront Pierhead, Cape Town on 18 July 2013 at 11h00.

Dated this _____ day of _____ 2013

Signature/s _____

	Mark with an X whichever is applicable		
I/We desire to vote as follows:	Vote for	Vote against	Abstain
Special Resolution Number 1 - Authorisation of allotment of remaining authorised but unissued preference shares by directors.			
Ordinary Resolution Number 1 - Authority to sign all documents required.			

Unless otherwise directed, the proxy will vote or abstain, as he or she thinks fit in respect of the member's total holding.

Any member entitled to attend and vote at the preference shareholders' meeting is entitled to appoint a proxy or proxies to attend, speak, act and, on poll, vote in his or her stead. The proxy so appointed need not be a member of the Company.

Members holding certificated shares or dematerialised shares registered in their own name

1. Only members who hold certificated shares and members who have dematerialised their shares with 'own name' registration may use this proxy form.
2. Each member is entitled to appoint one or more proxies (none of whom needs be a member of the company) to attend, speak and, on a poll, vote in place of that member at the preference shareholders' meeting, by inserting the name of the proxy or the names of two alternate proxies of the member's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate boxes provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxy, to vote in favour of the resolutions at the preference shareholders' meeting, or any other proxy to vote or to abstain from voting at the preference shareholders' meeting, as he deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his proxy is not obliged to vote in respect of all the shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his proxy is entitled.
5. Forms of proxy must be received at the registered office of the Company, 12th Floor, 2 Long Street, Cape Town, 8001 (P O Box 6223, Roggebaai, 8012) or by the Company's transfer secretaries (Computershare Investor Services (Pty) Limited) at 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown 2107), by not later than 10h00 on Tuesday 16 July 2013.
6. The completion and return of this form of proxy in accordance with point 5 above will not preclude the relevant member from attending the preference shareholders' meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the company.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. This proxy form must be signed by all joint members. If more than one of those members is present at the preference shareholders' meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairman of the preference shareholders' meeting.
11. The chairman of the preference shareholders' meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Members holding dematerialised shares

12. Members who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker (except those members who have elected to dematerialise their shares with 'own name' registration) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time as detailed in point 5 above.
13. All such members wishing to attend the preference shareholders' meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time as detailed in point 5 above.

BK ONE LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2011/008103/06)
JSE Share Code BK1P
ISDN: ZAE 000161352
("BK" or "the Company)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the second Annual General Meeting of members of BK One will be held at The Victoria & Alfred Hotel, On The Waterfront Pierhead, Cape Town on Thursday, 18 July 2013 at 12h00.

Purpose
The purpose of the meeting is to transact the business set out in the agenda below.

Record date, attendance and voting
The record date for the Annual General Meeting (determined in accordance with section 59(3) (a) of the Companies Act, No 71 of 2008 as amended ("the Act"), is Friday, 21 June 2013 being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to receive notice of the Annual General Meeting.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at the meeting as determined in terms of section 59(3)(b) of the Act is Friday, 12 July 2013.

Votes at the Annual General Meeting will be taken by way of a poll or on a show of hands.

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not be a member of the company. A form of proxy is attached for the convenience of any shareholder who cannot attend the annual general meeting, but who wishes to be represented thereat. Proxy forms must be received by the Chairman on or before 12h00 on Tuesday 16 July 2013.

Identification of meeting participants
Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the Annual General Meeting. Forms of identification include a valid identity document, a driver's licence or a passport.

Agenda

1. Presentation of the audited financial statements of the Company, including the reports of the director and auditors for the year ended 28 February 2013. The annual report, including the annual financial statements, reports of the directors and the audit committee are attached to this notice of the Annual General Meeting.

2. To consider and, if deemed fit, pass with or without modification ordinary resolutions 1 – 9.

3. To consider and, if deemed fit, pass with or without modification special resolutions 1 – 3.

4. **Ordinary Resolution Number 1 – Annual Financial Statements for the year ended 28 February 2013.**

   Resolved that the audited annual financial statements for the year ended 28 February 2013, including the directors' report, the report of the auditors and the report of the audit & risk committee thereon be and are hereby received and accepted.

5. **Ordinary Resolution Number 2 – Re-election of Ms P.K.V. Ncetezo as a director**

   Resolved that, Ms P.K.V. Ncetezo who retires in terms of article 24.6 of the memorandum of incorporation ("MOI") of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

6. **Ordinary Resolution Number 3 – Re-election of Mr P.G. Gaylard as a director**

   Resolved that, Mr P.G. Gaylard who retires in terms of article 24.6 of the MOI of the Company and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.

7. **Ordinary Resolution Number 4 – Re-appointment of Auditors**

   Resolved that, Deloitte & Touche with the designated audit partner being Ms U Van der Horst be and is hereby re-appointed as independent auditors of the Company until the conclusion of the next annual general meeting and that the term of engagement and fees be determined by the Audit Committee.

8. **Ordinary Resolution Number 5 – Election of members of the Audit and Risk Committee**

   Resolved, by way of a separate resolution, that an Audit and Risk Committee comprising the independent, non-executive directors set out below be and is hereby elected in terms of section 94(2) of the Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Act and in King III and to perform such other duties and responsibilities as may from time to time be delegated by the board:

   8.1. Mr H.P. van Noort Chairperson

   8.2 Ms P.K.V. Ncetezo

   8.3 Mr P.G. Gaylard

9. **Ordinary Resolution Number 6 – General Authority for directors to issue authorised but unissued ordinary shares**

   Resolved that subject to the Act and the MOI of the Company, the authorised but unissued ordinary shares (which shares are not listed on the JSE Limited) in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and at their discretion deem fit.

10. **Ordinary Resolution Number 7 - Approval of remuneration policy**

    Resolved that through a non-binding advisory vote, the Company's remuneration policy and its implementation, as set out in the Remuneration Report contained in the annual report be and is hereby approved.

    In order for Ordinary Resolutions Numbers 1 – 7 and 9 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

11. Ordinary Resolution Number 8 – General authority for directors to issue shares for cash

    Resolved that the directors be and are hereby authorised to issue unissued shares of a class of shares already in issue in the capital of the Company for cash as and when the opportunity arises upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI and the provisions of the Act. This authority and approval shall not endure beyond the earlier of the next annual general meeting of the Company or beyond fifteen (15) months from the date of this Annual General Meeting.

    In order for Ordinary Resolution Number 8 to be adopted, the support of more than 75% of the voting rights required for ordinary resolution number 8 to be adopted is a minimum of 75% of the voting rights exercised on the resolution by ordinary shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

12. **Special Resolution Number 1 - Loans or other financial assistance to related or inter-related companies**

    Resolved that the directors of the Company be and are hereby authorised, in accordance with section 45 of the Act, to authorise the Company to provide direct or indirect financial assistance to any company which is related or inter-related to the Company.

    Rationale

    The rationale for this Special Resolution Number 1 is that:

    Section 45 of the Act provides, among other things, that, except to the extent that the memorandum of incorporation of a company provides otherwise, the board may authorise the Company to provide direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation) to a related or interrelated company or corporation, provided that such authorisation shall be made pursuant to a special resolution of the shareholders adopted within the previous two years, which approved such assistance either for the specific recipient or generally for a category of potential recipients and the specific recipient falls within that category.

13. **Special Resolution Number 2 - Approval of non-executive directors' fees**

Resolved that the fees payable to the non-executive directors for their services to the board and committees of the board be revised with effect from 1 March 2013 as follows:

Non-executive director	2013	2014
P.K.V. Ncetezo	220 000	280 000
P.G. Gaylard	200 000	220 000
H.P. van Noort	240 000	300 000

Rationale

The rationale of this Special Resolution Number 2 is that:

Section 66(8) (read with section 66(9)) of the Act provides that, to the extent permitted in the company's memorandum of incorporation, the Company may pay remuneration to its directors for their services as directors provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. Article 61 of the Company's memorandum of incorporation provides that the directors shall be paid such remuneration as the Company may from time to time determine in a general meeting. Article 61 further provides that any director who serves on a committee of the board or resides outside South Africa may be paid extra or additional remuneration or allowances over and above his or her remuneration as a director. The remuneration committee has considered the remuneration for non-executive directors and the board has accepted the recommendations of the remuneration committee.

14. **Special Resolution Number 3 – Authorisation of allotment of remaining authorised but unissued preference shares by directors**

Resolved that conditional upon the approval of the preference shareholders being obtained at the separate preference shareholders' meeting held immediately prior to this Annual General Meeting, the Company be and is hereby authorised, until its next annual general meeting, to issue 79 898 000 (seventy-nine million, eight hundred and ninety-eight thousand), being the remaining authorised but unissued 'A' Preference Shares in the authorised share capital of the Company, to selected investors as part of a private placement undertaken or to be undertaken by the Company, at a price not less than the 30-day volume weighted average price of such 'A' Preference Shares, determined by the board of directors of the Company on the business day immediately prior to the issue date thereof.

Rationale

The rationale of this Special Resolution Number 3 is that:

The Company wishes to raise additional capital to deploy in investment opportunities in a manner consistent with the investment mandate, as communicated in the prospectus dated 30 November 2011, a copy of which may be obtained from the Company upon request. The Company intends to raise the additional capital via a private placement of unissued, non-cumulative, redeemable, participating preference shares ("the 'A' Preference Shares") in the share capital of the Company ("the "Fresh Issue").

To this end, the Company is continuously engaged with potential investors and accordingly wishes to be in a position to proceed quickly should an opportunity arise. The Company therefore seeks approval, valid until its next annual general meeting, from the existing holders of 'A' Preference Shares to issue all the authorised but unissued 'A' Preference Shares in its share capital as may be required to raise additional capital.

(i) The 'A' Preference Shares issued pursuant to the approval sought will be issued at a price not less than the 30 day volume weighted average price, calculated immediately preceding the issue date of the fresh issue ("the Fresh Issue Date").

(ii) The effect of the Fresh Issue will result in the redemption date of the existing 'A' Preference Shares being 10 years and 3 business days from the Fresh Issue Date. This represents a maximum extension of the term of the 'A' Preference Shares held by existing holders of 'A' Preference Shares of approximately 20 months.

(iii) In terms of section 41(3) of the Act, any issue of shares in a transaction or a series of integrated transactions requires approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the shares of that class held by the shareholders immediately before the transaction or series of transactions. The effect of this Special Resolution Number One is to grant the Company, until the next annual general meeting, the authority to issue the remaining authorised but unissued 'A' Preference Shares to selected investors as part of the private placement undertaken or to be undertaken by the Company.

In order for Special Resolutions Numbers 1, 2 and 3 to be adopted, the support of at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution is required.

15. **Ordinary Resolution Number 9: Authority to sign all documents required**

Any one of the directors or the company secretary be and is hereby authorised to do all such things and sign all documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions to be proposed at the Annual General Meeting at which this resolution will be proposed.

Certificated shareholders/dematerialised shareholders with own name registration

Registered holders of certificated non-redeemable cumulative preference shares ("preference shares") and holders of dematerialised preference shares in their own name, may attend, speak and vote at the annual general meeting or are entitled to appoint a proxy or more than one proxy to attend, speak and, on a poll, vote in his stead.

Any person appointed as a proxy need not be a shareholder of the Company

Forms of proxy must be received at the registered office of the Company, 12th Floor, 2 Long Street, Cape Town, 8001 (P O Box 6223, Roggebaai, 8012) or by the company's transfer secretaries (Computershare Investor Services (Pty) Limited) at 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown 2107), by not later than 12h00 on Tuesday, 16 July 2013.

Dematerialised shareholders

Shareholders who have dematerialised their shares through a Central Securities Depositary Participant ("CSDP") or stockbroker, and who have not elected own-name registration and wish to attend the Annual General Meeting, should timeously inform their CSDP or stockbroker of their intention to attend the meeting and request such CSDP or stockbroker to issue them with the necessary authority to attend. If they do not wish to attend the Annual General Meeting, they may provide such CSDP or stockbroker with their voting instructions.

Voting rights

The ordinary shareholders are entitled to vote on all the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or by proxy at the Annual General Meeting will have one vote (irrespective of the number of ordinary shares held in the Company) and, on a poll, every ordinary shareholder will have one vote for every ordinary share held or represented. **Electronic participation by shareholders**

Should any shareholder (or a proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address above, to be received by the transfer secretaries at least five business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or its representative or proxy) with details as to how to access any electronic participation to be provided.

The Company reserves the right not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company.

By order of the board



J.A. van der Merwe
For: SecCorp Secretarial Services (Pty) Ltd
Company Secretaries
Durbanville
25 June 2013

BK ONE LIMITED
(Incorporated in the Republic of South Africa)
((Registration Number 2011/008103/06)
JSE Share Code BK1PREF
ISDN: ZAE 000161352
("BK" or "the Company)

SECOND ANNUAL GENERAL MEETING OF MEMBERS

To be completed by certificated ordinary shareholders and dematerialised shareholders with ´own name´ registration only.

I/We _____

of (address) _____

being a member of the abovementioned company and holding _____

ordinary shares entitling me/us to _____votes (1 per share)

do hereby appoint _____ of _____ or failing him/her,

_____ of _____ or failing him/her,

the chairman of the meeting,

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held at The Victoria & Alfred Hotel, On The Waterfront Pierhead, Cape Town on 18 July 2013 at 12h00.

Dated this _____ day of _____ 2013

Signature/s _____

	Mark with an X whichever is applicable		
I/We desire to vote as follows:	Vote for	Vote against	Abstain
Ordinary Resolution Number 1 - Receive and accept the presentation of the audited annual financial statements for the year ended 28 February 2013.			
Ordinary Resolution Number 2 - Re-election of Ms P K V Ncetezo as a director.			
Ordinary Resolution Number 3 - Re-election of Mr P G Gaylard as a director.			
Ordinary Resolution Number 4 - Re-appointment of Deloitte & Touche as auditors.			
Ordinary Resolution Number 5 - Election of members of the audit committee.			
a. Mr H P van Noort (Chairperson)			
b. Ms P K V Ncetezo			
c. Mr P G Gaylard			
Ordinary Resolution Number 6 - General authority for directors to issue authorised but unissued ordinary shares.			
Non-binding Resolution Number 7 - Approval of remuneration policy.			
Ordinary Resolution Number 8 - General authority for directors to issue shares for cash.			
Special Resolution Number 1 – Loans or other financial assistance to related or inter-related companies.			
Special Resolution Number 2 - Approval of non-executive directors' fees.			
Special Resolution Number 3 - Authorisation of allotment of remaining authorised but unissued preference shares by directors (subject to prior approval of preference shareholders at a separate class meeting).			
Ordinary Resolution Number 9 – Authority to sign all documents required.			

Unless otherwise directed, the proxy will vote or abstain, as he or she thinks fit in respect of the member's total holding.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak, act and, on poll, vote in his or her stead. The proxy so appointed need not be a member of the Company.

Members holding certificated shares or dematerialised shares registered in their own name

1. Only members who hold certificated shares and members who have dematerialised their shares with 'own name' registration may use this proxy form.
2. Each member is entitled to appoint one or more proxies (none of whom needs be a member of the Company) to attend, speak and, on a poll, vote in place of that member at the Annual General Meeting, by inserting the name of the proxy or the names of two alternate proxies of the member's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate boxes provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his proxy is not obliged to vote in respect of all the shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his proxy is entitled.
5. Forms of proxy must be received at the registered office of the Company, 12th Floor, 2 Long Street, Cape Town 8000 (P O Box 6223, Roggebaai, 8012) or by the Company's transfer secretaries (Computershare Investor Services (Pty) Limited) at 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107), by not later than 12h00 on Tuesday, 16 July 2013.
6. The completion and return of this form of proxy in accordance with point 5 above will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the Company.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. This proxy form must be signed by all joint members. If more than one of those members are present at the Annual General Meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairman of the Annual General Meeting.
11. The chairman of the Annual General Meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Members holding dematerialised shares

12. Members who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker (except those members who have elected to dematerialise their shares with "own name" registration) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time as detailed in point 5 above.
13. All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time as detailed in point 5 above.