

AFROCENTRIC INVESTMENT CORPORATION LIMITED
(formerly WB Holdings Limited)

(Registration Number: 1988/000570/06)

Company Financial Statements
for the year ended 30 June 2006

AFROCENTRIC INVESTMENT CORPORATION LIMITED
Formerly WB Holdings Limited
(Reg. No. 1988/000570/06)

Company Financial Statements
for the year ended 30 June 2006

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AFROCENTRIC INVESTMENT CORPORATION LIMITED

Formerly WB Holdings Limited

(Reg. No. 1988/000570/06)

Letter to the Shareholders

for the year ended 30 June 2006

Dear Shareholder

It is with pleasure that we are able to include a brief message in this Annual Report to shareholders of AfroCentric Investment Corporation Limited (formerly WB Holdings Limited).

The financial results of AfroCentric for the year ended 30 June 2006 are respectfully of little relevance to current AfroCentric shareholders as, save for the Company's farming operations disposed of during the first half of the year (and already reported on), the Company conducted no formal business thereafter. The losses incurred for the 2006 financial year reflected in the Annual Financial Statements are substantially those related to the aforesaid farming activities prior to the change of control of AfroCentric on 22 December 2005.

During the second half of the financial year, AfroCentric carried out a corporate restructure which culminated in a Rights Issue and Recapitalisation finally concluded on 14 August 2006. AfroCentric is now a broad based Black controlled diversified investment holding company. The AfroCentric Empowerment Trust owns 50.1% of the Company's issued ordinary share capital.

Looking forward, we would characterise AfroCentric as a new South African company driven by an entrepreneurial spirit, by innovation and leadership and we would hope that in the 2007 financial year, and in the years to come, AfroCentric will provide the sense, the evidence and the results of such enterprise and attainment. The commencing mutual co-operation agreement concluded with Rio Tinto Plc and announced on 26 September 2006 begins to reveal the nature and substance of the Company's commercial objectives.

This is the first Annual Report under the name of AfroCentric and given the robust and transforming commercial landscape in South Africa, the Board believe there is good reason to look to the future with certainty and confidence.

Sincerely

BOARD OF DIRECTORS

AFROCENTRIC INVESTMENT CORPORATION LIMITED

Formerly WB Holdings Limited

(Reg. No. 1988/000570/06)

Statement of Directors' Responsibilities

for the year ended 30 June 2006

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of AfroCentric Investment Corporation Limited, in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act. The financial statements presented on pages 6 to 28 have been prepared in accordance with the requirements of IFRS and the Companies Act except for the matters detailed in the directors' report on page 6 and includes amounts based on judgements and estimates made by management.

Except for the matters included on page 6 of the directors report, the directors consider that having applied IFRSs in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly present the results of operations for the year and the financial position of the Company at year-end in accordance with IFRS.

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

Owing to the change in focus of the company, as well as the change in ownership, the Company is currently designing and implementing its internal control structures, which would incorporate risk management and internal control procedures which are to be designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. To this end the Company intends to appoint a permanent executive management team. Until such time as the executive management team is appointed and established, an informal management team comprising directors of the Company has assumed responsibility as acting management. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of controls, procedures and systems has occurred during the year under review.

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

The company's external auditors, SizweNtsaluba vSP, audited the financial statements and their audit report is presented on page 5.

The annual financial statements which appear on pages 6 to 28 were approved for issue by the board of directors on 29 September 2006 and are signed on its behalf by:



M I Sacks
Director

Johannesburg
29 September 2006



J M Kahn
Director

Johannesburg
29 September 2006

AFROCENTRIC INVESTMENT CORPORATION LIMITED
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Certificate by the Company Secretary
for the year ended 30 June 2006

In terms of section 268 G (d) of the Companies Act 61, of 1973, as amended, I certify that, to the best of my knowledge and belief the Company has lodged with the Registrar of Companies for the year ended 30 June 2006, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



M I Sacks

Johannesburg
29 September 2006



SizweNtsaluba VSP

est. 1985

1 Woodmead Drive, Woodmead Estate, Woodmead, 2146
P O Box 2939, Saxonwold, 2132
Tel. +27 11 519 1500, Fax. +27 11 656 1806/7
www.sizwentsaluba.co.za

Report of the Independent Auditors *for the year ended 30 June 2006*

To the Members of AfroCentric Investment Corporation Limited

We have audited the annual financial statements of AfroCentric Investment Corporation Limited set out on pages 6 to 28 for the year ended 30 June 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As indicated in the directors' report to the financial statements under Group Results, the Company, with the written approval of the Registrar of Companies, has not presented consolidated financial statements, which is not in accordance with International Financial Reporting Standards.

In our opinion except for any effect on the financial statements by the non presentation of consolidated financial statements, the financial statements present fairly, in all material respects, the financial position of the Company at 30 June 2006 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

SizweNtsaluba VSP
Registered Auditor

Siphon Sono
Chartered Accountant (SA)
Registered Auditor

Johannesburg
29 September 2006

A member firm of SizweNtsaluba vsp Africa and Morison International

AFROCENTRIC INVESTMENT CORPORATION LIMITED

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Directors' Report

for the year ended 30 June 2006

The directors have pleasure in presenting their report for the year ended 30 June 2006, which forms part of the audited annual financial statements of the Company for the year then ended.

Business Activities

During the 2006 financial year, AfroCentric Investment Corporation Limited (hereafter referred to as "AfroCentric"), formerly WB Holdings Limited, underwent a significant metamorphosis. Previously the Company under the guise of WB Holdings Limited was principally engaged in holding investments in deciduous fruit farms in the Western Cape.

In November 2005, the shareholders of WB Holdings Limited approved the disposal of its entire business undertaking to SGM Investments (Pty) Ltd.

Furthermore, in December 2005 80% of the issued share capital of the Company was acquired by an external consortium (comprising Messrs Kahn and Sacks), with the purpose of reconstituting the Company as a broad based black empowered diversified investment holding Company that would actively participate in the economic transformation presently occurring in South Africa.

Subsequent to the acquisition by Messrs Kahn and Sacks, the then existing board was replaced, and the Company's name was changed to AfroCentric Investment Corporation Limited. The Company remains classified under the "food producers" sub-sector of the "Consumer Goods" sector of the JSE.

Company Results

The results of operations of the company are fully disclosed in the accompanying annual financial statements, and in the opinion of the directors no further commentary is considered necessary.

Group Results

As highlighted above the Company disposed of its entire business in November 2005 which comprised largely its investment in its subsidiary, Theewaterskloof (Pty) Ltd. Furthermore ownership of the company was transferred from SGM Investments (Pty) Ltd (the parent Company of WB Holdings, holding 80% of the share capital at the time of disposal) to a consortium comprising certain current directors.

Having regard to the disposal of the Company's business operations, the realisation and substantial distribution of the proceeds of such sale, the Company was classified as a cash shell with cash being the sole asset of the Company for a major part of the year.

In terms of Section 291 of the Companies Act, 1973, and with the requisite approval of the Registrar of Companies, the board of directors exercised their discretion not to present consolidated financial statements because the incorporation of approximately five months trading of the subsidiary prior to its disposal for cash would be of no real value to the members of the Company.

Notwithstanding the above, the auditors are obliged to qualify their audit opinion in such circumstances.

Changes in share capital

At a shareholders meeting held on the 31st of March 2006, the shareholders approved an increase in the authorised share capital of the Company from 20,000,000 ordinary shares of 1c each to 1,000,000,000 ordinary shares of 1c each and 60,000,000 redeemable preference shares of 1c each.

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Directors' Report

for the year ended 30 June 2006 (continued)

Control of Unissued Share Capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act. As this general authority remains valid only until the next annual general meeting, members will be asked at the forthcoming annual general meeting to consider an ordinary resolution placing the said unissued ordinary shares up to a maximum of 10% of the Company's issued share capital under the control of the directors until the next annual general meeting.

Further details of the authorised and issued shares for the year ended 30 June 2006 appear in note 11 of the financial statements.

Dividends

The directors declared a special dividend to shareholders of R1,82 per share amounting to R17,108,000 (2005- R nil) during the year under review.

In terms of the Company's articles of association, all unclaimed dividends shall not bear interest and may be invested or otherwise made use of by the directors of the company as they deem fit for the benefit of the Company until claimed, provided that dividends unclaimed and retained for a period of three years shall be forfeited and shall revert to the company and be dealt with by the directors of the company as they deem fit.

Directors

The following acted as directors during the year:

	Date Appointed / Resigned
NB Bam* (Chairman)	Appointed 20 December 2005
NMJ Canca*	Appointed 20 December 2005
MV Gantsho*	Appointed 20 December 2005
JM Kahn*	Appointed 20 December 2005
MI Sacks*	Appointed 20 December 2005
Prof. DI Swartz*	Appointed 20 December 2005
B Joffe*	Appointed 25 May 2006
R Van Wyk*	Resigned 20 December 2005
C Steenkamp**	Resigned 20 December 2005
T Chennells**	Resigned 20 December 2005
M Marias*	Resigned 20 December 2005
M Du Preez**	Resigned 20 December 2005
N Van Staden**	Resigned 20 December 2005

* **Non-executive**

** **Executive Director**

Company Secretary

The company Secretary is MI Sacks, whose registered and postal addresses are set out below –

Registered Address

PKF (Jhb) Inc.
FHS House
15 Girton Road
Parktown
2193

Postal Address

PostNet Suite 200
Private Bag X3050
Houghton
2041

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Directors' Report

for the year ended 30 June 2006 (continued)

Shareholders Interest

Major Shareholders

No shareholders other than the directors listed below, directly or indirectly held 5% or more of the company's shares during the year under review.

Shareholders' Spread

An analysis of holdings extracted from the register of ordinary shareholders as at 30 June 2006 is listed below:

<i>Spread of Ordinary Shareholders</i>	June 2006		June 2005	
	Number of Shares	% of issued Share Capital	Number of Shares	% of issued Share Capital
Public	1,880,000	20%	1,863,110	20%
Non Public	7,520,000	80%	7,536,890	80%
-Holding Company (SGM Investments (Pty) Ltd)	-	-	7,520,000	80%
- Directors	7,520,000	80%	16,890	*
JM Kahn (<i>Direct Beneficial</i>)	3,760,000	40%	-	-
MI Sacks (<i>Indirect Non Beneficial</i>)	3,760,000	40%	-	-
CV Steenkamp	-	-	16,790	*
NJ Van Staden	-	-	100	*
Total Issued Share Capital	9,400,000	100	9,400,000	100
*-Less than 1%				

Directors' Remuneration

At balance sheet date, none of the current directors received remuneration from the company, either directly or through a third party. The remuneration policy is currently being reviewed by the directors, and will be assessed in light of the scope and nature of the company's operations.

Directors' Service Contracts

At the date hereof, save as disclosed below, none of the directors has entered into a service contract with the company.

The company intends to appoint a permanent executive management team and is in the process of reviewing appropriate candidates. Until such time as the executive team is appointed and established, Messrs Kahn and Sacks have agreed to assume the roles of acting management (in consultation with Mr. Joffe) through a presently informal management agreement.

The company will establish an investment committee that will include Messrs Joffe, Kahn and Sacks, at least two other members of the board and members of the Company's executive management. Following the appointment of the executive, Messrs Joffe, Kahn and Sacks will continue to provide advice and guidance under the auspices and mandate of the board investment committee. All investment opportunities will be presented to and reviewed by the investment committee and all material investments will also be presented to, and reviewed by the board.

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Directors' Report

for the year ended 30 June 2006 (continued)

Directors' Interests in Contracts

During the year under review, no material contracts in which the directors have an interest were entered into which significantly impacted the business of the Company.

Share Incentive Scheme

The Company adopted a share incentive scheme for the incentivisation of employees and directors at a general meeting of shareholders held on 31 March 2006. At balance sheet date no shares or options had been issued in terms of the scheme.

The salient features of the scheme are detailed below:

- The aggregate number of ordinary shares which may be made available for the purposes of the scheme shall not be more than 20% of the issued ordinary share capital from time to time of the Company.
- The aggregate number of ordinary shares which may be acquired by any one participant under the scheme shall not be more than 3% of the issued ordinary share capital from time to time of the Company.
- The percentages and numbers set out in the preceding paragraphs above shall not be exceeded without prior authority of the shareholders of the Company in a general meeting and the approval of the JSE.
- The price at which shares shall be made available shall be the Volume Weighted Average Price at which shares are traded on the JSE on the five business days immediately preceding the date upon which the board directs that the relevant shares are made available to participants as determined by the sponsors of the Company or such other valuers nominated by the board for that purpose acting in their discretion.
- The shares issued in terms of the scheme shall rank *pari passu* with the existing issued ordinary shares in the Company.
- Participants in the scheme may be officers or other employees of the Company, including, but not limited to, executive and non-executive directors, selected by the board. Participants may be offered the opportunity to acquire shares in terms of the so-called "offer to purchase scheme" and the so-called "option scheme".

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Directors' Report

for the year ended 30 June 2006 (continued)

The salient features of the offer to purchase scheme are set out hereunder –

- Under this scheme, shares (“scheme shares”) are sold by the scheme to the participants on the basis that ownership thereof passes to the participants on conclusion of the contract of sale but the purchase price need not be paid immediately. The amount due is hereinafter referred to as the “share debt”;
- The amount payable by a participant for his scheme shares shall, in respect of the allocation, be sold at a price not less than the Volume Weighted Average Price at which shares are traded on the JSE on the five business days immediately preceding the date upon which the Board directs that the relevant shares are made available to participants as determined by the sponsors of the Company or such other valuers nominated by the Board for that purpose acting in their discretion (“share price”);
- Scheme shares will be registered in the names of participants and will be pledged in favor of, and retained by, the scheme as security for payment of the share debt;
- Subject to certain limitations, a participant's outstanding balance of the share price will bear interest at such rate (if any), as may from time to time be determined by the Board. Dividends on scheme shares will be paid to the scheme and be applied in payment of such interest and any excess shall be paid towards the reduction of the outstanding balance of the share price of such participant's shares;
- Unless the Board otherwise resolves at any time, notwithstanding that any scheme shares are paid for, in whole or in part, at any time by the participant concerned, no scheme shares shall be released from the scheme or from the pledge until a year specified in the relevant offer to purchase is reached;
- If any amount in respect of the share price of any scheme shares becomes payable on demand by the trustees in accordance with the provisions of the scheme and such amount is not paid by the due date thereof, the trustees shall be entitled, inter alia, to cancel that sale in terms of which those scheme shares were acquired by the participant concerned and, inter alia, the participant concerned shall cease to have any interest in the scheme shares in respect of which the balance of the share price was due to be paid, such scheme shares shall be transferred into the name of the trust and the trustees may repay to the participant all or any part of the share price which such participant has paid in respect of such scheme shares.

The salient features of the scheme relating to share options are set out hereunder –

- The trustees may, if the Board so directs, offer participants options (“share options”) to purchase scheme shares. Each share option shall confer upon the holder thereof the right to purchase scheme shares upon the terms and conditions summarized below;
- The amount payable by a participant for his scheme shares shall be calculated mutatis mutandis in accordance with the provisions above;
- Share options may be exercised at any time but will only be released to a participant in accordance with the relevant terms and conditions upon which the relevant option is granted.

Borrowing Powers

In terms of the Articles of Association of the Company, the borrowing powers of the Company are unlimited.

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Directors' Report

for the year ended 30 June 2006 (continued)

Subsidiary and Joint Venture Companies

The following information relates to the Company's interests in its subsidiary:

	Nature of business	Issued ordinary share capital R'000	Percentage holding	
			June 2006 %	June 2005 %
Direct –				
Theewaterskloof Holdings (Pty) Ltd	Fruit Farming	1,2	-	100
Indirect-				
Boskloof Fruit and Timber Industries (Pty)Ltd	Fruit Farming	1,4	-	100
Glaser Farms Holdings (Pty) Ltd	Fruit Farming	*	-	100

*Less than R 1,000

Transition to International Reporting Standards ("IFRS")

The financial statements for the year ended 30 June 2006 is the Company's first IFRS compliant financial statements. IFRS 1 requires an opening IFRS balance sheet to be prepared as at 01 July 2004, the Company's transition date to IFRS, and requires the same accounting policies applicable to the Company as at 30 June 2006 to be applied to the opening IFRS balance sheet and throughout periods presented (with certain exemptions and exceptions to retrospective application).

The transition to IFRS has had no impact on the Company results, and accordingly no reconciliation between SA GAAP and IFRS is presented.

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Directors' Report

for the year ended 30 June 2006 (continued)

Post Balance Sheet Events

Subsequent to year end, the board of directors resolved to re-capitalise the Company to enable it to achieve its investment objectives by means of a rights offer. The purpose of the rights offer was to raise funds of approximately R 100 Million before expenses to provide the Company with capital for investments.

The rights offer included an Ordinary share rights offer of 84,6 million new ordinary shares for subscription in cash at R 1 per share, in the ratio of 900 new ordinary shares for every 100 shares held. In addition a total of 16, 6 million new redeemable preference shares were offered to AfroCentric shareholders at a price of R0, 91 cents per share in the ratio of 177 redeemable preference shares for every 100 ordinary shares held. The impact of the rights issue resulted in an increase of equity and cash of R 97 million (net of expenditure incurred).

Pursuant to the Rights Issue process which was successfully concluded during August 2006, 50.1% of the ordinary issued share capital of the Company is owned by the AfroCentric Empowerment Trust categorising the Company as a broad based Black empowered diversified investment holding company.

On 26 September 2006 AfroCentric and Rio Tinto plc jointly announced the completion of a broad mutual cooperation agreement ('strategic agreement') covering exploration and mining related opportunities locally and elsewhere in Southern Africa. Under the terms of the strategic agreement, Rio Tinto and AfroCentric will jointly pursue selected new exploration and mining initiatives in South Africa and the rest of the African continent. The strategic agreement is designed to take advantage of the relative skills of each party, industry expertise and local knowledge.

Property, Plant and Equipment

The Company did not own any property, plant or equipment during the current or previous financial years.

Auditors

SizweNtsaluba vSP will continue in office as auditors in accordance with Section 270(2) of the Companies Act.

Material Commitments, Lease Payments and Contingent Liabilities

No material capital commitments or lease payments have been contracted for or approved by the directors of AfroCentric. The Company has no contingent liabilities at balance sheet date.

Material Resolutions

Details of special resolutions and other resolutions of a significant nature passed by the Company during the year under review requiring disclosure in terms of the listing requirements of the JSE are as follows:

- the Company's sale of its entire business undertaking to SGM Investments (Pty) Ltd for R19 million;
- the declaration of a special dividend to shareholders of R1,82 per share;
- the increase in the authorised ordinary share capital of the Company from 20 million ordinary shares to 1 Billion ordinary shares and 60 Million redeemable preference shares; and
- the change of name by the Company from WB Holdings Limited to AfroCentric Investment Corporation Limited.

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Income Statement
for the year ended 30 June 2006

		Company	
	Note	30 June 2006 R'000	30 June 2005 R'000
Revenue		-	-
Administrative expenses		(758)	-
Other expenses		(4,910)	(6,107)
Finance income	3	<u>26</u>	<u>-</u>
Loss before tax	2	(5,642)	(6,107)
Income tax expense	4	<u>(428)</u>	<u>-</u>
Loss for the year		<u>(6,070)</u>	<u>(6,107)</u>
Attributable to :			
Equity Holders of the Company			
Earnings per Ordinary Share (cents) attributable to equity holders of the Company:			
- basic and diluted	5	(64,5)	(64,9)
Dividend per share (cents)	5	182,0	-

AFROCENTRIC INVESTMENT CORPORATION LIMITED
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Balance Sheet
for the year ended 30 June 2006

	Note	Company	
		30 June 2006	30 June 2005
		R'000	R'000
ASSETS			
Non-current assets		-	23,450
Interest in subsidiary	8	-	23,450
Current assets		568	-
Other assets	9	303	-
Cash and cash equivalents	10	265	-
Total assets		568	23,450
EQUITY			
		239	23,417
Share Capital	11	94	94
Retained earnings	12	145	23,323
LIABILITIES			
Current liabilities		329	33
Trade and other payables	13	329	33
Total liabilities		329	33
Total equity and liabilities		568	23,450

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Statement of Changes in Equity
for the year ended 30 June 2006

	Share Capital	Retained Earnings	Total
Company	R'000	R'000	R'000
Balance at 1 July 2004	94	29,424	29,518
Reversal of unclaimed dividends	-	6	6
Net loss for the year	-	(6,107)	(6,107)
Balance at 30 June 2005	94	23,323	23,417
Dividends paid	-	(17,108)	(17,108)
Net loss for the year	-	(6,070)	(6,070)
Balance at 30 June 2006	94	145	239
<i>Note</i>	<i>11</i>	<i>12</i>	

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Cash Flow Statement
for the year ended 30 June 2006

		Company	
	Note	30 June 2006	30 June 2005
		R'000	R'000
Cash used in operations	6	(765)	-
Interest received	3	26	-
Income Tax paid	7	(428)	-
Dividends paid	5.2	(17,108)	-
Net cash utilised in operating activities		(18,275)	-
 Cash flows from investing activities			
Proceeds from sale of subsidiary		18,540	-
Net cash inflow from investing activities		18,540	-
 Net increase in cash and cash equivalents		265	-
Cash and cash equivalents at beginning of year	10	-	-
Cash and cash equivalents at end of year	10	265	-

AFROCENTRIC INVESTMENT CORPORATION LIMITED

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Notes to the financial statements

For the year ended 30 June 2006

1. Summary of Principal Accounting Policies

1.1. Basis of preparation

The principal accounting policies applied in preparation of these consolidated financial statements have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the requirements of the South African Companies Act, 1973. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year based on management's best knowledge of current events and actions.

The transition to IFRS should have been accounted for in accordance with IFRS 1 (First-time Adoption of International Reporting Standards). IFRS 1 requires an opening IFRS balance sheet to be prepared as at 1 January 2004, the Company's date of transition to IFRS, and requires that the same accounting policies applicable to the Company at 30 June 2006 be applied to the opening IFRS balance sheet and throughout all years presented.

No reconciliation between the previously reported SA GAAP financial information and restated IFRS financial information has been prepared as the transition to IFRS has had no impact on the Company.

1.2. Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in South African Rand, which is the functional and presentation currency of the Company.

1.3. Investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. Investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the assets. Cost of purchase includes transaction costs. Available -for-sale investments are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value of securities are recognized in equity. Fair values for unlisted equity securities are estimated using the last trading value or the directors' valuation of those securities. When securities are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Dividends are brought to account as at the last day of registration in respect of listed shares, and when declared in respect of unlisted shares.

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Notes to the financial statements

For the year ended 30 June 2006

1. Summary of Principal Accounting Policies *(continued)*

1.4. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount provided is the difference between the asset's carrying amount and the estimated recoverable amount, being the present value of expected future cash flows, discounted at the effective rate of interest. The movement in the provision is recognised in the income statement.

1.5. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call and investments in money market instruments, all of which are available for use by the Company. Bank overdrafts are included within current liabilities on the balance sheet, unless the entity has a legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.6. Share Capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchases its equity share capital, the consideration paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in shareholders' equity.

1.7. Impairment of Non Financial Assets

Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date, in the event of which the impairment reversal is credited to the income statement.

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1. Summary of Principal Accounting Policies *(continued)*

1.8. Financial Instruments

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

1.8.1. Financial Assets

The Company classifies its financial assets in the following categories: financial instruments held at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates such designation at every reporting date.

(a) Financial Assets at Fair Value through Profit or Loss

This category consists of financial assets that management designated as held at fair value through profit or loss at inception. Assets in this category are classified as non-current assets unless they are expected to be realised within 12 months of the balance sheet date.

(b) Loans and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. For the accounting policy in respect of trade receivables, please refer to note 1.4

(c) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management has expressed their intention of holding the investments for less than 12 months from the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial instruments held at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the periods they arise. Loans and other non-current receivables are carried at amortised cost using the effective yield method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

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1. Summary of Principal Accounting Policies *(continued)*

1.8.1. Financial Assets *(continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. The Company assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.4.

Assets are derecognised when the enterprise loses control of contractual rights over the assets. Liabilities are derecognised when the obligation is extinguished.

1.9. Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company provides for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

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For the year ended 30 June 2006

1. Summary of Principal Accounting Policies *(continued)*

1.10. Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably.

The main categories of revenue and the bases of recognition are as follows –

- Interest income: Revenue is recognised on the time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.
- Dividend income: Dividends are recognised when the right to receive payment is established.

1.11. Dividends

Dividends payable are recorded in the Company's financial statements in the period in which they are approved by the Board of Directors.

1.12. Financial Risk Management

1.12.1. Financial Risk Factors

Foreign Exchange Risk

At balance sheet date the Company was not exposed to any significant foreign exchange risk.

Price Risk

The Company was not exposed to commodity price risk.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities. The Company remains confident that the available cash resources will be sufficient to meet its funding requirements.

Credit Risk

At balance sheet date the Company was not exposed to significant credit risk.

Cash Flow and Fair Value Interest Rate Risk

At balance sheet date the Company was not exposed to significant cash flow or interest rate risk.

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For the year ended 30 June 2006

1. Summary of Principal Accounting Policies *(continued)*

1.13. Fair value estimation

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

1.14. Earnings per Ordinary Share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the year and are based on the net profit attributable to ordinary shareholders.

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the year and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 7/2002 issued by the JSE Limited.

1.15. New Accounting Standards and International Financial Reporting Interpretation Committee (“IFRIC”) Interpretations

Certain new accounting standards amendments and interpretations to existing standards have been published, that are mandatory for accounting periods beginning on or after 1 January 2006 or later periods, which the Company has elected not to early adopt.

The following standards and interpretations are considered not to be relevant to the Company’s operations and will therefore have no impact on the Company when they become effective:

- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- IFRIC 6, Liabilities arising from participating in a Specific Market – Waste Electrical and Electronic Equipment;
- IFRIC 7, Applying the restatement approach under IAS 29 Financial Reporting Hyperinflationary Economies;
- IFRIC 9, Reassessment of embedded derivatives;
- IAS 39, Cash flow hedge accounting of forecast intra group transactions;
- Circular 2/2006, Clarification of certain sections of the Financial Intelligence Centre Act;
- IFRIC 4, Determine whether an agreement contains a lease; and
- IAS 19, Employee benefits.

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1. Summary of Principal Accounting Policies *(continued)*

1.15. New Accounting Standards and International Financial Reporting Interpretation Committee (“IFRIC”) Interpretations *(continued)*

The standards and interpretations included hereafter may have an impact on the Company operations; an assessment of which has been included in the analysis of each respective standard/interpretation below:

- (a) *IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from January 2007).*

The amendment to IAS 1 introduces disclosures about the level of an entity’s capital and how it manages capital. The Company assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment to IAS 1. The Company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 July 2007.

- (b) *Disclosures in relation to Deferred Tax (Circular 1/2006)*

The purpose of this circular is to discuss those areas where entities should consider providing additional information in relation to deferred tax in order to achieve fair presentation in relation to the various tax amounts and balances.

This statement would only affect those balances that could be materially different if the manner of recovery or settlement were to change. The Company does not believe that this will result in any major changes in disclosure.

- (c) *IFRIC 8, Scope of IFRS 2*

The interpretation clarifies that the accounting standard IFRS 2 – Share based Payment applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. This will be assessed in light of the proposed share incentive scheme which at balance sheet date had not as yet been implemented.

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For the year ended 30 June 2006 (continued)

	Company	
	30 June 2006 R'000	30 June 2005 R'000
2. Loss before tax		
The following items have been included in arriving at loss before tax:		
Auditors' remuneration	(108)	-
– Audit fees	(80)	-
– Fees for other services	(28)	-
Loss on disposal of subsidiary	(4,910)	-
Impairment on investment in subsidiary	-	(6,107)
Impairment on loan to subsidiary	-	(3,942)
Impairment on investment to subsidiary	-	(2,165)
Fees paid for services	(758)	-
– Administrative	(48)	-
– Professional	(531)	-
– Secretarial	(179)	-
3. Finance income		
Interest income (operating activities)	26	-
4. Income tax expense		
<i>Current tax</i>		
Normal tax	-	-
Secondary tax on companies	(428)	-
<i>Deferred tax</i>	-	-
	(428)	-
<i>Secondary tax on companies</i>		
STC relating to special dividend declared during the year	(428)	-

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4. Income Tax Expense (continued)

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the South African tax rate as follows:

	30 June 2006 %	30 June 2005 %
Tax at standard rate	29,0	30,0
Expenses not deductible for tax purposes	(29,0)	(30,0)
Effect of STC	7,5	-
Tax at effective rate	<u><u>7,5</u></u>	<u><u>-</u></u>

5. Earnings and Dividend per Ordinary Share

5.1. Earnings per Ordinary Share

The calculation of basic earnings per ordinary share is based on net loss for the year of R6,070,000 (2005 R6,107,000), and a weighted average number shares of 9, 4 million (June 2005 9,4 million) ordinary shares in issue.

The calculation of basic and adjusted headline earnings per share is calculated on basic and adjusted headline earnings of -R732,000 (2005 R nil) and weighted average number of shares of 9, 4 Million (2005 9, 4 Million) ordinary shares in issue.

	30 June 2006 R'000	30 June 2005 R'000
Reconciliation between net loss attributable to equity holders of the Company and headline earnings		
Net Loss for the year	(6,070)	(6,107)
Adjusted for:		
Impairment of Assets	-	6,107
Loss on disposal of subsidiary	4,910	-
STC on special dividend declared	428	-
Basic and adjusted headline earnings per share	<u><u>(732)</u></u>	<u><u>-</u></u>
Earnings per ordinary share (cents)		
Basic	(64,5)	(64,9)
Basic and adjusted headline	(7)	-
Weighted average number of shares	9,400,000	9,400,000

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5.2. Dividends per Share

The Company declared a special dividend of R1,82 per share (2005 R nil) equating to R17,108,000 (2005 R nil)

	Company	
	30 June 2006 R'000	30 June 2005 R'000
6. Cash used in operations		
Loss before tax	(5,642)	(6,107)
<i>Adjustments for:</i>		
Finance income (note 3)	(26)	-
Loss on disposal of subsidiary	4,910	
Impairment of investment in subsidiary	-	6,107
	(758)	-
Changes in working capital	(7)	-
Increase in other assets	(303)	-
Increase in trade and other payables	296	-
Cash used in operations	(765)	-
7. Income tax paid		
Opening balance	-	-
Amounts charged to income statement (note 4)	(428)	-
Closing balance	-	-
Total tax paid	(428)	-
8. Interest in subsidiary		
Shares at cost	-	2,165
Less: Investment written down	-	(2,165)
Loan to subsidiary	-	27,392
Less: Provision for irrecoverable amount	-	(3,942)
	-	23,450
Net Investment in and loan to subsidiary	-	23,450

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For the year ended 30 June 2006 (continued)

	Company	
	30 June 2006 R'000	30 June 2005 R'000
9. Other Assets		
Deferred expenditure	<u>303</u>	<u>-</u>
Other assets comprise costs incurred relating to the rights issue which occurred subsequent to year end, and will be capitalized against share premium once the shares have been issued		
10. Cash and cash equivalents		
Cash at bank and on hand	<u>265</u>	<u>-</u>
For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:		
Cash and bank balances	265	-
Bank overdrafts	-	-
	<u>265</u>	<u>-</u>
11. Share Capital		
Authorized		
1 Billion Ordinary shares of 1c each (2005 - 20 Million Ordinary shares of 1c each)	10,000	200
60 Million redeemable preference shares of 1c each (2005 - nil)	600	-
Issued		
9,400,000 Ordinary shares of 1c each	94	94
<i>Note: The Company increased its authorized share capital from 20 million ordinary shares of 1c each to 1 billion ordinary shares of 1c each and 60 million redeemable preference shares of 1c each during the 2006 financial year</i>		
12. Reserves		
Distributable reserves		
Retained Income	145	23,323
	<u>145</u>	<u>23,323</u>

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	Company	
	30 June 2006 R'000	30 June 2005 R'000
13. Trade and other payables		
Other payables	329	33
	329	33

14. Contingent Liabilities

During the 2005 financial year, the Company provided an unlimited suretyship for the loan from Nedbank Limited to its then subsidiary Theewaterskloof Holdings (Pty) Ltd equating to R1,292,000. This suretyship has since been cancelled.

15. RELATED PARTY TRANSACTIONS

During the 2006 financial year, the Company sold its entire business comprising largely its investments in its subsidiary Theewaterskloof to its parent SGM Investments (Pty) Ltd (ultimate parent being Fruitmaster Investment (Pty) Ltd, which owned 80% of the Company's shares for R19 Million). Subsequent to the disposal to SGM Investments (Pty) Ltd, Messer's. MI Sacks and M Kahn (currently directors of the Company) acquired the 80% shareholding that SGM Investments (Pty) Ltd held in AfroCentric Investment Corporation Limited (previously WB Holdings).