

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)**  
**Formerly Turn Style 105 Limited (Incorporated under Section 21)**  
**(Registration number 2007/012741/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008**

BBR van der Grijp & Associates  
Chartered Accountant (S.A.)  
Registered Auditor  
Issued 25 October 2008

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
General Information**

<b>Country of Incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Carry on the business of the prevention of infection and the provision of prevention and education programmes relating to HIV
<b>Directors</b>	S Solomon G A Reid T J R van Dyk
<b>Registered office</b>	1501 Christian Barnard Hospital Loop Street Cape Town 8001
<b>Business address</b>	1501 Christian Barnard Hospital Loop Street Cape Town 8001
<b>Postal address</b>	P O Box 1192 Greenpoint 8051
<b>Bankers</b>	First National Bank Limited
<b>Auditor</b>	BBR van der Grijp & Associates Chartered Accountant (S.A.) Registered Auditor
<b>Company registration number</b>	2007/012741/08

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Index**

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

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# BBR VAN DER GRIJP & ASSOCIATES

CHARTERED ACCOUNTANTS (S.A.)  
Registration: 920 932 E

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## Report of the Independent Auditor

### To the shareholders of Positive Heroes (South Africa) Limited (Incorporated under Section 21)

I have audited the accompanying annual financial statements of Positive Heroes (South Africa) Limited (Incorporated under Section 21), which comprise the directors' report, the balance sheet as at 29 February 2008, the income statement, the statement of changes in equity and cash flow statement for the 10 months then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

### Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 the directors, as well as evaluating the overall presentation of the annual financial statements.

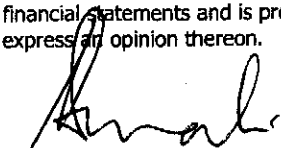
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 29 February 2008, and of its financial performance and its cash flows for the 10 months then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

### Supplementary Information

I draw your attention to the fact that the supplementary information set out on page 13 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.



BBR van der Grijp & Associates  
Registered Auditor

25 October 2008

Strand

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Directors' Responsibilities and Approval**


The directors are required by the Companies Act of South Africa, 1973, 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 10 months and the results of its operations and cash flows for the period 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 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the directors on 25 October 2008 and were signed on their behalf by:

  
\_\_\_\_\_  
**G A Reid**

  
\_\_\_\_\_  
**S Solomon**

  
\_\_\_\_\_  
**T J R van Dyk**

**Strand**

**25 October 2008**

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Directors' Report**

The directors submit their report for the 10 months ended 29 February 2008.

**1. Review of activities**

**Main business and operations**

The company is engaged in the carrying on of the business of the prevention of infection and the provision of prevention and education programmes relating to HIV and operates 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 profit of the company was R 42,708 (2007: profit R -), after taxation of R - (2007: R -).

**2. Post balance sheet events**

The directors are not aware of any matter or circumstance arising since the end of the financial 10 months which might have an effect on the financial statements.

**3. Non-current assets**

There were no major changes in the nature of the non-current assets of the company during the 10 months.

**4. Directors**

The directors of the company during the 10 months and to the date of this report are as follows:

Name	Changes
S Solomon	Appointed 01 November 2007
G A Reid	Appointed 01 July 2007
T J R van Dyk	Appointed 01 July 2007
K Daka	Appointed 03 August 2007, resigned 01 November 2007
A J Rich	Appointed 30 April 2007, resigned 01 November 2007
K Oosthuizen	Appointed 30 April 2007, resigned 01 November 2007

**5. Name change**

The company changed its name from Turn Style 105 (Association incorporated under Section 21) to Positive Heroes (South Africa) (Association incorporated under Section 21) on 3rd September 2007.

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Balance Sheet**

	Notes	29 February 2008
<b>Assets</b>		
<b>Current Assets</b>		
Trade and other receivables	2	2,077
Cash and cash equivalents	3	79,230
		<u>81,307</u>
<b>Total Assets</b>		<u>81,307</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Retained income		<u>42,708</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	4	38,599
<b>Total Equity and Liabilities</b>		<u>81,307</u>

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)**  
**ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008**  
**Income Statement**

	<b>10 months ended 29 February 2008</b>
	<b>Notes</b>
Income	87,467
Expenses	44,759
<b>Operating profit</b>	<b>42,708</b>
<b>Profit for the 10 months</b>	<b>42,708</b>



**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)**  
**ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008**  
**Statement of Changes in Equity**

	<b>Retained income</b>	<b>Total equity</b>
<b>Balance at 01 March 2007</b>	-	-
Changes in equity		
Profit for the 10 months	42,708	42,708
Total changes	42,708	42,708
<b>Balance at 29 February 2008</b>	<b>42,708</b>	<b>42,708</b>

Notes

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Cash Flow Statement**

		<b>10 months ended 29 February 2008</b>
	<b>Notes</b>	
<b>Cash flows from operating activities</b>		
Cash generated from operations	6	<u>79,230</u>
<b>Total cash movement for the 10 months</b>		<b>79,230</b>
Cash at the beginning of the 10 months		<u>-</u>
<b>Total cash at end of the 10 months</b>	3	<b><u>79,230</u></b>

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Accounting Policies**

**1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

**1.1 Financial instruments**

**Initial recognition**

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

**Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

**1.2 Tax**

**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

**1.3 Revenue**

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

Donations received are recognised on the receipt basis.

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Accounting Policies**

**1.4 Turnover**

Turnover comprises of donations from interested parties.

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008**

**Notes to the Annual Financial Statements**

**2008**

**2. Trade and other receivables**

VAT	<u>2,077</u>
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**3. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	<u>79,230</u>
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**4. Trade and other payables**

Sundry payables	<u>38,599</u>
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**5. Taxation**

No provision has been made for 2008 tax as the company has no taxable income. The company is exempt from income tax in terms of Section 10 1 (cN) of the Income Tax Act of 1962, as amended.

**6. Cash generated from operations**

Profit before taxation	42,708
<b>Changes in working capital:</b>	
Trade and other receivables	(2,077)
Trade and other payables	38,599
	<u><b>79,230</b></u>

**7. Related parties**

Relationships	
Members of key management	G A Reid

**8. Directors' emoluments**

**Executive**

2008	Emoluments	Total
In connection with the affairs of the company	<u>20,000</u>	<u>20,000</u>

**9. Comparative figures**

No comparative figures have been presented as these are the first annual financial statements of the company.

**POSITIVE HEROES (SOUTH AFRICA) LIMITED (INCORPORATED UNDER SECTION 21)  
ANNUAL FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 29 FEBRUARY 2008  
Detailed Income statement**

	<b>10 months ended 29 February 2008</b>
	<b>Notes</b>
<b>Revenue</b>	
Donations received	87,467
	<hr/>
<b>Operating expenses</b>	
Advertising	10,369
Assets less than R 3,000	200
Bank charges	152
Company formation expenses	1,180
Consulting fees	20,000
Legal expenses	5,900
Postage	957
Trade mark costs	2,760
Website costs	3,241
	<hr/>
	<b>44,759</b>
	<hr/>
<b>Profit for the 10 months</b>	<b>42,708</b>
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The supplementary information presented does not form part of the annual financial statements and is unaudited