

VISUAL INTERNATIONAL HOLDINGS LIMITED

(Formerly Presto Financing Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2006/030975/06)

("the Company" or "Visual")

ISIN Code: ZAE000187407

Share code: VIS

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2014**Condensed Statement of Financial Position as at 31 August 2014**

	31 August 14 Unaudited	31 August 13 Reviewed	28 February 14 Audited
Assets			
Non-Current Assets			
Investment property	41 368 820	22 930 000	41 368 820
Property, plant and equipment	969 367	1 034 121	1 047 980
Intangible assets	58 045	-	6 446
Investment in joint ventures	886 467	1 332 511	711 251
Loan to joint venture	848 291	795 183	958 291
Loans to shareholders	48 737 628	-	44 266 991
Other financial assets	590 531	3 948 467	479 282
	93 459 149	30 040 282	88 839 061
Current Assets			
Inventories	40 556 757	2 155 774	40 246 180
Other financial assets	-	22 500 001	-
Loans to shareholders	-	-	1 330 000
Trade and other receivables	370 548	194 517	294 730
Cash and cash equivalents	838 040	476 276	257 864
	41 765 345	25 326 568	42 128 774
Total Assets	134 224 494	55 366 850	130 967 835
Equity and Liabilities			
Equity			
Share capital	67 275 801	31 796 581	56 264 571
Retained income/(Accumulated loss)	7 477 163	(7 130 580)	13 089 293
Equity Attributable to Equity Holders of Parent	74 752 964	24 666 001	69 353 864
Non-controlling interest	(543 615)	(160 698)	(426 222)
	74 209 349	24 505 303	68 927 642
Liabilities			
Non-Current Liabilities			
Loans from shareholders	17 301 919	10 825 781	17 168 364
Other financial liabilities	12 987 270	10 927 912	11 986 853
Operating lease liability	25 476	25 324	25 476
Deferred tax	10 018 749	363 465	10 561 985
	40 333 414	22 142 482	39 742 678
Current Liabilities			
Loans from shareholders	6 277 823	-	5 822 724
Other financial liabilities	8 280 285	3 848 597	8 638 590
Current tax payable	4 068 877	4 018 862	4 018 862
Trade and other payables	937 781	51 315	2 380 465
Provisions	1 038 659	800 170	977 731
Bank overdraft	78 306	121	459 143
	20 681 731	8 719 065	22 297 515
Total Liabilities	61 015 145	30 861 547	62 040 193
Total Equity and Liabilities	135 224 494	55 366 850	130 967 835
Net asset value per share (cents)	35.11	27.19	36.61
Net tangible asset value per share (cents)	35.11	27.19	36.61

Condensed Statement of Comprehensive Income

	31 August 14 Unaudited	31 August 13 Reviewed	28 February 14 Audited
Revenue	1 372 465	1 611 598	2 768 340
Cost of sales	(642 038)	(321 692)	(351 756)
Gross profit	730 427	1 289 906	2 416 584
Other income	432 600	-	32 497 005
Operating expenses	(5 941 978)	(7 208 607)	(9 894 324)
Operating (loss)/profit	(4 778 951)	(5 918 701)	25 019 265
Investment revenue	1 883 491	97 845	1 629 366
Fair value adjustments	-	-	335 000
Income/(loss) from equity accounted investments	175 217	75 261	(545 959)
Finance costs	(2 701 001)	(798 088)	(2 994 849)
(Loss)/Profit before taxation	(5 421 244)	(6 543 683)	23 442 82
Taxation	(308 279)	127 640	(10 070 880)
(Loss)/profit for the period	(5 729 523)	(6 416 043)	13 371 943
Other comprehensive income	-	-	-
Total comprehensive (loss)/income for the period	(5 729 523)	(6 416 043)	13 371 943
(Loss)/profit attributable to:			
Owners of the parent	(5 612 130)	(5 878 172)	13 515 475
Non-controlling interest	(117 393)	(538 011)	(143 532)
	(5 729 523)	(6 416 183)	13 371 943
Shares in issue at period end	212 883 400	90 704 949	189 458 775
Weighted average number of shares	195 845 304	90 704 949	124 816 627
(Loss)/Earnings per share (cents)	(2.87)	(6.48)	10.83
Diluted (loss)/earnings per share	(2.87)	(6.48)	10.83

Headline earnings reconciliation

		-	
Net (loss)/profit for the period	(5 612 130)	(5 878 172)	13 515 475
Adjustments:			
Fair value adjustment on investment properties	-	-	(335 000)
Tax effects on fair value adjustment	-	-	62 310
Impairment of goodwill	-	4 444 226	-
Capital distribution received from trust	-	-	(27 000 000)
Headline loss for the period	(5 612 130)	(1 433 946)	(13 757 215)
Headline loss per share (cents)	(2.87)	(1.58)	(11.02)

Condensed Statement of Changes in Equity

	Total share/ stated capital R	Retained income/ (Accumulated loss) R	Total attributable to equity holders of the group R	Non- controlling interest R	Total equity R
Group					
Balance at 1 March 2013	31 796 581	(7 169 401)	24 627 180	(282 690)	24 344 490
Profit for the year	-	13 371 943	13 371 943	-	13 371 943
Minority interest	-	143 532	143 532	(143 532)	-
Total comprehensive income for the year	-	13 515 475	13 515 475	(143 532)	13 371 943
Conversion to no par value shares	-	-	-	-	-
Issue of shares	25 609 908	-	25 609 908	-	25 609 908
Capitalised costs on equity raising	(1 141 918)	-	(1 141 918)	-	(1 141 918)
Gain on dilution of majority shareholder interest	-	6 743 219	6 743 219	-	6 743 219
Total contributions by and distributions to owners of company recognised directly in equity	24 467 990	6 743 219	31 211 209	-	31 211 209
Balance at 1 March 2014	56 264 571	13 089 293	69 353 864	(426 222)	68 927 642
Loss for the year	-	(5 729 523)	(5 729 523)	-	(5 729 523)
Minority interest	-	117 393	117 393	(117 393)	-
Total comprehensive Loss for the year	-	-5 612 130	(5 612 130)	(117 393)	(5 729 523)
Issue of shares	11 732 678	-	11 732 678	-	11 732 678
Capitalised costs on equity raising	(721 448)	-	(721 448)	-	(721 448)
Total contributions by and distributions to owners of company recognised directly in equity	11 011 230	-	11 011 230	-	11 011 230
Balance at 31 August 2014	67 275 801	7 477 163	74 752 964	(543 615)	74 209 349

Condensed Abridged Statement of Cash Flows	31 August 14 Unaudited R	31 August 13 Reviewed R	28 February 14 Audited R
Net cash from operating activities	(10 565 336)	(1 819 478)	(4 959 099)
Net cash from investing activities	(174 859)	2 555 825	1 084 927
Net cash from financing activities	11 701 208	(295 117)	3 637 969
Total cash movement for the year	961 013	441 231	(236 203)
Cash at the beginning of the year	(201 279)	34 924	34 924
Total cash at end of the year	759 734	476 155	(201 279)

BASIS OF PREPARATION

The board of directors is pleased to present condensed consolidated interim results for the six months ended 31 August 2014. The results have been prepared in accordance the requirements of the Johannesburg Stock Exchange ("JSE") Listings Requirements and the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and IAS 34 *Interim Financial Reporting*. The accounting policies used in preparation of the interim results are in terms of IFRS and are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 28 February 2014.

The unaudited interim results have been prepared by the financial director Mr G Noble (B.Comm) on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

BACKGROUND, INCORPORATION AND NATURE OF BUSINESS

Visual was incorporated as a private company on 5 October 2006 under the name Presto Financing Proprietary Limited. The company's name was changed, and it was converted to a public company, by way of special resolutions on 3 October 2013, which special resolutions were registered by CIPC on 23 December 2013. Presto Financing Proprietary Limited was a dormant subsidiary of Visual International until it was decided to use this group company as the new holding company for the purposes of the listing. Visual then acquired the controlling interest in Visual International from CKR Investment Trust with effect from 1 March 2012 and became the holding company of the various Subsidiaries of Visual. Thus Visual, with its wholly owned subsidiary Visual International, has operated as a group for the full year ended 28 February 2013.

Visual, through the group, is essentially a property developer that acquires land, rezones the land, installs the relevant services and then constructs houses and apartments on the land for sale to homeowners or investors. Visual has recently started to hold some of the homes developed (27 units) which it rents out to families and intends to grow this area going forward with the initial intention to acquire further units during 2014.

Visual International, the main subsidiary and previously held 100% directly by the CKR Investment Trust, was established more than 20 years ago and has been involved in a number of premier property development projects in South Africa over the past 14 years. In addition, a number of property developments were undertaken by entities associated with CK Robertson and Visual International, namely RAL Trust and My Place Trust, which properties have been acquired by the Visual Group during the year ended 28 February 2014 by way of a restructure in accordance with Section 42 of the Income Tax Act ahead of the listing, termed inter-related acquisitions.

The additional properties and assets acquired subsequent to the prior year end of 28 February 2013 are summarised as follows:

- The acquisition of Erf 18363, Kuils River dated 18 October 2013 from RAL Trust, for a net purchase consideration of R21 500 000 which was settled through the issue of 83 169 544 Shares in Visual;
- The acquisition of Erf 18358 and the remainder of farm 1286, Kuils River from RAL Trust dated 18 October 2013, for a net purchase consideration of R2 362 387 which was settled through the issue of 7 706 987 Shares in Visual;
- The cancellation agreement dated 29 November 2013 with RAL Trust pursuant to the above acquisitions from RAL Trust terminating the former development agreement and beneficiary agreement with Visual International, resulting in a capital receipt of R32 million;
- An agreement was entered into on 15 February 2013 to purchase Erf 22887 with a fair value of R2 155 774 from the My Place Trust in exchange for the issue of shares by Stellendale Village to the amount of R6 600 000. The excess paid over the fair value of the asset acquired was recognised as goodwill in terms of IFRS 3. The carrying amount of the asset to which goodwill relates exceeded the recoverable amount, resulting in an impairment of goodwill. On 20 January 2014 the agreement was cancelled and the aforementioned transaction reversed. The property was substituted for Erf 24258, with a fair value of R7 350 000, with a commensurate issue of shares by Stellendale Village;
- The agreement with My Place Trust for the acquisition of the remaining minority shareholding of 10 shares in Stellendale Village dated 31 October 2013, for a net purchase consideration of R215 587 which was settled through the issue of 703 325 Shares in Visual.

The underlying properties acquired by Visual were transferred through the Deeds Office after year end, ahead of the listing of the Company on 23 May 2014.

The two trusts, namely CKR Investment Trust and the RAL Trust, now represent the controlling shareholders of the Visual Group, both being associated with the founder and Chief Executive Officer of the Visual Group, Mr CK Robertson.

The Visual Group, through Visual International and through the CKR Investment Trust, the RAL Trust and My Place Trust prior to the Section 42 restructure, has a long profit history and together has built up a property portfolio with a gross asset value of over R134 million and a net asset value of over R74 million as at 31 August 2014. Visual International used to be a beneficiary of RAL Trust and My Place Trust and used to receive a distribution of profits from these trusts, which was recognised in "Other Income".

The revenue and cost of sales were recognised within the trusts. Due to the complex nature of the previous inter-related parties, all of which were managed by CK Robertson and the Visual International management team, a decision was taken to simplify the structure and bring the relevant properties under Visual International, as the main operating subsidiary and previous beneficiary of the RAL Trust and My Place Trust.

It should be noted that the executive directors that managed Visual International and also assisted with the property development of the properties held by the RAL Trust and My Place Trust as a team over the past seven years, remain in place and will continue to manage the Visual Group going forward. The executive directors have many years' experience in property development and property management.

Visual is the holding company of a number of Subsidiaries, focusing mainly on property development and to a much lesser extent, property investment and property services. It is the intention to establish a new area focussing on property sales to investors.

The majority of the revenue and profits of the group arose from rental income, management fees and a capital distribution received. Going forward, with the transfer of the properties into the Visual group, revenue, costs of sales and gross profit will now flow through the Visual Group's income statement.

To date, approximately 440 homes have been developed by Visual International at Stellendale for the various Trusts and Clidet (a sister joint venture), with a further 63 units under construction in Clidet, some of which units will be acquired and held for rental income by Visual during the year ending 28 February 2015, subject to finance availability. The original intention was to also acquire the 50% shareholding in Clidet from My Place Trust. However, shareholder approval from the other 50% shareholder in Clidet could not be secured. Visual International will continue to manage this development for Clidet in terms of the management agreement that is in place.

FINANCIAL RESULTS COMMENTARY

Visual reports that the profit performance of the Group was materially in line with expectations due to the lumpy nature of revenue from property development, delay in listing and subsequent delay in commencement of development work. Shareholders are reminded that the Group was effectively brought together during the year ended 28 February 2014 and thus the results for the six months ended 31 August 2013 will not be strictly comparable to the results of the group going forward.

The executive team is currently in negotiation with a large contractor to finance a large portion of development work planned for the rest of 2015 and 2016 and all indications are that development funding will be in place shortly. Going concern is assumed based on the Group's ability to procure funding against assets held and to sell off non-core assets to facilitate development work in the absence of funding.

Operating expenses for the six months ended 31 August 2014 were mostly in line with those of the correlating prior period, with the exception of listing expenses, employee costs (including the newly appointed non-executive directors' fees), legal fees, sponsor fees and auditors fees which were higher than the prior period due to the listing of the company on the Johannesburg Stock Exchange in May 2014.

Investment revenue was higher due to interest received on funds raised in connection with the listing, whilst finance charges were higher due to higher levels of borrowings associated with the projects.

The taxation charge is at a rate of 2% due to the fact that deferred taxation has not been recognised on losses incurred.

On the balance sheet, investment property and inventories increased by 80% and 1767% respectively, primarily as a result of the acquisition of properties ahead of the listing, which were transferred through the Deeds Office during the six months under review. This also resulted in a similar increase in Stated Capital by 113% compared to the prior period. Other financial liabilities and deferred tax increased directly as a result of the above acquisition of properties. The large increase in shareholder loans resulted from the various agreements and adequate security is in place for loans receivable.

SEGMENTAL REPORTING

The segmental information is set out below:

Primary segment report - August 2013	Property services	Property investment	Development	Total
Total revenue	679 690	931 769	-	1 611 458
External revenue	679 690	931 769	-	1 611 458
Segmental results	(560 626)	(769 813)	-	(1 330 439)
Impairment of goodwill			(4 444 226)	(4 444 226)
Income from equity accounted investments	-	75 261	-	75 261
Investment income	41 270	56 575	-	97 845
Finance cost	(336 622)	(461 466)	-	(798 088)
Fair value adjustments	-	-	-	-
Depreciation	(27 303)	(37 429)	-	(64 732)

Provisions for penalties and interest	(33 508)	(45 936)	-	(79 444)
Taxation	53 837	78 803	-	127 640
Profit/(loss) for period	(862 953)	(1 109 004)	(4 444 226)	(6 416 183)
Total segment assets	11 673 809	39 728 480	2 155 774	53 558 062
Reportable segment operating assets	11 673 809	39 728 480	2 155 774	53 558 062
Total segment liabilities	4 587 804	21 091 125	-	25 678 929
Reportable segment operating liabilities	4 587 804	21 091 125	-	25 678 929
Capital expenditure	1 090 048	-	2 155 774	3 245 822
Investment in joint venture	-	1 332 511	-	1 332 551

Primary segment report – August 2014	Property services	Property investment	Development	Total
Total revenue	512 117	860 348	-	1 372 465
External revenue	512 117	860 348	-	1 372 465
Segmental results	(1 625 993)	(3 135 571)	(270 813)	(5 032 377)
Other income	-	432 600	-	432 600
Income from equity accounted investments	-	175 217	-	175 217
Investment income	702 800	1 180 691	-	1 883 491
Finance cost	-	(2 701 001)	-	(2 701 001)
Fair value adjustments				
Depreciation	(44 122)	(74 125)	-	(118 247)
Provisions for penalties and interest	(22 734)	(38 193)	-	(60 927)
Taxation	(115 030)	(193 249)	-	(308 279)
Profit/(loss) for period	(1 105 080)	(4 353 630)	(270 813)	(5 729 523)
Total segment assets	18 927 774	74 015 456	40 556 757	133 499 987
Reportable segment operating assets	18 927 774	74 015 456	40 556 757	133 499 987
Total segment liabilities	8 819 261	36 991 293	-	45 810 554
Reportable segment operating liabilities	8 819 261	36 991 293	-	45 810 554
Capital expenditure	-	-	310 577	310 577
Investment in joint venture	-	886 467	-	886 467

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following financial assets" and liabilities" carrying amount approximates the fair value thereof:

Measured at amortised cost (Recurring, Level 2 inputs):

Cash and cash equivalents
Bank overdraft
Other financial liabilities
Trade and other payables
Loans from shareholders

Available for sale financial assets measured at fair value (Recurring, Level 2 inputs):

Trade and other receivables
Loans to joint ventures
Other financial assets

There were no transfers between the different levels of the fair value hierarchy during this period.

The Group used the following techniques to determine the fair value measurements categorized in level 2:

The carrying value of the available-for-sale financial assets and the financial assets and liabilities measured at amortised cost approximates the fair values thereof as they are either classified as current or in the event that they are classified as non-current, the instruments bear interest at market related interest rates.

RELATED PARTIES

Related parties are the same as reported in the previous period.

	R
Related party transactions up until 31 August 2013	
Interest paid to/(received from) related parties	
Trusts of directors (RAL Trust)	(97 845)
Trusts of directors (CKR Investment Trust)	303 742
Rent paid to related parties	
Trust of directors (Diepwater Trust)	59 4860
Company controlled by directors (Spanish Ice)	122 142
Salary paid to related party	
Close family member of director	29 700
Management fees received from related parties	
Companies controlled by directors (Clidet)	657 390
Related party transactions up until 31 August 2014	
Interest paid to/(received from) related parties	
Trusts of directors (RAL Trust)	(1 881 939)
Trusts of directors (RAL Trust)	458 487
Trusts of directors (CKR Investment Trust)	637 622
Salary paid to related party	
Close family member of director	29 700
Management fees received from related parties	
Companies controlled by directors (Clidet)	512 117
Legal fees paid to related parties	
Company of close family member of director (Van der Merwe & Robertson Inc)	224 363

PROSPECTS

Going forward, most of the property development projects take place in Visual International, whilst Stellendale Village houses the Stellendale Lifestyle Retirement development, which project has commenced with 88 units sold of the planned approximately 840 units and the contractors having been appointed to install the services for construction of the units at Northbank 1 and Northbank 2 within the Stellendale Lifestyle Retirement development.

Hoeksteen Projects and Richland respectively hold land for future development at Machadadorp and Richwood, although no development is planned or forecast on these two properties for the two years ending 28 February 2015 and 28 February 2016. Mystic Pearl similarly holds two pieces of land for future development in Hagley, with its joint venture partner, Oupossie Trust. Due to the change in focus to larger developments as detailed in subsequent events below, the Company may consider disposing of some of its smaller properties during 2015.

Visual International holds a 50% interest in Dream Weaver which owns under cover and open parking bays at three buildings from which income is generated through leasing of parking bays, with its joint venture partner Ruby and Martha Trust. The Company regards this as non-core and will consider selling its interest in due course.

Due to the delay in one of the property transfers and the consequent delay in listing and receipt of the proceeds raised, lodging of plans and commencement of construction of top structures has been delayed, which in turn may cause some of the sales and cost of sales to move into the year ending 28 February 2016. On the positive side, the listing process has led to increased interest in Visual, including certain of its larger projects as well as its data and contact centre potential, which could lead to strategic partnerships being formed.

Visual has a strong balance sheet and the board will be considering the size and nature of properties held in order to optimise the balance sheet for its key development initiatives and ensure that it has sufficient cash and funding resources to grow the group.

SHARE CAPITAL AND ISSUE/ REPURCHASE OF SHARES

Upon the listing of Visual on 23 May 2014 the company issued 22 301 021 shares at R0.50 per share raising R11 150 510.50 for the offer and issued a further 1 123 604 shares for cash at 50 cents per share during the period under review.

During the year under review, the Company did not repurchase any shares.

Subsequent to 31 August 2014, the Company has placed a further 2 500 000 shares at a 10% discount to the 30 day Volume Weighted Average price of 32.8 cents.

DIVIDEND

The Company has not declared a dividend for period ended 31 August 2014 and in line with its stated intention in the prospectus, the Company will not be considering a dividend payment for the forthcoming year.

LITIGATION

There is no litigation pending against the Company or its Subsidiaries, which is expected to have a material impact on the results of the Group.

CONTINGENT LIABILITIES

At the reporting date the Group does not have any contingent liabilities (2013: RNil).

EVENTS AFTER THE REPORTING PERIOD AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

As previously announced on SENS, shareholders are advised that Visual has signed a Memorandum of Understanding for the development of Reebokfontein Village in Klerksdorp. The development agreement is being drafted and a further announcement will be made in due course. Accordingly, shareholders are advised to continue to exercise caution until a further announcement is made.

Other than the above, there have been no material events after the reporting period.

By order of the board
Johannesburg
9 December 2014

Designated Advisor
Arbor Capital Sponsors Proprietary Limited