

**TO THE SHAREHOLDERS OF MVELAPHANDA GROUP LIMITED****Report on the financial statements**

We have audited the financial statements of Mvelaphanda Group Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 70.

**Directors' responsibility for the financial statements**

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa. And for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Mvelaphanda Group Limited as of 30 June 2011, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



**PKF (Jhb) Inc.**

**Per: Paul Badrick**

*Registered Auditors*

*Chartered Accountants (SA)*

Registration number 1994/001166/21

Johannesburg

11 August 2011

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the financial year, in conformity with International Reporting Standards, JSE Listings Requirements and applicable legislation. The Group's external auditors are engaged to express a statutory independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure in line with the accounting policies of the Group. The financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group 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, the internal auditors and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the Group.

The financial statements have been audited by the independent auditing firm, PKF (Jhb) Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. PKF (Jhb) Inc.'s unqualified audit report is presented on page 17. The financial statements were approved by the directors on 11 August 2011 and are signed on their behalf by:



**Mikki Xayiya**  
*Executive Chairman*



**Ernst Röth**  
*Chief Financial Officer*

## Statement of compliance by the Company secretary

In my capacity as the Company secretary, I hereby confirm, in terms of the South African Companies Act No. 71, 2008 ("the Act"), that for the year ended 30 June 2011 Mvelaphanda Group Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



**Ernst Röth**  
Mvelaphanda Treasury and Financial Services (Proprietary) Limited  
*Company secretary*

11 August 2011

## NATURE OF BUSINESS

Mvela Group is a broad-based, black-controlled, owned and managed diversified group. The Group holds direct and indirect interest in a range of investments which include, Absa, Avusa, Group Five, Life Healthcare, Mvelaserve and Vox Telecom.

## STRATEGY

Mvela Group will continue with its unbundling strategy with a key focus on unlocking value and generating a satisfactory return on capital for shareholders over time. Mvela Group will not actively pursue new investment acquisitions.

## GROUP RESULTS

The financial statements on pages 18 to 70 set out fully the financial position, financial performance and cash flows for the Group for the financial year ended 30 June 2011. The audited financial results for the year end 30 June 2011 was compiled under the supervision of Mr E Röth, the chief financial officer.

## Subsidiaries and associates

The interest in subsidiaries and associated companies are set out on pages 73 to 74 of this report.

The Group unbundled its 53,3% shareholding in Health Strategic Investments Limited ("Health Strategic") and its 100% shareholding in Mvelaserve Limited ("Mvelaserve") on 20 August 2010 and 6 December 2010 respectively. As part of the Group's unbundling of Mvelaserve, the Group disposed of its 75% interest in Zonke Monitoring Systems (Proprietary) Limited to Mvelaserve on 29 October 2010.

The aggregate headline net profit after taxation of subsidiaries from continuing operations attributable to the Company amounted to R684 025 000 (2010: R1 480 828 000).

## SHARE CAPITAL

### Ordinary shares

There were no changes to the number of authorised share capital during the current year. The issued ordinary share capital of the Company increased by 121 999 596 to 565 473 650 ordinary shares following the conversion of 53 995 906 convertible perpetual cumulative preference shares during the year. All issued shares have been fully paid up. The authorised and issued number of ordinary shares are disclosed in note 11 to the financial statements.

### Treasury shares

No ordinary shares were repurchased during the year. The total number of ordinary shares held by a subsidiary of the Group at 30 June 2011 is 35 765 285 as disclosed in note 11 to the financial statements.

### Preference shares

There were no changes in the number of preference shares authorised. The issued preference shares decreased to 265 362 preference shares following the conversion of 53 995 906 preference shares into 121 999 596 ordinary shares. The authorised and issued preference shares are disclosed in note 11 to the financial statements. The preference shareholders earned dividends at a rate of 5,5% per annum up to 4 November 2010 and at 80% of the ruling prime overdraft rate from 5 November 2010 until 30 June 2011.

### Redeemable option-holding shares ("BEE shares")

As the redeemable option-holding shareholders did not participate in both the Health Strategic and Mvelaserve unbundling, the Group intended on compensating such shareholders by allotting and issuing a further 151 798 568 redeemable option-holding shares. The issued and authorised redeemable option-holding shares increased to 276 223 624 redeemable option-holding shares from 124 425 056 redeemable option-holding shares the previous financial period. Further, the option exercise price was adjusted down to R9,18 from R17,50. The BEE shares can be exercised between 19 June 2011 and 9 June 2012. The authorised and issued number of redeemable option-holding shares is disclosed in note 11 to the financial statements. The additional issue of BEE shares also enhanced and secured the Group's BEE shareholding credentials.

**SHARE INCENTIVE SCHEME**

569 746 (2010: 569 746) of Mvelaphanda Group's ordinary shares were held by the Share Incentive Scheme at 30 June 2011.

|   | 2011             |                      | 2010        |                      |
|---|------------------|----------------------|-------------|----------------------|
|   | Number           | Strike price (cents) | Number      | Strike price (cents) |
| <b>Number of options/scheme shares outstanding at 30 June</b> | <b>9 000 000</b> | <b>710 – 880</b>     | 23 557 423  | 710 – 880            |
| Options/scheme shares exercised/sold                          | (9 000 000)      | 710 – 880            | (7 916 424) | 710 – 880            |
| Options/scheme shares cancelled/lapsed                        | —                | —                    | (6 640 999) | 710 – 880            |
| <b>Number of options/scheme shares outstanding at 30 June</b> | —                | —                    | 9 000 000   | 710 – 880            |

**SHAREHOLDER SPREAD**

Details of shareholder categories are set out on page 71 of this report.

**DIVIDENDS****Ordinary shares**

The directors of Mvela Group have resolved not to declare a final dividend for the year ended 30 June 2011 following the cash preservation policy followed by the Group until the effect of the restructuring is far advanced.

**Preference shares**

On 11 April 2011, preference shareholders received 30,03288 cents per preference share and R14 790 000 on 20 September 2010.

**NET ASSET VALUE PER SHARE AND TANGIBLE NET ASSET VALUE PER SHARE**

Net asset/tangible net asset value per share of 409 cents is based on net asset/tangible net asset value of R2 160 241 000 and is calculated using the net number of ordinary shares in issue of 529 139 000.

**DIRECTORS AND SECRETARY**

The names and brief curricula vita of the directors appear on pages 2 to 3 of this report. Further information on the directors, including their interest in the shares of the Company, share-based remuneration schemes and the emoluments paid to directors are provided on pages 21 and 23 of this report.

Ms Cuba resigned as chief executive officer (CEO) with effect from 31 December 2010. In view of the Group's unbundling strategy, the JSE approved that the position of CEO remains vacant for a period of 18 months from 30 March 2011. In this regard, the Group will provide a quarterly report to the JSE on its progress with the unbundling of its assets.

Mvelaphanda Management Services (Proprietary) Limited resigned as the Company secretary with effect from 5 December 2010 and Mvelaphanda Treasury and Financial Services (Proprietary) Limited was appointed as Company secretary effective from 6 December 2010.

In terms of clause 53.2 of the articles of association, Messrs Dlamini and Mabandla retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

**DIRECTORS' INTEREST AND EMOLUMENTS**

Details of emoluments paid to the directors are set out below. All emoluments were paid by a subsidiary of Mvelaphanda Group.

**DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2011**

|                              | Salaries,<br>directors'<br>fees<br>R'000 | Allowances<br>and fringe<br>benefits<br>R'000 | Bonus<br>R'000 | Other <sup>†</sup><br>R'000 | Retirement benefit<br>and medical aid<br>contributions and<br>other payments<br>R'000 | Total<br>R'000 |
|------------------------------|--|---|----------------|-----------------------------|---|----------------|
| <b>Executive<sup>#</sup></b> |  |   |                |                             |   |                |
| YZ Cuba*                     | 1 887                                    | 27  | 3 621          | 4 284                       | 226   | 10 045         |
| E Röth                       | 1 770                                    | 60  | 2 375          | 1 785                       | 4   | 5 994          |
| M Xayiya                     | 3 398                                    | 90  | 3 022          | 2 380                       | —   | 8 890          |
| <b>Non-executive</b>         |  |   |                |                             |   |                |
| K Dlamini                    | 302                                      | —   | —              | —                           | —   | 302            |
| B Hopkins                    | 502                                      | —   | —              | —                           | —   | 502            |
| O Mabandla                   | 389                                      | —   | —              | —                           | —   | 389            |
|                              | <b>8 248</b>                             | <b>177</b>                                    | <b>9 018</b>   | <b>8 449</b>                | <b>230</b>  | <b>26 122</b>  |

<sup>†</sup>Share options which were cash settled.

<sup>#</sup>Executive directors do not receive directors' fees.

\*Ms Cuba resigned as chief executive officer of the Group with effect from 31 December 2010.

**DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2010**

|                              | Salaries,<br>directors'<br>fees<br>R'000 | Allowances<br>and fringe<br>benefits<br>R'000 | Bonus<br>R'000 | Other <sup>†</sup><br>R'000 | Retirement benefit<br>and medical aid<br>contributions and<br>other payments<br>R'000 | Total<br>R'000 |
|------------------------------|--|---|----------------|-----------------------------|---|----------------|
| <b>Executive<sup>#</sup></b> |  |   |                |                             |   |                |
| YZ Cuba                      | 3 574                                    | 45  | 2 600          | 3 782                       | 451   | 10 452         |
| E Röth                       | 2 373                                    | 120   | 1 400          | 1 218                       | 7   | 5 118          |
| M Xayiya                     | 3 178                                    | 180   | 2 400          | 2 390                       | —   | 8 148          |
| <b>Non-executive</b>         |  |   |                |                             |   |                |
| K Dlamini                    | 247                                      | —   | —              | —                           | —   | 247            |
| B Hopkins                    | 415                                      | —   | —              | —                           | —   | 415            |
| O Mabandla                   | 301                                      | —   | —              | —                           | —   | 301            |
| D Moshapalo*                 | 95                                       | —   | —              | —                           | —   | 95             |
| MZ Mpofu*                    | 99                                       | —   | —              | —                           | —   | 99             |
| RM Patel*                    | 57                                       | —   | —              | —                           | —   | 57             |
| CD Stein*                    | 177                                      | —   | —              | —                           | —   | 177            |
|                              | <b>10 516</b>                            | <b>345</b>                                    | <b>6 400</b>   | <b>7 390</b>                | <b>458</b>  | <b>25 109</b>  |

<sup>†</sup>Share options which were cash settled.

<sup>#</sup>Executive directors do not receive directors' fees.

\*Messrs Moshapalo, Patel and Stein and Ms Mpofu resigned as non-executive directors of the Group with effect from 25 November 2009.

### Remuneration policy

The remuneration of the executive directors is structured on the basis of a market-related guaranteed cost to Company remuneration package (including current medical aid and retirement benefit contributions), plus a discretionary bonus (with the maximum bonus in any one year not exceeding an amount equal to one year's cost to Company package) based on performance of the executive and merit. The allocation of the guaranteed cost to Company package as between salary, allowances and fringe benefits is not considered relevant. Mr Xayiya signed service and restraint agreements with Mvelaphanda Group.

The salient terms of the service and restraint agreements are as follows:

- In respect of Mr Xayiya the service agreement can be terminated on three months' written notice by either Mvelaphanda Group or the executive;
- Restraint period of one year after termination of employment with no monetary consideration payable by Mvelaphanda Group in respect of such restraints;
- Standard confidentiality undertakings are given by each executive in favour of Mvelaphanda Group.

### Executive directors' share options and share appreciation rights

On 30 June 2011, the directors of Mvelaphanda Group held, in aggregate, 10 456 222 (2010: 11 574 683) Mvelaphanda Group ordinary shares, representing 2% (2010: 2,36%) of the issued ordinary share capital of Mvelaphanda Group and 8 813 442 (2010: 9 813 442) redeemable option-holding shares, representing 4% (2010: 7,9%) of the issued redeemable option-holding share capital of Mvelaphanda Group.

The directors of Mvelaphanda Group had the following direct, indirect, beneficial and non-beneficial interests in Mvelaphanda Group ordinary shares and redeemable option-holding shares at 30 June 2011:

|                      | Mvelaphanda Group ordinary shares |                         |                   |          | Mvelaphanda Group redeemable option-holding shares |          |
|----------------------|-----------------------------------|-------------------------|-------------------|----------|--|----------|
|                      | Direct beneficial                 | Indirect beneficial     | Total             | %        | Indirect non-beneficial                            | %        |
| <b>Executive</b>     |                                   |                         |                   |          |  |          |
| M Xayiya             | 100                               | 10 456 122 <sup>1</sup> | 10 456 222        | 2        | —  | —        |
| <b>Non-executive</b> |                                   |                         |                   |          |  |          |
| K Dlamini            | —                                 | —                       | —                 | —        | 2 592 189 <sup>3</sup>                             | 1        |
| O Mabandla           | —                                 | —                       | —                 | —        | 6 221 253 <sup>3</sup>                             | 3        |
|                      | <b>100</b>                        | <b>10 456 122</b>       | <b>10 456 222</b> | <b>2</b> | <b>8 813 442</b>                                   | <b>4</b> |

<sup>1</sup>Held via Mvelaphanda Holdings.

<sup>3</sup>Held via the Mvelaphanda Group Strategic BEE Partners Trust.

There has been no change to the above between 30 June 2011 and 11 August 2011.

The directors of Mvelaphanda Group had the following direct, indirect, beneficial and non-beneficial interests in Mvelaphanda Group ordinary shares and redeemable option-holding shares at 30 June 2010:

|                      | Mvelaphanda Group ordinary shares |                         |                   |             | Mvelaphanda Group redeemable option-holding shares |            |
|----------------------|-----------------------------------|-------------------------|-------------------|-------------|--|------------|
|                      | Direct beneficial                 | Indirect beneficial     | Total             | %           | Indirect non-beneficial                            | %          |
| <b>Executive</b>     |                                   |                         |                   |             |  |            |
| YZ Cuba              | 100                               | 697 438                 | 697 538           | 1           | 1 000 000 <sup>3</sup>                             | 0,8        |
| M Xayiya             | 100                               | 10 456 122 <sup>2</sup> | 10 456 222        | 2,36        | —  | —          |
| <b>Non-executive</b> |                                   |                         |                   |             |  |            |
| K Dlamini            | —                                 | —                       | —                 | —           | 2 592 189 <sup>4</sup>                             | 2,1        |
| B Hopkins            | 27 173                            | —                       | 27 173            | 1           | —  | —          |
| O Mabandla           | —                                 | 393 750                 | 393 750           | 1           | 6 221 253 <sup>4</sup>                             | 5,0        |
|                      | <b>27 373</b>                     | <b>11 547 310</b>       | <b>11 574 683</b> | <b>2,36</b> | <b>9 813 442</b>                                   | <b>7,9</b> |

<sup>1</sup>Less than 0,1%.

<sup>2</sup>Held via Mvelaphanda Holdings.

<sup>3</sup>Held via the Mvelaphanda Group Management Trust.

<sup>4</sup>Held via the Mvelaphanda Group Strategic BEE Partners Trust.

Details of Mvelaphanda Group options/scheme shares in respect of Mvelaphanda Group ordinary shares exercised/sold by directors during the year ended 30 June 2011 are set out below:

|          | Date granted | Strike price (cents) | Number at 30 June 2010 | Number granted/ (exercised/sold) | Number at 30 June 2011 |
|----------|--------------|----------------------|------------------------|----------------------------------|------------------------|
| YZ Cuba* | 08/09/2006   | 880                  | 1 000 000              | (1 000 000)                      | —                      |
|          | 03/08/2008   | 753                  | 3 600 000              | (3 600 000)                      | —                      |
| E Röth   | 03/06/2008   | 753                  | 1 400 000              | (1 400 000)                      | —                      |
| M Xayiya | 08/09/2006   | 880                  | 1 000 000              | (1 000 000)                      | —                      |
|          | 03/06/2008   | 753                  | 2 000 000              | (2 000 000)                      | —                      |
|          |              |                      | 9 000 000              | (9 000 000)                      | —                      |

\*Ms Cuba resigned as chief executive officer of the Group with effect from 31 December 2010.

### BORROWING POWERS

In terms of the Memorandum of Incorporation, the Company has unlimited borrowing powers.

### GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The board is not aware of any new material changes that may adversely impact the Group. The board is not aware of any material non-compliance with statutory or regulatory requirements.

### CORPORATE GOVERNANCE

Details on the Group's corporate governance policies and procedures are set out in the corporate governance and sustainability report on pages 9 to 16 of this report.

### EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events between 30 June 2011 and the date of this report which necessitate adjustment to the statements of comprehensive income or statements of financial position at that date.

Refer to note 38 for details on a collar option entered into in respect of 7 million Life Healthcare shares as well as on an irrevocable commitment made in regards to Vox Telecom.

### SPECIAL RESOLUTION

On 26 October 2010 the directors of Mvelaphanda Group were authorised to facilitate, *inter alia*, the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group from time to time, of the issued ordinary shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of Mvelaphanda Group may from time to time decide, but subject to the provisions of the Companies Act, and the Listings Requirements of the JSE.

On 26 October 2010 the directors of Mvelaphanda Group were authorised to facilitate, *inter alia*, the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group from time to time, of the issued convertible perpetual cumulative preference shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of Mvelaphanda Group may from time to time decide, but subject to the provisions of the Companies Act, and the Listings Requirements of the JSE.

### ANNUAL GENERAL MEETING

Details of the annual general meeting are set out on pages 75 to 80 of this report.

## 1. GENERAL INFORMATION

Mvelaphanda Group Limited is the holding company of the Mvelaphanda Group ("the Group") and is incorporated in the Republic of South Africa. The financial statements incorporate the following principal accounting policies, which are, except where otherwise disclosed, in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the previous year.

## 2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS, AC 500 series of interpretations as issued by the Accounting Practices Board or its successor, the JSE Listings Requirements and the South African Companies Act No. 71 of 2008, as amended.

## 3. BASIS OF PREPARATION

The financial statements are prepared on the historical cost convention, modified by the restatement of financial instruments to fair value where applicable.

## 4. PRINCIPAL ACCOUNTING POLICIES

### 4.1 Basis of consolidation

#### 4.1.1 Investments in subsidiaries

The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and its subsidiaries. Subsidiaries are all entities, including special purpose entities, controlled by the Group. Control exists when the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired and disposed of during a financial year are included from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred and the amount of any minority interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill in accordance with accounting policy note 4.2. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

The Group's Share Incentive Scheme is included in the consolidated financial statements as a subsidiary.

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Disposals to minority interests result in gains and losses for the Group which is recorded in equity. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 4.1.2 Investments in associates

An associate is an entity over whose financial and operating policies the Group has the ability to exercise significant influence, but not control, and is neither a subsidiary nor a jointly controlled entity of the Group. Investments in associates are accounted for using the equity method of accounting, except for investments that are managed and whose performances are evaluated on a fair value basis in accordance with the Group's investment strategy, in which case it is accounted for as designated as at fair value through profit and loss in accordance with IAS 39 of the International Financial Reporting Standards, as per accounting policy note 4.14.2.

Equity accounting involves recognising, in the statement of comprehensive income, the Group's share of the associates' earnings for the year. The results of associate companies acquired and disposed of during the year are included from the effective dates of acquisition to the effective dates of disposal.

Where the fair value of the consideration paid exceeds the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, the difference is recorded as goodwill and is included as part of the carrying value of the investment in associates.

The Group's interest in associates is carried in the statement of financial position at an amount that reflects its share of the net assets of the associate and goodwill identified on acquisition of the associate, net of accumulated impairment loss. The total carrying amount of associates is evaluated annually for impairment.

The most recent financial information of associates is used. Adjustments are made to the associate's financial results for material transactions and events in the intervening period. Losses of associates in excess of the Group's interest are not recognised unless there is a binding obligation to contribute to the losses.

#### **4.1.3 Investments in jointly controlled entities**

Jointly controlled entities are those entities over which the Group exercises joint control in terms of a contractual agreement. Investments in jointly controlled entities are accounted for by way of the proportionate consolidation method whereby the Group's proportional share of the assets, liabilities, revenue and expenses of jointly controlled entities are combined on a line-by-line basis, with similar items in the financial statements of the Group. The results of jointly controlled entities are included from the effective dates when joint control commences to the effective dates when joint control ceases. Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in terms of accounting policy note 4.2.

#### **4.1.4 Transactions eliminated on consolidation**

Intra-group balances and transactions, and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains resulting from the transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

Unrealised gains resulting from transactions with associates are eliminated against the investment in associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

#### **4.2 Goodwill**

Goodwill represents amounts arising on acquisition of subsidiaries and joint ventures. All business combinations are accounted for by applying the acquisition method.

Goodwill arising from a business combination for which the agreement date is prior to 31 March 2004, is included in the statement of financial position at its deemed cost, being its cost less accumulated amortisation up to 31 March 2004, as previously recorded under SA GAAP.

Goodwill arising from a business combination, for which the agreement date is on or after 31 March 2004, is not amortised but is carried at cost less accumulated impairment losses.

Goodwill is tested at least annually for impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit(s) expected to benefit from the business combination in which the goodwill arose. An impairment loss is recognised if the carrying amount of the cash-generating unit, including the associated goodwill, exceeds its recoverable amount.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **4.3 Intangible assets**

Intangible assets, other than goodwill (refer to policy note 4.2) are recognised if it is probable that future economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured.

##### **4.3.1 Trademarks**

Trademarks are classified as indefinite useful life intangible assets as they are inherent to the continuous operation of the businesses to which they relate, and are stated at cost less accumulated impairment losses.

Trademarks are tested for impairment at least annually.

##### **4.3.2 Computer software**

Direct software development costs that enhance the benefits of computer software programs and are clearly associated with an identifiable and unique software system, which will be controlled by the Group and has a probable benefit exceeding one year, are recognised as intangible assets. Computer software, including software development costs recognised as intangible assets, is amortised on the straight-line basis over the expected useful lives of the assets, being between three and five years.

Capitalised computer software is carried at cost less accumulated amortisation and impairment losses. Computer software is tested annually for impairment or changes in estimated future benefits.

#### 4. PRINCIPAL ACCOUNTING POLICIES (continued)

##### 4.3.3 Manufacturing and distribution rights

Manufacturing and distribution rights are classified as indefinite useful life intangible assets as they are inherent to the continuous operation of the businesses to which they relate, and are stated at cost less accumulated impairment losses.

Manufacturing and distribution rights are tested at least annually for impairment.

##### 4.4 Property, plant and equipment

Furniture, fittings, computer equipment, plant and equipment, improvements to leasehold premises, office equipment and motor vehicles are stated at cost less accumulated depreciation and impairment calculated on the component method, and on a straight-line basis, at the rates set out below, which rates are considered appropriate to write off the cost of the asset to the estimated residual value over the estimated useful life of the asset thereof. The estimated useful lives and residual values are reviewed at each financial year-end. The current rates used are:

|                                    |                 |
|------------------------------------|-----------------|
| Plant and equipment                | 15 – 20%        |
| Office equipment                   | 15%             |
| Computer equipment                 | 33%             |
| Furniture and fittings             | 15%             |
| Motor vehicles – passenger         | 20%             |
| Motor vehicles – commercial        | 25%             |
| Improvements to leasehold premises | period of lease |

Land and buildings owned and occupied by Group companies are classified as own use property. Land is carried at cost. Buildings are carried at cost less depreciation calculated on a straight-line basis, at rates considered appropriate to write off the cost thereof to the estimated residual value over the estimated useful life of the buildings.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Property, plant and equipment are tested annually for impairment.

##### 4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The cost of finished goods includes direct expenditure and production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Any write downs to inventory and reversals to prior years write down are accounted for in cost of sales. Reversals to prior year inventory write downs are limited to the cost of the inventory written down. Inventory comprises finished goods, work in progress and raw materials.

##### 4.6 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indicators that trade receivables may be impaired are significant financial difficulty experienced by the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

##### 4.7 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the end of each reporting period. Translation differences are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African rand at foreign exchange rates ruling at the dates that the fair value was determined.

Exchange differences are taken to profit and loss in the year in which they arise.

#### 4.8 Taxation

The taxation expense represents the sum of the current taxation payable (local and international), deferred taxation and secondary taxation on companies.

The current taxation currently payable is based on the taxable income for the year. Taxable income differs from net income as reported in the statement of comprehensive income where it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Group's liability for current taxation uses the relevant rates that have been enacted by the statement of financial position date.

Deferred taxation is accounted for using the comprehensive liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, fair value adjustments on other investments and taxation losses carried forward.

Secondary taxation on companies is recognised as part of the taxation charge in the statement of comprehensive income when the related dividend is declared.

#### 4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other current highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included as part of current liabilities on the statement of financial position. Cash and cash equivalents are carried on the statement of financial position at fair value.

#### 4.10 Trade and other payables

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

#### 4.11 Revenue

Revenue, which excludes value-added tax, comprises the net amounts invoiced to customers, after trade discounts, for goods supplied and services rendered. Under certain service contracts the Group manages customer expenditure and is obliged to purchase goods and services from third-party contractors and recharge them to the customer at cost. These "flow through" amounts charged by contractors and recharged to customers at cost are excluded from turnover and cost of sales. Trade receivables and trade payables balances relating to these transactions are recorded in the statement of financial position.

##### 4.11.1 Revenue recognition

Revenue from service-based activities is recognised when the service is completed.

Revenue from the sale of merchandise and finished goods is brought to account when the risk in the goods passes to the customer.

Interest earned is accrued on a time proportion basis using the effective interest rate method.

Dividends are recognised when the right to receive payment is established.

#### 4.12 Leased assets

Lease contracts, where the Group has substantially all the risks and rewards of ownership of the leased assets, are classified as finance leases.

Assets held under finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset, on the same basis as owned assets, or the lease term.

The corresponding rental obligations, net of finance charges, are classified as finance lease liabilities. Each lease payment is allocated between capital and finance charges. Finance charges are expensed using the effective interest method.

Leases of assets, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### 4. PRINCIPAL ACCOUNTING POLICIES (continued)

##### 4.13 Investments

###### 4.13.1 Investments in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities are recognised at cost less accumulated impairment losses in the Company's separate financial statements.

###### 4.13.2 Other investments

Other investments are designated as "fair value through profit or loss" in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*, although these are held and structured as non-current investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Strategic investments are initially recorded at fair value on acquisition. After initial recognition, fair value gains and losses on financial assets designated as "fair value through profit and loss" are recognised in profit and loss.

##### 4.14 Financial instruments

Financial instruments include all financial assets, financial liabilities and equity instruments including derivative instruments. Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), non-interest-bearing liabilities, other investments, trade and other receivables, trade and other payables, interest-bearing liabilities and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

###### 4.14.1 Financial assets

The Group classifies its financial assets in the following categories; at fair value through profit or loss or loans and receivables. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively and mainly include other investments. Derivatives are classified as held for trading unless they are designated as hedges.

Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the statement of comprehensive income in the period in which they arise. The method for estimation of fair value is described within the disclosure on judgements and estimates. Where the effect of the time value of money is not considered to be material, financial assets carried at amortised cost using the effective interest rate method are not discounted as their carrying values approximate fair value.

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 end of each reporting period. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest method.

The Group derecognises a financial asset only when the contractual right to the cash flows from the asset expires, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

###### 4.14.2 Financial liabilities

Financial liabilities include trade payables, loans and liabilities (interest-bearing and non-interest-bearing) and other payables that are not held for trading purposes and have fixed or determinable payments that are not quoted in an active market. Other financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Where the effect of the time value of money is not considered to be material, financial liabilities carried at amortised cost using the effective interest rate method are not discounted as their carrying values approximate fair value.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

##### 4.15 Impairment of assets

Except goodwill, indefinite useful life intangible assets and intangible assets not yet available for use, the recoverable amounts of the Group's assets are assessed for any indications of impairment at least annually. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount of an asset is calculated as the higher of its fair value less cost to sell and its value in use.

In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognised impairment loss, except for an impairment in respect to goodwill which is never reversed, is reversed if the recoverable amount of the asset increases as a result of a change in the estimates used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairments to CGUs are first applied to goodwill and then to other assets in the CGU on a proportionate basis.

#### **4.16 Segment reporting**

Operating segments have been determined in consistency with the internal reports reviewed by the Executive committee ("Exco") when making strategic decisions for the Group. Exco considers the business based on the sectors in which they operate.

#### **4.17 Employee benefits**

The Group provides for retirement benefits for the majority of employees by payments to independently administered defined-contribution pension and provident funds. Current contributions are charged against income as incurred.

#### **4.18 Dividends declared**

Dividends, and the related tax thereon, are recognised when the dividends are declared by the board of directors.

#### **4.19 Share capital**

##### **4.19.1 Ordinary shares**

Ordinary shares are classified as equity. Issued share capital is stated at the amount of the proceeds received less directly attributable issue costs.

##### **4.19.2 Treasury shares**

Shares in the Company held by wholly owned Group companies, as well as shares held by the Group's Share Incentive Scheme, are classified as treasury shares. These treasury shares are treated as a deduction from the issued number of shares and are not taken into account in the calculation of the weighted average number of shares in the Group financial statements. The cost price of the treasury shares is deducted from the Group's equity.

##### **4.19.3 Preference shares**

Preference shares issued which are convertible at the instance of the holder into other equity instruments, or if not convertible are redeemable at the instance of the issuer, are classified as equity. Distributions to the holders of preference shares which are classified as equity are shown in the statement of changes in equity as part of transactions with equity holders. Preference shares which do not meet the definition of an equity instrument are classified as liabilities. Distributions to the holders of preference shares which are classified as liabilities are included in finance costs in the statement of comprehensive income.

#### **4.20 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

#### **4.21 Related party transactions**

All subsidiaries, joint ventures and associated companies of the Group are related parties. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Directors' emoluments as well as transactions with other related parties are set out in note 33. There were no other material contracts with related parties.

#### **4.22 Share-based payments**

Executive directors and senior executives have been granted equity/cash settled share appreciation rights in terms of the Share Incentive Scheme. The Group granted share options to its employees as well as historically disadvantaged individuals and organisations in terms of the broad-based BEE ownership initiative.

#### **4. PRINCIPAL ACCOUNTING POLICIES** *(continued)*

##### **4.22 Share-based payments** *(continued)*

Equity-settled share-based payments are measured at fair value at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a trinomial-based option-pricing model.

Share appreciation rights granted to employees for the services rendered or to be rendered are raised as a liability and recognised in profit and loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit and loss. Fair value is measured using the trinomial-based option model.

In a BEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (eg the BEE equity credentials) and are recognised in profit and loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions.

##### **4.23 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

##### **4.24 Exceptional items**

Exceptional items are those which have been determined by the directors as being material by their size, incidence or nature and are therefore required to be disclosed separately to enable full understanding of the Group's financial performance.

##### **4.25 Government grants**

The carrying amounts of the assets to which the government grants/assistance relate, have been reduced by the amount of the government grants given.

##### **4.26 Discontinued operations**

A discontinued operation is a component of an entity that is either a subsidiary or a major line of business that has either been disposed of or classified as held for sale.

#### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period, based on management's best knowledge of current events and actions and anticipated future events. The accounting estimates may, by definition, differ from the ultimate actual results. Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events, which are considered to be reasonable in the circumstances. The most critical accounting estimates and assumptions relate to the valuation of the Group's other investments. Details of the methodology used to calculate the fair value of the Group's other investments are set out in note 6.

##### **5.1 Fair value methods and assumptions**

The best evidence of the fair value of a financial instrument (other investments, both listed and unlisted, derivative instruments and funding liabilities) on initial recognition is the transaction price, ie the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

When such valuation models, with only observable market data as input, indicate that the fair value differs from the transaction price, this initial difference, commonly referred to as day one profit or loss, is recognised in the statement of comprehensive income immediately. If non-observable market data is used as part of the input to the valuation models, any resulting difference between the transaction price and the model value is deferred.

The timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement, depending on the nature of the instrument and availability of market observable inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. In situations where an investment vehicle is established to house the investment, the Group determines fair values of its investments through valuation of the underlying assets in the respective investment companies.

If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined using applicable valuation techniques such as price-earnings multiple, EBITDA multiple, net asset value and discounted cash flow methods.

Where earnings multiple or discounted cash flow analyses are used, estimated multiples and future cash flows are based on management's best estimates and market-related discount rates at the end of each reporting period for a financial asset with similar terms and conditions. Management follows a more conservative approach when determining estimates of earnings and multiples used for valuation purposes.

Where pricing models are used, inputs are based on observable market indicators at the end of each reporting period and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

## 5.2 Estimates regarding the impairment of goodwill

For the year ended 30 June 2010, the value in use calculations was based on EBITDA multiples ranging between 4 and 5,38, the appropriate enterprise value ranged between R1 684 million to a high of R2 139 million. With the unbundling of Mvelaserve and Health Strategic Investments on 6 December 2010 and 20 August 2010 respectively, the goodwill to the value of R701 913 000 has been disposed of.

## 5.3 Estimates regarding the impairment of associates

The recoverable amount of the investment in associates is based on value in use. The recoverable amount of the Groups' investment in Avusa was calculated based on Avusa's last trading price of R24 per share on 30 June 2011. Prior years recoverable amount was computed using a ten-year projected future cash flows with a terminal growth rate of 5% per annum and a WACC of 14,3%.

## 5.4 Business combinations involving entities under common control

In accordance with IAS 8 – *Accounting policies, Estimates and Errors*, management referred to IFRS 3 – *Business Combination* and accordingly adopted the acquisition method as the Group's accounting policy for the treatment of business combinations under common control. The Group has applied the new policy prospectively, with the result that no adjustments were necessary to any of the amounts previously recognised in the financial statements.

## 6. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

No accounting standards, interpretations and amendments to published accounting standards that became effective during the current financial year had any effect on the amounts reported in these financial statements.

At the date of issue of these financials, the following new accounting standards which may affect the Group's results for the future financial period, were in issue but not yet effective:

| Accounting standard                                       | Type | Effective date  |
|---|------|---|
| <i>IFRS 9 – Financial Instruments</i>                     | New  | Financial years commencing on or after 1 January 2013 |
| <i>IFRS 10 – Consolidated Financial Statements</i>        | New  | Financial years commencing on or after 1 January 2013 |
| <i>IFRS 12 – Disclosure of interest in Other Entities</i> | New  | Financial years commencing on or after 1 January 2013 |
| <i>IFRS 13 – Fair Value Measurement</i>                   | New  | Financial years commencing on or after 1 January 2013 |

The directors have not yet determined what the impact of these new standards on the Company will be.

| GROUP 2011  | Financial<br>services<br>R'000 | Consumer<br>services<br>R'000 | Construction<br>and<br>infrastructure<br>R'000 | Telecoms,<br>media and<br>technology<br>R'000 | 30 June<br>2011<br>R'000 |
|---|--------------------------------|-------------------------------|--|---|--------------------------|
| <b>FINANCIAL POSITION</b>   |                                |                               |  |   |                          |
| <b>Assets</b>   |                                |                               |  |   |                          |
| Property, plant and equipment   | —                              | 1 252                         | —  | —   | 1 252                    |
| Investment in associates  | —                              | —                             | —  | 635 385                                       | 635 385                  |
| Non-current strategic investments   | 826 689                        | 747 440                       | 87 240   | —   | 1 661 369                |
| Current other investments   | —                              | 306 944                       | —  | 48 125  | 355 069                  |
| Other current assets  | —                              | 1 724                         | —  | 23 062  | 24 786                   |
| Cash and cash equivalents   | —                              | 9 107                         | —  | 79 178  | 88 285                   |
| <b>Total assets</b>   | <b>826 689</b>                 | <b>1 066 467</b>              | <b>87 240</b>                                  | <b>785 750</b>                                | <b>2 766 146</b>         |
| <b>Liabilities</b>  |                                |                               |  |   |                          |
| Non-current interest-bearing liabilities  | —                              | —                             | —  | 333 078                                       | 333 078                  |
| Deferred taxation   | —                              | 43 826                        | 3 594  | 2 026   | 49 446                   |
| Current non-interest-bearing liabilities  | —                              | 1 933                         | —  | —   | 1 933                    |
| Bank overdraft  | —                              | 24 366                        | —  | —   | 24 366                   |
| <b>Total liabilities</b>  | <b>—</b>                       | <b>70 125</b>                 | <b>3 594</b>                                   | <b>335 104</b>                                | <b>408 823</b>           |
| <b>Net assets</b>   | <b>826 689</b>                 | <b>996 342</b>                | <b>83 646</b>                                  | <b>450 646</b>                                | <b>2 357 323</b>         |
| <b>COMPREHENSIVE INCOME</b>   |                                |                               |  |   |                          |
| <b>Revenue from discontinued operations<sup>1</sup></b>   | <b>—</b>                       | <b>1 886 411</b>              | <b>—</b>                                       | <b>—</b>                                      | <b>1 886 411</b>         |
| Loss from operations  | —                              | (39 837)                      | —  | —   | (39 837)                 |
| Interest income   | —                              | 10 004                        | —  | 5 478   | 15 482                   |
| Interest expense  | —                              | (3 212)                       | —  | (36 734)                                      | (39 946)                 |
| Dividend income   | —                              | 57 464                        | 14 792   | —   | 72 256                   |
| Fair value adjustments and net profit/(loss)<br>from investments  | 142 235                        | (306 875)                     | (71 740)                                       | 6 875   | (229 505)                |
| Share of loss from associates   | —                              | —                             | —  | (7 942)                                       | (7 942)                  |
| <b>Net profit/(loss) before taxation and BEE<br/>costs from continuing operations</b>   | <b>142 235</b>                 | <b>(282 456)</b>              | <b>(56 948)</b>                                | <b>(32 323)</b>                               | <b>(229 492)</b>         |
| Taxation charge   | 112 024                        | 21 954                        | 10 043   | (3 771)                                       | 140 250                  |
| <b>Net profit/(loss) after tax and before BEE<br/>costs from continuing operations</b>  | <b>254 259</b>                 | <b>(260 502)</b>              | <b>(46 905)</b>                                | <b>(36 094)</b>                               | <b>(89 242)</b>          |
| <b>Less: Profit for the year from discontinued<br/>operations</b>   | <b>—</b>                       | <b>35 704</b>                 | <b>—</b>                                       | <b>—</b>                                      | <b>35 704</b>            |
| Profit/(loss) for the year per operating segment  | 254 259                        | (224 798)                     | (46 905)                                       | (36 094)                                      | (53 538)                 |
| Cost of BEE costs   |                                |                               |  |   | (15 501)                 |
| <b>Total comprehensive loss for the year</b>  |                                |                               |  |   | <b>(69 039)</b>          |
| <sup>1</sup> Revenue was revenue received from external customers for a period of five months prior to the unbundling of Mvelaserve Limited on 6 December 2010. Inter-segment revenue for the five-month period represented 26% of total revenue. |                                |                               |  |   |                          |
| <b>CASH FLOWS</b>   |                                |                               |  |   |                          |
| Cash flow from operating activities   | —                              | (20 879)                      | 14 792   | (27 639)                                      | (33 726)                 |
| Cash flow from investing activities   | —                              | 210 813                       | (14 792)                                       | —   | 196 021                  |
| Cash flow from financing activities   | —                              | (604 703)                     | —  | (5 026)                                       | (609 729)                |
| <b>Cash flow per operating segment</b>  | <b>—</b>                       | <b>(414 769)</b>              | <b>—</b>                                       | <b>(32 665)</b>                               | <b>(447 434)</b>         |
| Cash flows with shareholders  |                                |                               |  |   | (14 790)                 |
| – Dividends paid  |                                |                               |  |   | (14 790)                 |
| <b>Net movement in cash and cash equivalents</b>  |                                |                               |  |   | <b>(462 224)</b>         |

| GROUP 2010   | Financial<br>services<br>R'000 | Consumer<br>services<br>R'000 | Construction<br>and<br>infrastructure<br>R'000 | Telecoms,<br>media and<br>technology<br>R'000 | 30 June<br>2010<br>R'000 |
|--|--------------------------------|-------------------------------|--|---|--------------------------|
| <b>FINANCIAL POSITION</b>  |                                |                               |  |   |                          |
| <b>Assets</b>  |                                |                               |  |   |                          |
| Property, plant and equipment  | —                              | 389 492                       | —  | —   | 389 492                  |
| Goodwill and other intangible assets   | —                              | 834 554                       | —  | —   | 834 554                  |
| Strategic investments  | 684 454                        | 568 771                       | 144 189  | 41 250  | 1 438 664                |
| Investment in associates   | —                              | 8 267                         | —  | 665 831                                       | 674 098                  |
| Deferred taxation  | —                              | 17 706                        | —  | —   | 17 706                   |
| Current strategic investments  | —                              | 2 626 286                     | —  | —   | 2 626 286                |
| Other current assets   | —                              | 822 654                       | —  | 20 415  | 843 069                  |
| Cash and cash equivalents  | —                              | 414 300                       | —  | 111 843                                       | 526 143                  |
| Assets in disposal group held for sale   | —                              | 5 045                         | —  | —   | 5 045                    |
| <b>Total assets</b>  | <b>684 454</b>                 | <b>5 687 075</b>              | <b>144 189</b>                                 | <b>839 339</b>                                | <b>7 355 057</b>         |
| <b>Liabilities</b>   |                                |                               |  |   |                          |
| Non-current interest-bearing liabilities   | —                              | 655 470                       | —  | 624 065                                       | 1 279 535                |
| Deferred taxation  | 112 025                        | 110 075                       | 13 639   | —   | 235 739                  |
| Current interest-bearing liabilities   | —                              | 78 699                        | —  | —   | 78 699                   |
| Financial liability  | —                              | 36 900                        | —  | —   | 36 900                   |
| Current non-interest-bearing liabilities   | —                              | 823 663                       | —  | 6 238   | 829 901                  |
| <b>Total liabilities</b>   | <b>112 025</b>                 | <b>1 704 807</b>              | <b>13 639</b>                                  | <b>630 303</b>                                | <b>2 460 774</b>         |
| <b>Net assets</b>  | <b>572 429</b>                 | <b>3 982 268</b>              | <b>130 550</b>                                 | <b>209 036</b>                                | <b>4 894 283</b>         |
| <b>COMPREHENSIVE INCOME</b>  |                                |                               |  |   |                          |
| <b>Revenue from discontinued operations<sup>1</sup></b>  | <b>—</b>                       | <b>4 199 259</b>              | <b>—</b>                                       | <b>—</b>                                      | <b>4 199 259</b>         |
| Profit from operations   | —                              | 3 195                         | —  | —   | 3 195                    |
| Interest income  | —                              | 11 898                        | —  | 8 572   | 20 470                   |
| Interest expense   | —                              | (12 455)                      | —  | (55 249)                                      | (67 704)                 |
| Dividend income  | 34 215                         | 120 500                       | 15 299   | —   | 170 014                  |
| Fair value adjustments and net (loss)/profit from investments  | (47 840)                       | 526 528                       | (35 915)                                       | (35 151)                                      | 407 622                  |
| Share of loss from associates  | —                              | (1)                           | —  | (28 592)                                      | (28 593)                 |
| <b>Net (loss)/profit before taxation and BEE costs from continuing operations</b>  | <b>(13 625)</b>                | <b>649 665</b>                | <b>(20 616)</b>                                | <b>(110 420)</b>                              | <b>505 004</b>           |
| Taxation charge  | 6 697                          | 217 236                       | 5 028  | (2 808)                                       | 226 153                  |
| <b>Net (loss)/profit after tax and before BEE costs from continuing operations</b>   | <b>(6 928)</b>                 | <b>866 901</b>                | <b>(15 588)</b>                                | <b>(113 228)</b>                              | <b>731 157</b>           |
| <b>Less: Profit for the year from discontinued operations</b>  | <b>—</b>                       | <b>176 510</b>                | <b>—</b>                                       | <b>—</b>                                      | <b>176 510</b>           |
| (Loss)/profit for the year per operating segment   | (6 928)                        | 1 043 411                     | (15 588)                                       | (113 228)                                     | 907 667                  |
| Cost of BEE costs  |                                |                               |  |   | (16 175)                 |
| <b>Total comprehensive income for the year</b>   |                                |                               |  |   | <b>891 492</b>           |
| <sup>1</sup> Revenue was revenue received from external customers. Inter-segment revenue represents 0,004% of total revenue. |                                |                               |  |   |                          |
| <b>CASH FLOWS</b>  |                                |                               |  |   |                          |
| Cash flow from operating activities  | 34 217                         | 438 499                       | 15 299   | (31 215)                                      | 456 800                  |
| Cash flow from investing activities  | —                              | 114 484                       | —  | —   | 114 484                  |
| Cash flow from financing activities  | —                              | (484 685)                     | —  | —   | (484 685)                |
| <b>Cash flow per operating segment</b>   | <b>34 217</b>                  | <b>68 298</b>                 | <b>15 299</b>                                  | <b>(31 215)</b>                               | <b>86 599</b>            |
| Cash flows with shareholders   |                                |                               |  |   | (30 008)                 |
| – Dividends paid   |                                |                               |  |   | (30 008)                 |
| <b>Net movement in cash and cash equivalents</b>   |                                |                               |  |   | <b>56 591</b>            |

At 30 June

|   | Notes | Group            |               | Company          |               |
|---|-------|------------------|---------------|------------------|---------------|
|   |       | 2011<br>R'000    | 2010<br>R'000 | 2011<br>R'000    | 2010<br>R'000 |
| <b>ASSETS</b>                                     |       |                  |               |                  |               |
| <b>Non-current assets</b>                         |       |                  |               |                  |               |
|   |       | <b>2 298 006</b> | 3 354 514     | <b>1 341 046</b> | 2 520 785     |
| Property, plant and equipment                     | 1     | <b>1 252</b>     | 389 492       | <b>1 252</b>     | 1 056         |
| Goodwill  | 2     | —                | 701 913       | —                | 101 251       |
| Intangible assets                                 | 3     | —                | 132 641       | —                | —             |
| Investments in subsidiaries                       | 4     | —                | —             | <b>716 883</b>   | 1 944 244     |
| Investments in associates                         | 5     | <b>635 385</b>   | 674 098       | —                | —             |
| Strategic investments                             | 6     | <b>1 661 369</b> | 1 438 664     | <b>622 911</b>   | 474 234       |
| Deferred taxation                                 | 15    | —                | 17 706        | —                | —             |
| <b>Current assets</b>                             |       |                  |               |                  |               |
|   |       | <b>468 140</b>   | 3 995 498     | <b>868</b>       | 1 052         |
| Strategic investments                             | 6     | —                | 2 626 286     | —                | —             |
| Other investments                                 | 6     | <b>355 069</b>   | —             | —                | —             |
| Inventories                                       | 7     | —                | 41 885        | —                | —             |
| Trade and other receivables                       | 8     | <b>23 676</b>    | 801 184       | <b>614</b>       | 837           |
| Cash and cash equivalents                         | 9     | <b>88 285</b>    | 526 143       | <b>254</b>       | 215           |
| Taxation asset                                    |       | <b>1 110</b>     | —             | —                | —             |
| Assets in disposal group held for sale            | 10    | —                | 5 045         | —                | —             |
| <b>Total assets</b>                               |       |                  |               |                  |               |
|   |       | <b>2 766 146</b> | 7 355 057     | <b>1 341 914</b> | 2 521 837     |
| <b>EQUITY AND LIABILITIES</b>                     |       |                  |               |                  |               |
| <b>Capital and reserves</b>                       |       |                  |               |                  |               |
|   |       | <b>2 357 323</b> | 4 894 283     | <b>1 340 490</b> | 2 480 407     |
| Share capital                                     | 11    | <b>804</b>       | 584           | <b>841</b>       | 621           |
| Share premium                                     |       | <b>785 367</b>   | 2 021 613     | <b>811 558</b>   | 2 047 804     |
| Non-distributable reserves                        |       | <b>129 401</b>   | 113 900       | <b>129 401</b>   | 113 900       |
| Distributable reserve                             |       | <b>1 244 669</b> | 2 588 926     | <b>398 690</b>   | 318 082       |
| <b>Total attributable to owners of the parent</b> |       |                  |               |                  |               |
|   |       | <b>2 160 241</b> | 4 725 023     | <b>1 340 490</b> | 2 480 407     |
| Minority shareholders                             |       | <b>197 082</b>   | 169 260       | —                | —             |
| <b>Non-current liabilities</b>                    |       |                  |               |                  |               |
|   |       | <b>382 524</b>   | 1 552 174     | —                | 32 034        |
| Interest-bearing liabilities                      | 12    | <b>333 078</b>   | 1 279 535     | —                | —             |
| Financial liability                               | 14    | —                | 36 900        | —                | —             |
| Deferred taxation                                 | 15    | <b>49 446</b>    | 235 739       | —                | 32 034        |
| <b>Current liabilities</b>                        |       |                  |               |                  |               |
|   |       | <b>26 299</b>    | 908 600       | <b>1 424</b>     | 9 396         |
| Trade and other payables                          | 16    | <b>1 933</b>     | 788 568       | <b>1 424</b>     | 6 819         |
| Interest-bearing liabilities                      | 12    | —                | 78 699        | —                | —             |
| Bank overdraft                                    | 9     | <b>24 366</b>    | —             | —                | —             |
| Non-interest-bearing liabilities                  | 13    | —                | 20 712        | —                | 2 577         |
| Taxation liabilities                              |       | —                | 20 621        | —                | —             |
| <b>Total equity and liabilities</b>               |       |                  |               |                  |               |
|   |       | <b>2 766 146</b> | 7 355 057     | <b>1 341 914</b> | 2 521 837     |

For the year ended 30 June

|   | Notes | Group           |                | Company          |                  |
|---|-------|-----------------|----------------|------------------|------------------|
|   |       | 2011<br>R'000   | 2010<br>R'000  | 2011<br>R'000    | 2010<br>R'000    |
| <b>Continuing operations</b>  |       |                 |                |                  |                  |
| Operating income  |       | 6 358           | 3 384          | 4 867            | —                |
| Operating expenses  |       | (31 954)        | (189)          | (28 932)         | —                |
| (Loss)/profit from operations pre-exceptional items   |       | (25 596)        | 3 195          | (24 065)         | —                |
| Exceptional items   | 18    | (14 241)        | —              | (14 241)         | —                |
| (Loss)/profit from operations   | 19    | (39 837)        | 3 195          | (38 306)         | —                |
| Net interest (expense)/income   | 20    | (24 464)        | (47 234)       | 12 343           | (3 099)          |
| Interest income   |       | 15 482          | 20 470         | 12 573           | 2 690            |
| Interest expense  |       | (39 946)        | (67 704)       | (230)            | (5 789)          |
| Dividend income   |       | 72 256          | 170 014        | 2 160 774        | 31 110           |
| Fair value adjustments and net (loss)/profit from investments   | 21    | (229 505)       | 407 622        | (563 005)        | (809 344)        |
| Share of loss from associates   | 22    | (7 942)         | (28 593)       | —                | —                |
| Cost of BEE transaction   | 23    | (15 501)        | (16 175)       | (15 501)         | (16 175)         |
| (Loss)/profit before taxation expense   |       | (244 993)       | 488 829        | 1 556 305        | (797 508)        |
| Taxation charge   | 24    | 140 250         | 226 153        | 29 615           | 1 584            |
| (Loss)/profit for the year from continuing operations   |       | (104 743)       | 714 982        | 1 585 920        | (795 924)        |
| <b>Discontinued operations</b>  |       |                 |                |                  |                  |
| Profit for the year from discontinued operations  | 25    | 35 704          | 176 510        | —                | —                |
| <b>Total comprehensive (loss)/income for the year</b>   |       | <b>(69 039)</b> | <b>891 492</b> | <b>1 585 920</b> | <b>(795 924)</b> |
| <b>Attributable to:</b>   |       |                 |                |                  |                  |
| Owners of the parent  |       | (124 471)       | 865 781        | 1 571 130        | (825 932)        |
| Other shareholders  |       | 55 432          | 25 711         | 14 790           | 30 008           |
| Preference shareholders   |       | 14 790          | 30 008         | 14 790           | 30 008           |
| Minority shareholders   |       | 40 642          | (4 297)        | —                | —                |
| <b>Total comprehensive (loss)/income for the year</b>   |       | <b>(69 039)</b> | <b>891 492</b> | <b>1 585 920</b> | <b>(795 924)</b> |
| <b>(Loss)/earnings per share from continuing operations and discontinued operations attributable to the equity holders of the parent during the year:</b> |       |                 |                |                  |                  |
| <b>Basic (loss)/earnings per ordinary share (cents)</b>   | 26.1  | <b>(26,0)</b>   | 212,7          |                  |                  |
| From continuing operations (cents)  |       | (32,0)          | 171,0          |                  |                  |
| From discontinued operations (cents)  |       | 6,0             | 41,7           |                  |                  |
| <b>Diluted (loss)/earnings per ordinary share (cents)</b>   | 26.1  | <b>(26,0)</b>   | 192,5          |                  |                  |
| From continuing operations (cents)  |       | (32,0)          | 156,0          |                  |                  |
| From discontinued operations (cents)  |       | 6,0             | 36,5           |                  |                  |
| <b>Dividends per preference share (cents)</b>   | 26.5  | <b>30,0</b>     | 55,0           | <b>30,0</b>      | 55,0             |
| Interim (cents)   |       | 30,0            | 27,5           | 30,0             | 27,5             |
| Final (cents)   |       | —               | 27,5           | —                | 27,5             |

For the year ended 30 June

|  | Notes | Group              |               | Company          |               |
|--|-------|--------------------|---------------|------------------|---------------|
|  |       | 2011<br>R'000      | 2010<br>R'000 | 2011<br>R'000    | 2010<br>R'000 |
| <b>Cash flows from operating activities</b>                            |       | <b>(33 726)</b>    | 456 800       | <b>6 732</b>     | 24 696        |
| Cash received from customers   | 27    | <b>1 806 781</b>   | 4 143 232     | —                | —             |
| Cash paid to suppliers and employees                                   | 28    | <b>(1 827 986)</b> | (3 714 983)   | —                | —             |
| Cash (utilised in)/generated from operations                           | 29    | <b>(21 205)</b>    | 428 249       | —                | —             |
| Interest received  |       | <b>26 011</b>      | 35 428        | <b>4 493</b>     | 2 690         |
| Interest paid  |       | <b>(51 435)</b>    | (109 478)     | <b>(230)</b>     | (5 789)       |
| Investment income  |       | <b>74 301</b>      | 174 122       | <b>50</b>        | 31 110        |
| Taxation (paid)/refunded   | 31    | <b>(61 398)</b>    | (71 521)      | <b>2 419</b>     | (3 315)       |
| <b>Cash flows from investing activities</b>                            |       | <b>196 021</b>     | 114 484       | <b>8 097</b>     | (72 363)      |
| Net (disposal)/acquisition of subsidiaries                             | 32    | <b>(188 368)</b>   | 4 138         | <b>653 288</b>   | —             |
| Additions to property, plant and equipment and other intangible assets |       | <b>(59 890)</b>    | (197 700)     | <b>(442)</b>     | (1 148)       |
| Proceeds from disposal of property, plant and equipment                |       | <b>6 485</b>       | 6 415         | —                | —             |
| Proceeds from disposal of investments                                  |       | <b>614 152</b>     | 769 528       | —                | —             |
| Decrease in investments  |       | <b>(176 358)</b>   | (467 897)     | <b>(644 749)</b> | (71 215)      |
| <b>Cash flows from financing activities</b>                            |       | <b>(624 519)</b>   | (514 693)     | <b>(14 790)</b>  | (30 008)      |
| Decrease in non-current liabilities                                    |       | <b>(606 272)</b>   | (497 478)     | —                | —             |
| (Decrease)/increase in current liabilities                             |       | <b>(3 210)</b>     | 14 492        | —                | —             |
| Decrease in minority interest  |       | <b>(398)</b>       | (1 699)       | —                | —             |
| Share issue costs  |       | <b>151</b>         | —             | —                | —             |
| Preference dividends paid  |       | <b>(14 790)</b>    | (30 008)      | <b>(14 790)</b>  | (30 008)      |
| Net (decrease)/increase in cash and cash equivalents                   |       | <b>(462 224)</b>   | 56 591        | <b>39</b>        | (77 675)      |
| Cash and cash equivalents at the beginning of the year                 |       | <b>526 143</b>     | 469 552       | <b>215</b>       | 77 890        |
| Cash and cash equivalents at the end of the year                       | 9     | <b>63 919</b>      | 526 143       | <b>254</b>       | 215           |

For the year ended 30 June

|   | Share capital<br>R'000 | Share premium<br>R'000 | Non-distributable<br>reserve<br>R'000 | Distributable<br>reserves<br>R'000 | Total<br>attributable<br>to owners<br>of parent<br>R'000 | Minority<br>share-<br>holders<br>R'000 | Capital<br>and<br>reserves<br>R'000 |
|---|------------------------|------------------------|---------------------------------------|------------------------------------|--|--|-------------------------------------|
| <b>GROUP</b>  |                        |                        |                                       |                                    |  |  |                                     |
| <b>Balance at 30 June 2009</b>  | 585                    | 2 021 612              | 97 725                                | 1 719 966                          | 3 839 888  | 177 656                                | 4 017 544                           |
| Conversion of 438 732 preference shares into 473 831 ordinary shares        | (1)                    | 1                      | —                                     | —                                  | —  | —                                      | —                                   |
| Cost of BEE transaction   | —                      | —                      | 16 175                                | —                                  | 16 175   | —                                      | 16 175                              |
| Acquisitions/(disposals) of subsidiaries                                    | —                      | —                      | —                                     | 3 176                              | 3 176  | (2 400)                                | 776                                 |
| Total comprehensive income for the year                                     | —                      | —                      | —                                     | 895 792                            | 895 792  | (4 297)                                | 891 495                             |
| Dividend – preference shareholders  | —                      | —                      | —                                     | (30 008)                           | (30 008)   | (1 699)                                | (31 707)                            |
| <b>Balance at 30 June 2010</b>  | <b>584</b>             | <b>2 021 613</b>       | <b>113 900</b>                        | <b>2 588 926</b>                   | <b>4 725 023</b>   | <b>169 260</b>                         | <b>4 894 283</b>                    |
| Conversion of 53 995 906 preference shares into 121 999 596 ordinary shares | 69                     | (69)                   | —                                     | —                                  | —  | —                                      | —                                   |
| Issued redeemable-option holding shares                                     | 151                    | —                      | —                                     | —                                  | 151  | —                                      | 151                                 |
| Disposal of subsidiaries  | —                      | —                      | —                                     | —                                  | —  | (12 422)                               | (12 422)                            |
| Cost of BEE transaction   | —                      | —                      | 15 501                                | —                                  | 15 501   | —                                      | 15 501                              |
| Total comprehensive loss for the year                                       | —                      | —                      | —                                     | (109 681)                          | (109 681)  | 40 642                                 | (69 039)                            |
| Distribution/dividend – ordinary shareholders                               | —                      | (1 236 177)            | —                                     | (1 219 786)                        | (2 455 963)  | (398)                                  | (2 456 361)                         |
| Dividend – preference shareholders  | —                      | —                      | —                                     | (14 790)                           | (14 790)   | —                                      | (14 790)                            |
| <b>Balance at 30 June 2011</b>  | <b>804</b>             | <b>785 367</b>         | <b>129 401</b>                        | <b>1 244 669</b>                   | <b>2 160 241</b>   | <b>197 082</b>                         | <b>2 357 323</b>                    |
| <b>COMPANY</b>  |                        |                        |                                       |                                    |  |  |                                     |
| <b>Balance at 30 June 2009</b>  | 622                    | 2 047 803              | 97 725                                | 1 144 014                          | 3 290 164  | —                                      | 3 290 164                           |
| Conversion of 438 732 preference shares into 473 831 ordinary shares        | (1)                    | 1                      | —                                     | —                                  | —  | —                                      | —                                   |
| Cost of BEE transaction   | —                      | —                      | 16 175                                | —                                  | 16 175   | —                                      | 16 175                              |
| Total comprehensive loss for the year                                       | —                      | —                      | —                                     | (795 924)                          | (795 924)  | —                                      | (795 924)                           |
| Dividend – preference shareholders  | —                      | —                      | —                                     | (30 008)                           | (30 008)   | —                                      | (30 008)                            |
| <b>Balance at 30 June 2010</b>  | <b>621</b>             | <b>2 047 804</b>       | <b>113 900</b>                        | <b>318 082</b>                     | <b>2 480 407</b>   | <b>—</b>                               | <b>2 480 407</b>                    |
| Conversion of 53 995 906 preference shares into 121 999 596 ordinary shares | 69                     | (69)                   | —                                     | —                                  | —  | —                                      | —                                   |
| Issued redeemable-option holding shares                                     | 151                    | —                      | —                                     | —                                  | 151  | —                                      | 151                                 |
| Cost of BEE transaction   | —                      | —                      | 15 501                                | —                                  | 15 501   | —                                      | 15 501                              |
| Total comprehensive income for the year                                     | —                      | —                      | —                                     | 1 585 920                          | 1 585 920  | —                                      | 1 585 920                           |
| Distribution/dividend – ordinary shareholders                               | —                      | (1 236 177)            | —                                     | (1 490 522)                        | (2 726 699)  | —                                      | (2 726 699)                         |
| Dividend – preference shareholders  | —                      | —                      | —                                     | (14 790)                           | (14 790)   | —                                      | (14 790)                            |
| <b>Balance at 30 June 2011</b>  | <b>841</b>             | <b>811 558</b>         | <b>129 401</b>                        | <b>398 690</b>                     | <b>1 340 490</b>   | <b>—</b>                               | <b>1 340 490</b>                    |

**1. PROPERTY, PLANT AND EQUIPMENT**  
**Group and Company: 2011**

|                                    | Cost<br>R'000 | Accumulated<br>depreciation<br>R'000 | Net book<br>value<br>R'000 |
|------------------------------------|---------------|--------------------------------------|----------------------------|
| Office equipment                   | 62            | 12                                   | 50                         |
| Computer equipment                 | 106           | 43                                   | 63                         |
| Furniture and fittings             | 747           | 125                                  | 622                        |
| Improvements to leasehold premises | 677           | 160                                  | 517                        |
|                                    | <b>1 592</b>  | <b>340</b>                           | <b>1 252</b>               |

**Group reconciliation of net book value**

|                                    | Net book<br>value<br>30 June<br>2010<br>R'000 | Reclassi-<br>fication<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Depreciation<br>R'000 | Net book<br>value<br>30 June<br>2011<br>R'000 |
|------------------------------------|---|--------------------------------|--------------------|--------------------|-----------------------|---|
| Land and buildings                 | 5 897   | —                              | —                  | (5 897)            | —                     | —   |
| Plant and equipment                | 133 431                                       | (4 813)                        | 20 914             | (140 777)          | (8 755)               | —   |
| Office equipment                   | 2 905   | —                              | 951                | (3 233)            | (573)                 | 50  |
| Computer equipment                 | 20 155  | —                              | 2 589              | (18 435)           | (4 246)               | 63  |
| Furniture and fittings             | 8 533   | —                              | 1 010              | (7 288)            | (1 633)               | 622   |
| Motor vehicles                     | 204 454                                       | —                              | 29 837             | (208 700)          | (25 591)              | —   |
| Improvements to leasehold premises | 14 117  | —                              | 4 003              | (15 464)           | (2 139)               | 517   |
|                                    | <b>389 492</b>                                | <b>(4 813)</b>                 | <b>59 304</b>      | <b>(399 794)</b>   | <b>(42 937)</b>       | <b>1 252</b>                                  |

**Analysis of additions**

|                       |               |
|-----------------------|---------------|
| Replacement of assets | 6 413         |
| Expansion of business | 52 891        |
|                       | <b>59 304</b> |

Property, plant and equipment with a net book value of R394 724 000 was disposed of via the unbundling of Mvelaserve as disclosed in note 32. Included in the disposal was portion 135, Farm Waterval 273, Pretoria.

**Company reconciliation of net book value**

|                                    | Net book<br>value<br>30 June<br>2010<br>R'000 | Reclassi-<br>fication<br>R'000 | Additions<br>R'000 | Depreciation<br>R'000 | Net book<br>value<br>30 June<br>2011<br>R'000 |
|------------------------------------|---|--------------------------------|--------------------|-----------------------|---|
| Office equipment                   | 356   | (295)                          | —                  | (11)                  | 50  |
| Computer equipment                 | 73  | —                              | 19                 | (29)                  | 63  |
| Furniture and fittings             | 566   | (210)                          | 378                | (112)                 | 622   |
| Improvements to leasehold premises | 61  | 505                            | 45                 | (94)                  | 517   |
|                                    | <b>1 056</b>                                  | <b>—</b>                       | <b>442</b>         | <b>(246)</b>          | <b>1 252</b>                                  |

**1. PROPERTY, PLANT AND EQUIPMENT** (continued)  
Group: 2010

|                                    | Cost<br>R'000 | Accumulated<br>depreciation<br>and<br>impairment<br>R'000 | Net book<br>value<br>R'000 |
|------------------------------------|---------------|---|----------------------------|
| Land and buildings                 | 5 897         | —   | 5 897                      |
| Plant and equipment                | 278 908       | 145 477   | 133 431                    |
| Office equipment                   | 18 519        | 15 614  | 2 905                      |
| Computer equipment                 | 104 611       | 84 456  | 20 155                     |
| Furniture and fittings             | 34 570        | 26 037  | 8 533                      |
| Motor vehicles                     | 364 311       | 159 857   | 204 454                    |
| Improvements to leasehold premises | 34 721        | 20 604  | 14 117                     |
|                                    | 841 537       | 452 045   | 389 492                    |

**Reconciliation of net book value**

|                                       | Net book<br>value<br>30 June<br>2009<br>R'000 | Additions<br>R'000 | Reclassi-<br>fied<br>to disposal<br>group<br>classified<br>as held<br>for sale<br>R'000 | Reclassi-<br>fication<br>R'000 | Govern-<br>ment<br>grants<br>R'000 | Disposals<br>R'000 | Depre-<br>ciation<br>R'000 | Net book<br>value<br>30 June<br>2010<br>R'000 |
|---------------------------------------|---|--------------------|---|--------------------------------|------------------------------------|--------------------|----------------------------|---|
| Land and buildings                    | 12 831  | 1 367              | —   | —                              | —                                  | (8 301)            | —                          | 5 897   |
| Plant and equipment                   | 136 706                                       | 49 779             | (3 381)   | (5 631)                        | (1 180)                            | (4 813)            | (38 049)                   | 133 431                                       |
| Office equipment                      | 3 334   | 832                | —   | 276                            | —                                  | (81)               | (1 456)                    | 2 905   |
| Computer equipment                    | 19 338  | 9 602              | —   | 193                            | —                                  | 585                | (9 563)                    | 20 155  |
| Furniture and fittings                | 7 428   | 4 980              | —   | 441                            | —                                  | (820)              | (3 496)                    | 8 533   |
| Motor vehicles                        | 132 603                                       | 121 279            | —   | 65                             | (252)                              | (1 570)            | (47 671)                   | 204 454                                       |
| Improvements to<br>leasehold premises | 10 370  | 4 672              | —   | 4 094                          | (609)                              | —                  | (4 410)                    | 14 117  |
|                                       | 322 610                                       | 192 511            | (3 381)   | (562)                          | (2 041)                            | (15 000)           | (104 645)                  | 389 492                                       |

**Analysis of additions**

|                       |         |
|-----------------------|---------|
| Replacement of assets | 47 440  |
| Expansion of business | 145 071 |
|                       | 192 511 |

Property, plant and equipment reclassified to disposal group classified as held for sale (note 10) amounts to R3 381 000 which relates to assets belonging to a division of the Protea Coin Group (part of the consumer segment). The disposal of the divisional assets became effective on 2 August 2010.

Land and buildings comprised portion 135, Farm Waterval 273, Pretoria. R8 301 000 in land and buildings disposed of comprised the third floor of The Cliffs office block, Niagara Way, Tyger Falls belonging to Novare Holdings whose interest was disposed of by the Group on 26 October 2009. No depreciation was provided for on land and buildings as the estimated residual values equals to or exceeds the carrying value.

In the prior year, certain of the Group's assets were encumbered by instalment sale agreements and capitalised finance leases as described in note 12.

**1. PROPERTY, PLANT AND EQUIPMENT** (continued)

Plant, equipment and motor vehicles includes the following net book values that are held as security under finance lease agreements:

|                                   | Group         |               |
|-----------------------------------|---------------|---------------|
|                                   | 2011<br>R'000 | 2010<br>R'000 |
| Cost – capitalised finance leases | —             | 399 758       |
| Accumulated depreciation          | —             | (194 467)     |
|                                   | —             | 205 291       |

In the prior year the Group leased various vehicles, plant and equipment under non-cancellable finance lease agreements. The lease terms were between one and four years, and ownership of the assets resided within the Group. As a result of the Mvelaserve unbundling, the Group is no longer exposed to finance lease obligations.

**Company: 2010**

|                                    | Cost<br>R'000 | Accumulated<br>depreciation<br>R'000 | Net book<br>value<br>R'000 |
|------------------------------------|---------------|--------------------------------------|----------------------------|
| Office equipment                   | 368           | 12                                   | 356                        |
| Computer equipment                 | 86            | 13                                   | 73                         |
| Furniture and fittings             | 632           | 66                                   | 566                        |
| Improvements to leasehold premises | 62            | 1                                    | 61                         |
|                                    | 1 148         | 92                                   | 1 056                      |

|   | Group            |               | Company          |               |
|---|------------------|---------------|------------------|---------------|
|   | 2011<br>R'000    | 2010<br>R'000 | 2011<br>R'000    | 2010<br>R'000 |
| <b>2. GOODWILL</b>  |                  |               |                  |               |
| Deemed cost   | —                | 714 112       | —                | 101 251       |
| Accumulated impairments                                       | —                | (12 199)      | —                | —             |
|   | —                | 701 913       | —                | 101 251       |
| <b>Reconciliation of net book value</b>                       |                  |               |                  |               |
| Net book value at the beginning of the year                   | <b>701 913</b>   | 730 976       | <b>101 251</b>   | 101 251       |
| Disposals of subsidiaries (note 32)                           | <b>(703 373)</b> | (27 603)      | <b>(101 251)</b> | —             |
| Reclassified from/(to) assets in disposal group held for sale | <b>1 460</b>     | (1 460)       | —                | —             |
|   | —                | 701 913       | —                | 101 251       |

Goodwill disposed of R703 373 000 relates to the unbundling of Mvelaserve and Health Strategic Investments, as disclosed in note 32.

The impairment testing on goodwill is documented as part of estimates and judgements disclosed under accounting policy note 5.2

Goodwill disposed of R27 603 000 relates to the Group's 50,1% interest in Novare Holdings (Proprietary) Limited which was disposed of on 26 October 2009.

**3. INTANGIBLE ASSETS****Group: 2011 – Reconciliation of net book value**

|                                       | Net book value<br>30 June<br>2010<br>R'000 | Reclassi-<br>fication<br>R'000 | Additions<br>R'000 | Disposal<br>R'000 | Amortisation<br>R'000 | Net book value<br>30 June<br>2011<br>R'000 |
|---------------------------------------|--|--------------------------------|--------------------|-------------------|-----------------------|--|
| Trademarks                            | 61 013                                     | —                              | —                  | (61 013)          | —                     | —  |
| Computer software                     | 6 799                                      | 4 813                          | 586                | (10 132)          | (2 066)               | —  |
| Manufacturing and distribution rights | 64 829                                     | —                              | —                  | (64 829)          | —                     | —  |
|                                       | <b>132 641</b>                             | <b>4 813</b>                   | <b>586</b>         | <b>(135 974)</b>  | <b>(2 066)</b>        | <b>—</b>                                   |

Intangible assets disposed of R135 974 000 relate to the Mvelaserve unbundling, as disclosed in note 32.

**Group: 2010**

|                                       | Cost<br>R'000  | Accumulated<br>amortisation<br>R'000 | Net book<br>value<br>R'000 |
|---------------------------------------|----------------|--------------------------------------|----------------------------|
| Trademarks                            | 61 539         | (526)                                | 61 013                     |
| Computer software                     | 47 437         | (40 638)                             | 6 799                      |
| Manufacturing and distribution rights | 64 829         | —                                    | 64 829                     |
|                                       | <b>173 805</b> | <b>(41 164)</b>                      | <b>132 641</b>             |

**Reconciliation of net book value**

|                                       | Net book value<br>30 June<br>2009<br>R'000 | Additions<br>R'000 | Reclassi-<br>fication<br>R'000 | Amortisation<br>R'000 | Net book value<br>30 June<br>2010<br>R'000 |
|---------------------------------------|--|--------------------|--------------------------------|-----------------------|--|
| Trademarks                            | 61 013                                     | —                  | —                              | —                     | 61 013                                     |
| Computer software                     | 3 994                                      | 6 309              | 562                            | (4 066)               | 6 799                                      |
| Manufacturing and distribution rights | 64 829                                     | —                  | —                              | —                     | 64 829                                     |
|                                       | <b>129 836</b>                             | <b>6 309</b>       | <b>562</b>                     | <b>(4 066)</b>        | <b>132 641</b>                             |

Trademarks comprised the trademarks used by Coin Security and King Pie.

**Company**

|  | 2011<br>R'000  | 2010<br>R'000    |
|--|----------------|------------------|
| Shares at cost                                 | <b>453 941</b> | 607 001          |
| Net loans receivable                           | <b>262 942</b> | 1 436 891        |
| Goodwill and trademarks previously written off | —              | (99 648)         |
|  | <b>716 883</b> | <b>1 944 244</b> |

Details of principal subsidiary companies are set out on page 73.

During the year the Group unbundled its interest in Mvelaserve as disclosed in note 32.

## Group

|  | 2011<br>R'000  | 2010<br>R'000 |
|--|----------------|---------------|
| <b>5. INVESTMENTS IN ASSOCIATES</b>                                      |                |               |
| Shares at cost   | 1 294 643      | 1 293 946     |
| Group's share of post-acquisition reserves                               | 101 962        | 92 860        |
| Accumulated impairment of investment in associates                       | (761 220)      | (712 708)     |
|  | <b>635 385</b> | 674 098       |
| <b>Reconciliation of the carrying value of investments in associates</b> |                |               |
| Carrying value at the beginning of the year                              | 674 098        | 720 580       |
| Share of net attributable profit of associated companies <sup>1</sup>    | 21 369         | 22 145        |
| Disposal of subsidiary (note 32)   | (9 745)        | —             |
| Impairment of investment in associated companies                         | (50 337)       | (68 627)      |
|  | <b>635 385</b> | 674 098       |
| <b>Directors' valuation of shares<sup>2</sup></b>                        |                |               |
| Listed shares  | 635 385        | 665 831       |
| Unlisted shares  | —              | 8 267         |

<sup>1</sup>Share of profit is after tax and minority interest in associates.

<sup>2</sup>Directors' valuation of shares is an indicative of the fair value of the Group's investment in associates.

The impairment of investments in associates of R50 337 000 (2010: R68 627 000) relates to the Group's investment in Avusa Limited. The recoverable amount of the Group's investment in Avusa is based on Avusa's last trading price of R24 per share on 30 June 2011. During the year Avusa acquired Universal Printing Group for which Avusa issued additional shares. The issue thereof diluted the Group's percentage interest held to 21,5% from 25,5% held at 30 June 2010.

The Group's share of the results of principal associates, all, except for Avusa Limited, are unlisted, and its aggregated assets (including goodwill) and liabilities, are as follows:

| Name of associated company                                | % interest held | Country of incorporation | Assets R'000     | Liabilities R'000 | Revenue R'000    | Profit R'000   |
|---|-----------------|--------------------------|------------------|-------------------|------------------|----------------|
| <b>2011</b>   |                 |                          |                  |                   |                  |                |
| Avusa Limited   | 21,5            | RSA                      | 4 099 000        | 1 900 000         | 5 310 000        | 217 000        |
|   |                 |                          | <b>4 099 000</b> | <b>1 900 000</b>  | <b>5 310 000</b> | <b>217 000</b> |
| <b>2010</b>   |                 |                          |                  |                   |                  |                |
| Experience Delivery Company (Proprietary) Limited         | 48,0            | RSA                      | 21 479           | 14 639            | 35 392           | 4 241          |
| Ilembe Airport Construction Service (Proprietary) Limited | 20,0            | RSA                      | 91 581           | 71 953            | 2 512 214        | 8 620          |
| Avusa Limited   | 25,5            | RSA                      | 2 914 000        | 1 333 000         | 4 712 000        | 179 000        |
|   |                 |                          | 3 027 060        | 1 419 592         | 7 259 606        | 191 861        |

|  | Group            |               | Company        |               |
|--|------------------|---------------|----------------|---------------|
|  | 2011<br>R'000    | 2010<br>R'000 | 2011<br>R'000  | 2010<br>R'000 |
| <b>6. STRATEGIC AND OTHER INVESTMENTS</b>                                      |                  |               |                |               |
| <b>Investments designated as "fair value through profit and loss"</b>          |                  |               |                |               |
| Listed shares at cost  | 515 528          | 515 280       | —              | —             |
| Unlisted shares at cost  | 988 864          | 990 572       | 471 299        | 418 390       |
| Shares at cost   | <b>1 504 392</b> | 1 505 852     | <b>471 299</b> | 418 390       |
| Loan receivables   | 73 938           | 303 831       | 20 022         | 18 707        |
| Accumulated net fair value gains   | 438 108          | 2 255 267     | 131 590        | 37 137        |
|  | <b>2 016 438</b> | 4 064 950     | <b>622 911</b> | 474 234       |
| <b>Comprising</b>  |                  |               |                |               |
| Non-current strategic investments  | 1 661 369        | 1 438 664     | 622 911        | 474 234       |
| Current strategic investments  | —                | 2 626 286     | —              | —             |
| Current other investments  | 355 069          | —             | —              | —             |
|  | <b>2 016 438</b> | 4 064 950     | <b>622 911</b> | 474 234       |
| <b>Reconciliation of the carrying value of strategic and other investments</b> |                  |               |                |               |
| Carrying value at the beginning of the year                                    | 4 064 950        | 3 876 163     | 474 234        | 504 527       |
| Disposal of subsidiary (note 32)   | (1 912 928)      | (6 676)       | —              | —             |
| Net (investments disposed)/ new investments                                    | (332 370)        | (524 107)     | 54 224         | 1 476         |
| Net fair value gains/(losses)  | 196 786          | 719 570       | 94 453         | (31 769)      |
|  | <b>2 016 438</b> | 4 064 950     | <b>622 911</b> | 474 234       |
| <b>Directors' valuation of shares</b>  |                  |               |                |               |
| Listed investments   | 566 837          | 3 480 738     | —              | —             |
| Unlisted investments   | 1 449 601        | 584 212       | 622 911        | 474 234       |

Full details of strategic and other investments held are available for inspection by members or their nominees at the Company's registered office.

A list of principal investments held is set out on page 74.

Loans receivable of R20 022 000 (2010: R48 710 000) earn interest at variable rates linked to the prime overdraft rate and/or at rates determined from time to time. Loans with a carrying value of R92 429 000 (2010: R255 846 000) are secured by cessions of debtors, general notarial bonds and pledges of specific assets of the debtor companies, and, in certain circumstances, personal suretyships from the directors of the debtor companies.

**6. STRATEGIC AND OTHER INVESTMENTS** (continued)

Certain of the Group's investments are subject to selling and other restrictions as set out below:

**Absa**

|                                |   |
|--------------------------------|---|
| Nature of investment           | The Group owns an effective 44,7% (after deducting minority interests) interest in Batho Bonke, who owns ordinary shares equating to an effective 5,01% stake in Absa. The Group therefore owns an effective 2,23% interest in Absa.  |
| Cost of investment             | R461 million  |
| Valuation methodology          | The closing Absa share price of R134,81 per share on the JSE on 30 June 2011.   |
| Selling and other restrictions | Batho Bonke holds a direct interest of 5,1% in the ordinary share capital of Absa Group. The ordinary shares and claims held by Batho Bonke are pledged to the Sanlam Capital Markets Limited, Public Investments Corporation Limited and Development Bank of Southern Africa Limited, as security. |

**Life Healthcare**

|                       |   |
|-----------------------|---|
| Nature of investment  | The Group holds 17,4 million Life Healthcare ordinary shares. On 20 August 2010, the Group unbundled its 14,25% indirect shareholding in Life Healthcare via shares in a newly listed subsidiary, Health Strategic Investments ("Health"). Each Health share represented one Life Healthcare share and was unbundled to shareholders in a ratio of 33,455 Health shares for every 100 Mvelaphanda Group shares held. In addition, the Group held a direct interest of 44,3 million Life Healthcare ordinary shares of which 26,9 million Life Healthcare ordinary shares were sold during the year. Of the 26,9 million Life Healthcare ordinary shares sold, 10 million Life Healthcare ordinary shares were sold pursuant to the overallotment after the listing of Life Healthcare on the JSE on 10 June 2010. |
| Cost of investment    | R43 million   |
| Valuation methodology | The closing Life Healthcare share price of R17,59 per share on the JSE on 30 June 2011.   |
| Dividend income       | R57 million   |

**Group Five**

|   |  |
|---|--|
| Nature of investment                                | The Group holds 12,1 million Group Five ordinary shares.   |
| Cost of investment in open market Group Five shares | R62 million  |
| Cost of investment in Group Five options            | Rnil   |
| Valuation methodology                               | Option-pricing model based on the closing Group Five share price of R29,90 on the JSE on 30 June 2011.   |
| Selling and other restrictions                      | 11,1 million of the Group Five shares are pledged as security to Group Five for the obligations disclosed in this note. The Group has an obligation to sell back to Group Five, at par value, such number of Group Five ordinary shares (calculated based on the Group Five ordinary share price in 2011) as is equivalent to the value of a "notional loan amount" in 2011, subject to a maximum number of 11,1 million Group Five ordinary shares. The notional loan amount is calculated based on an initial value of R14,43 per Group Five ordinary share plus notional interest at 12% per annum compounded annually. The remaining one million Group Five ordinary shares are not subject to any selling or other restrictions. During the year the Group sold three million Group Five ordinary shares. |
| Dividend income                                     | R14 million  |

**Mvelaserve**

|                       |  |
|-----------------------|--|
| Nature of investment  | The Group holds 8,9 million Mvelaserve ordinary shares.  |
| Cost of investment    | 8 953 481 Mvelaserve shares received in lieu of 35 765 285 treasury shares held at 6 December 2010. The fair value of Mvelaserve shares received was R118 million. |
| Valuation methodology | The closing Mvelaserve share price of R12 per share on the JSE on 30 June 2011.  |

**Vox Telecom**

|                                |   |
|--------------------------------|---|
| Nature of investment           | The Group holds 135,5 million Vox Telecom ordinary shares.  |
| Cost of investment             | R292 million  |
| Valuation methodology          | The closing Vox Telecom share price of R0,35 per share on the JSE on 30 June 2011.  |
| Selling and other restrictions | The Group settled its preference share obligation to Absa Capital as disclosed in note 12 to the financial statements. Refer to note 38.3 for further developments on Vox Telecom subsequent to reporting date. |

|                                | Group         |               |
|--------------------------------|---------------|---------------|
|                                | 2011<br>R'000 | 2010<br>R'000 |
| <b>7. INVENTORIES</b>          |               |               |
| Raw materials                  | —             | 12 188        |
| Work in progress               | —             | 4 622         |
| Consumables                    | —             | 14 479        |
| Merchandise and finished goods | —             | 10 596        |
|                                | —             | 41 885        |

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Inventory disposed of via the unbundling amounted to R44 589 000 as disclosed in note 32.

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>8. TRADE AND OTHER RECEIVABLES</b>                  |               |               |               |               |
| Trade receivables                                      | —             | 625 814       | —             | —             |
| Less: Provision for impairment of trade receivables    | —             | (92 205)      | —             | —             |
|  | —             | 533 609       | —             | —             |
| Prepayments  | 897           | 37 320        | 343           | 837           |
| Other receivables                                      | 22 779        | 230 459       | 271           | —             |
| Reclassified to assets in disposal group held for sale | —             | (204)         | —             | —             |
|  | 23 676        | 801 184       | 614           | 837           |

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Trade and other receivables disposed of via the unbundling amounted to R915 670 000 as disclosed in note 32.

|                                     | Group         |               | Company       |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>9. CASH AND CASH EQUIVALENTS</b> |               |               |               |               |
| Bank balances                       | 9 108         | 506 589       | 254           | 215           |
| Term deposits                       | 79 177*       | 19 554        | —             | —             |
|                                     | 88 285        | 526 143       | 254           | 215           |
| Less: Bank overdraft                | (24 366)      | —             | —             | —             |
|                                     | 63 919        | 526 143       | 254           | 215           |

\*Included in term deposits is R28 000 000 ceded as security for the funding of Avusa. Subsequent to year-end, R25 000 000 of the R28 000 000 ceded was used to redeem preference A shares issued to Depfin Investments (Proprietary) Limited bringing the Group's debt down to R169 000 000 from R194 000 000.

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Cash and cash equivalents disposed off via the unbundling amounted to R188 368 000 as disclosed in note 32.

## Group

2010  
R'000**10. DISPOSAL GROUP HELD FOR SALE**

During the prior financial year, the Protea Coin Group decided to dispose of a division of its group relating to client contracts for R65 million. The disposal came into effect on 2 August 2010.

|   |              |
|---|--------------|
| Property, plant and equipment                 | 3 381        |
| Goodwill                                      | 1 460        |
| Trade and other receivables                   | 204          |
| <b>Assets in disposal group held for sale</b> | <b>5 045</b> |

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>11. SHARE CAPITAL</b>   |               |               |               |               |
| <b>Authorised</b>  |               |               |               |               |
| 750 000 000 ordinary shares of 0,1 cent each   | 750           | 750           | 750           | 750           |
| 100 000 000 convertible perpetual cumulative preference shares of 0,1 cent each  | 100           | 100           | 100           | 100           |
| 276 223 624 redeemable option-holding shares of 0,1 cent each  | 276           | 124           | 276           | 124           |
| <b>Issued</b>  |               |               |               |               |
| <b>Ordinary share capital</b>  |               |               |               |               |
| 565 473 650 (2010: 443 474 054) ordinary shares of 0,1 cent each   | 565           | 443           | 565           | 443           |
| Less:  |               |               |               |               |
| 569 746 (2010: 569 746) ordinary shares of 0,1 cent each held by the Share Incentive Scheme  | (1)           | (1)           | —             | —             |
| 35 765 285 (2010: 35 765 285) ordinary shares of 0,1 cent each held by a subsidiary company in terms of the share buy-back program | (36)          | (36)          | —             | —             |
| <b>Preference share capital</b>  |               |               |               |               |
| 265 362 perpetual (2010: 54 261 268 convertible perpetual cumulative) preference shares of 0,1 cent each                           | —             | 54            | —             | 54            |
| <b>Redeemable option-holding shares</b>  |               |               |               |               |
| 276 223 624 (2010: 124 425 055) redeemable option-holding shares of 0,1 cent each  | 276           | 124           | 276           | 124           |
|  | <b>804</b>    | <b>584</b>    | <b>841</b>    | <b>621</b>    |

Details of changes in the issued share capital are given in the directors' report. All issued shares are fully paid up.

**Share options**

Details on share options granted through the Share Incentive Scheme are set out on pages 20 to 23 in the directors' report.

**Treasury shares**

The Company acquired 35 765 285 of its own ordinary shares. The total amount paid to acquire the shares was R360 041 000 and has been deducted from distributable reserves within shareholders' equity. The shares are held as "treasury shares" in a subsidiary of the Group.

**Preference shares**

The issued preference shares decreased to 265 362 convertible perpetual cumulative preference shares following the conversion of 53 995 906 preference shares to 121 999 596 ordinary shares. The conversion price of the convertible perpetual cumulative preference shares has changed to R4,50 from R9,30 on 23 August 2010. Preference shareholders had until 4 November 2010 to convert into ordinary shares. The remaining 265 362 convertible perpetual cumulative preference shares have now become perpetual preference shares at a dividend rate of 80% of the ruling prime overdraft rate, redeemable at the instance of the issuer. The preference shareholders earned dividends at a rate of 80% of the ruling prime overdraft rate from 5 November 2010 to 30 June 2011.

**Redeemable option-holding share terms**

Following the issue of 125 425 055 redeemable option-holding shares on 19 June 2007, the Group issued further redeemable option-holding shares of 151 798 569 on 10 December 2010. Both issues were at a par value of 0,1 cent each. Further the minimum strike price of R17,50 was adjusted to R9,18 per Mvelaphanda Group ordinary share. The redeemable option-holding shares are not listed on the JSE.

**11. SHARE CAPITAL** (continued)

Each redeemable option-holding share ranks *pari passu* with an ordinary share in terms of notices and voting (other than in respect of certain restrictions imposed by the JSE). Each redeemable option-holding share has an option attached to it, allowing the redeemable option-holding shareholder to subscribe for one ordinary share as set out below:

|  |  |
|--|--|
| Earliest redemption date/option exercise date:           | 19 June 2011.  |
| Latest redemption date/final option exercise date:       | 9 June 2012.   |
| Redemption price per redeemable option-holding share:    | 0,1 cent.  |
| Option strike price per redeemable option-holding share: | an amount equal to R7,38 (2010: R12,00), escalating at 10% per annum from the date of issue of the redeemable option-holding share to the fourth anniversary of the date of issue, subject to a minimum of R9,18 (2010: R17,50); or<br>if the 30-day VWAP at which Mvelaphanda Group ordinary shares trade on the JSE on the business day immediately preceding the option exercise date, as certified by Standard Bank, is greater than R20,38 (2010: R25,00), the sum of R12,88 (2010: R17,50) and 50% of the amount by which the 30-day VWAP exceeds R20,38 (2010: R25,00). |

The redeemable option-holding shares are not entitled to receive dividends.

**Unissued shares**

The unissued ordinary shares and unissued preference shares are not within the control of the directors.

**Group**

| 2011  | 2010  |
|-------|-------|
| R'000 | R'000 |

**12. INTEREST-BEARING LIABILITIES****Asset-based finance****Secured**

|   |   |          |
|---|---|----------|
| Capitalised finance leases  | — | 118 424  |
| Total amount owing  | — | 193 299  |
| Current portion included in current liabilities   | — | (74 875) |
| Finance leases have been disposed of with the unbundling of Mvelaserve on 6 December 2010. The prior year's leased liability was secured by property, plant and equipment with a net book value of R205 291 000. The liabilities bore interest at rates linked to the prime overdraft rate ranging between 8% and 10% per annum, and were repayable in equal monthly instalments of R6 482 000. |   |          |
| <i>Reconciliation to present value of finance lease liabilities:</i>  |   |          |
| <i>Gross finance lease liabilities minimum lease payments:</i>  | — | 225 324  |
| No later than 1 year  | — | 88 010   |
| Later than 1 year and no later than 5 years   | — | 137 314  |
| <i>Finance charges:</i>   |   |          |
| No later than 1 year  | — | (13 135) |
| Later than 1 year and no later than 5 years   | — | (18 890) |
| <i>Present value of future lease payments:</i>  |   |          |
| No later than 1 year  | — | 74 875   |
| Later than 1 year and no later than 5 years   | — | 118 424  |
| <b>Instalment sales agreement</b>   |   |          |
| Total amount owing  | — | 7 755    |
| Current portion included in current liabilities   | — | (3 147)  |

Disposed of with the unbundling of Mvelaserve on 6 December 2010. Prior year secured by property, plant and equipment with a net book value of R5 937 000. The liabilities bore interest at rates linked to the prime overdraft rate ranging between 9% and 11% per annum, and were repayable in equal monthly instalments of R349 000.

## Group

|  | 2011<br>R'000 | 2010<br>R'000 |
|--|---------------|---------------|
| <b>12. INTEREST-BEARING LIABILITIES</b> <i>(continued)</i>   |               |               |
| <b>Investment funding</b>  |               |               |
| <b>Secured</b>   |               |               |
| Preference A shares issued to Absa Capital, a division of Absa Bank Limited  | —             | 255 718       |
| Capital amount owing   | —             | 206 681       |
| Dividends accrued  | —             | 49 037        |
| Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Dixonville (Proprietary) Limited. The preference shares have a coupon rate of 67% of prime overdraft rate. The preference shares were redeemed on 26 April 2011.  |               |               |
| Preference shares issued to United Towers and Depfin Investments   | —             | 482 438       |
| Capital amount owing   | —             | 482 438       |
| Dividends accrued  | —             | —             |
| The preference shares have a coupon rate of 78% of prime rate (converted to nominal annual compound quarterly rate). The preference shares were redeemed on 29 October 2010.   |               |               |
| Preference A shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital  | 194 000       | 236 452       |
| Capital amount owing   | 194 000       | 236 452       |
| Dividends accrued  | —             | —             |
| Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No 229 (Proprietary) Limited. The preference shares have a coupon rate of 78% of prime overdraft rate, nominal annual compound monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015.  |               |               |
| Preference B shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital  | 139 078       | 131 895       |
| Capital amount owing   | 105 000       | 105 000       |
| Dividends accrued  | 34 078        | 26 895        |
| Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No. 229 (Proprietary) Limited. The preference shares have a coupon rate of 90% of prime overdraft rate, nominal annual compound monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015. |               |               |
| <b>Other liabilities borrowed</b>  |               |               |
| <b>Unsecured</b>   |               |               |
| Term loan  | —             | 50 000        |
| Total amount owing   | —             | 50 677        |
| Current portion included in current liabilities  | —             | (677)         |
| The loan bore interest at variable rates linked to the JIBAR rate. Interest is payable quarterly. The actual interest rate on 30 June 2011 was 10,5% (2010: 8,1%). The loan was settled in full during the financial year.   |               |               |
| <b>Comprising</b>  |               |               |
| Non-current interest-bearing liabilities   | 333 078       | 1 279 535     |
| Current interest-bearing liabilities   | —             | 78 699        |

The original acquisition of certain investments by Mvelaphanda Group, which investments are not classified as subsidiaries of Mvelaphanda Group, has been funded by non-recourse funding contained in special purpose vehicles. Mvelaphanda Group's attributable share of the total outstanding capital balances in respect of these non-recourse funding obligations at 30 June 2011 is R262 million (2010: R257 million).

|   | Group         |               | Company       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>13. NON-INTEREST-BEARING LIABILITIES</b>     |               |               |               |               |
| <b>Unsecured</b>                                |               |               |               |               |
| <b>Other loans</b>                              | —             | —             | —             | —             |
| Total amount owing                              | —             | 20 712        | —             | 2 577         |
| Current portion included in current liabilities | —             | (20 712)      | —             | (2 577)       |

The loans were interest free, unsecured and repayable on demand. The loan was settled in full during the financial year.

|   | Group         |               |
|---|---------------|---------------|
|   | 2011<br>R'000 | 2010<br>R'000 |
| <b>14. FINANCIAL LIABILITY</b>  |               |               |
| <b>Derivative financial instrument classified as held for trading with fair value</b> |               |               |
| Interest rate swap – “Zero Premium Knock-in-Swap”                                     | —             | 36 900        |

On 20 June 2008 the Group entered into a “Zero premium knock-in-swap” with Absa Capital on a notional amount of R330 000 000. The cap or floor rate is at 12,53% and the barrier level is at 11,05%. The floating rate is based on three-month JIBAR with reset dates on 30 March, June, September and December. The knock-in event occurs when on any reset date the floating rate is equal to or lower than the barrier level. On 6 December 2010, the interest rate swap was disposed of via the unbundling of Mvelaserve. Refer to note 32.

|   | Group          |               | Company       |               |
|---|----------------|---------------|---------------|---------------|
|   | 2011<br>R'000  | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>15. DEFERRED TAXATION</b>                |                |               |               |               |
| <b>Balance at the beginning of the year</b> | <b>218 033</b> | 442 326       | <b>32 034</b> | 36 619        |

|  |                 |          |               |        |
|--|-----------------|----------|---------------|--------|
| Wear and tear                                | <b>13 474</b>   | 9 999    | —             | —      |
| Doubtful debts                               | <b>(5 103)</b>  | (5 881)  | —             | —      |
| Prepayments                                  | <b>3 294</b>    | 6 083    | —             | —      |
| Special taxation allowances                  | <b>19 781</b>   | 17 474   | —             | —      |
| Revaluation of investments                   | <b>225 874</b>  | 474 932  | <b>32 171</b> | 36 619 |
| Estimated assessed loss (tax losses)         | <b>(1 854)</b>  | (22 321) | —             | —      |
| Provisions and accruals                      | <b>(36 382)</b> | (35 983) | <b>(137)</b>  | —      |
| Finance lease liability                      | <b>(59)</b>     | (47)     | —             | —      |
| Operating lease accrued                      | <b>(455)</b>    | (278)    | —             | —      |
| Revenue received in advance/deferred revenue | <b>159</b>      | (1 570)  | —             | —      |
| Other  | <b>(696)</b>    | (82)     | —             | —      |

|  |                  |           |                 |   |
|--|------------------|-----------|-----------------|---|
| <b>Prior year (over)/under provision</b> | <b>(199 987)</b> | (233 620) | <b>(32 034)</b> | — |
| Wear and tear                            | —                | 1 848     | —               | — |
| Doubtful debts                           | —                | (219)     | —               | — |
| Revaluation of investments               | <b>(199 546)</b> | (252 757) | <b>(32 171)</b> | — |
| Estimated assessed loss (tax losses)     | —                | 13 771    | —               | — |
| Provisions and accruals                  | <b>(441)</b>     | 3 737     | <b>137</b>      | — |

|   | Group         |               | Company       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>15. DEFERRED TAXATION</b> <i>(continued)</i>   |               |               |               |               |
| <b>Acquisition/disposals of subsidiaries</b>      | <b>28 080</b> | 260           | —             | —             |
| Wear and tear                                     | (13 504)      | (13)          | —             | —             |
| Doubtful debts                                    | 4 641         | —             | —             | —             |
| Prepayments                                       | (3 683)       | (91)          | —             | —             |
| Special taxation allowances                       | (19 781)      | —             | —             | —             |
| Revaluation of investments                        | 14 023        | —             | —             | —             |
| Estimated assessed loss (tax losses)              | 352           | —             | —             | —             |
| Provisions and accruals                           | 44 705        | 364           | —             | —             |
| Finance lease liability                           | 59            | —             | —             | —             |
| Operating lease accrued                           | 455           | —             | —             | —             |
| Revenue received in advance/deferred revenue      | 117           | —             | —             | —             |
| Other   | 696           | —             | —             | —             |
| <b>Charged/(credited) to the income statement</b> | <b>3 320</b>  | 9 067         | —             | (4 585)       |
| Wear and tear                                     | 30            | 1 640         | —             | —             |
| Doubtful debts                                    | 462           | 997           | —             | —             |
| Prepayments                                       | 389           | (2 698)       | —             | —             |
| Special taxation allowances                       | —             | 2 307         | —             | —             |
| Revaluation of investments                        | 9 095         | 3 699         | —             | (4 448)       |
| Estimated assessed loss (tax losses)              | 1 502         | 6 696         | —             | —             |
| Provisions and accruals                           | (7 882)       | (4 500)       | —             | (137)         |
| Finance lease liability                           | —             | (12)          | —             | —             |
| Operating lease accrued                           | —             | (177)         | —             | —             |
| Revenue received in advance/deferred revenue      | (276)         | 1 729         | —             | —             |
| Other   | —             | (614)         | —             | —             |
| <b>Balance at the end of the year</b>             | <b>49 446</b> | 218 033       | —             | 32 034        |
| Wear and tear                                     | —             | 13 474        | —             | —             |
| Doubtful debts                                    | —             | (5 103)       | —             | —             |
| Prepayments                                       | —             | 3 294         | —             | —             |
| Special taxation allowances                       | —             | 19 781        | —             | —             |
| Revaluation of investments                        | 49 446        | 225 874       | —             | 32 171        |
| Estimated assessed loss (tax losses)              | —             | (1 854)       | —             | —             |
| Provisions and accruals                           | —             | (36 382)      | —             | (137)         |
| Finance lease liability                           | —             | (59)          | —             | —             |
| Operating lease accrued                           | —             | (455)         | —             | —             |
| Revenue received in advance/deferred revenue      | —             | 159           | —             | —             |
| Other   | —             | (696)         | —             | —             |
| <b>Comprising</b>                                 |               |               |               |               |
| Deferred tax assets                               | —             | (17 706)      | —             | —             |
| Deferred tax liabilities                          | 49 446        | 235 739       | —             | 32 034        |
|   | <b>49 446</b> | 218 033       | —             | 32 034        |

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R29 000 000 (2010: R101 000 000) in respect of losses amounting to R102 000 000 (2010: R363 000 000) that can be carried forward against future taxable income.

|                                     | Group         |                | Company       |               |
|-------------------------------------|---------------|----------------|---------------|---------------|
|                                     | 2011<br>R'000 | 2010<br>R'000  | 2011<br>R'000 | 2010<br>R'000 |
| <b>16. TRADE AND OTHER PAYABLES</b> |               |                |               |               |
| Trade and other payables            | 1 933         | 610 029        | 1 424         | 6 819         |
| Accruals                            | —             | 148 235        | —             | —             |
| Deferred revenue                    | —             | 30 304         | —             | —             |
|                                     | <b>1 933</b>  | <b>788 568</b> | <b>1 424</b>  | <b>6 819</b>  |

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Trade and other payables disposed of via the unbundling amounted to R803 936 000 as disclosed in note 32.

|   | Group         |               |
|---|---------------|---------------|
|   | 2011<br>R'000 | 2010<br>R'000 |
| <b>17. REVENUE</b>                        |               |               |
| Revenue for the year                      | 1 886 411*    | 4 199 259     |
| Less: Revenue from discontinued operation | (1 886 411)   | (4 199 259)   |
|   | —             | —             |

\*Revenue contributed by Mvelaserve for five months prior to unbundling.

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>18. EXCEPTIONAL ITEMS</b>   |               |               |               |               |
| Pre-unbundling transaction costs in respect to Health Strategic Investments and Mvelaserve | 82 361        | —             | 12 083        | —             |
| BEE transaction costs  | 2 158         | —             | 2 158         | —             |
| Less: Exceptional items from discontinued operations (note 25)                             | (70 278)      | —             | —             | —             |
|  | <b>14 241</b> | <b>—</b>      | <b>14 241</b> | <b>—</b>      |

|  | Group          |                  | Company       |               |
|--|----------------|------------------|---------------|---------------|
|  | 2011<br>R'000  | 2010<br>R'000    | 2011<br>R'000 | 2010<br>R'000 |
| <b>19. (LOSS)/PROFIT FROM OPERATIONS INCLUDES THE FOLLOWING OPERATING INCOME AND EXPENSES*</b> |                |                  |               |               |
| <b>Auditors' remuneration</b>  |                |                  |               |               |
| Audit fees   | 4 188          | 5 473            | 82            | 70            |
| Current year   | 4 188          | 5 296            | 82            | 70            |
| Under provision prior years  | —              | 177              | —             | —             |
| Other services   | 1 215          | 667              | —             | —             |
|  | <b>5 403</b>   | <b>6 140</b>     | <b>82</b>     | <b>70</b>     |
| <b>Depreciation</b>  |                |                  |               |               |
| Plant and equipment  | 8 755          | 38 049           | —             | —             |
| Office equipment   | 573            | 1 456            | 11            | 12            |
| Computer equipment   | 4 246          | 9 563            | 29            | 13            |
| Furniture and fittings   | 1 633          | 3 496            | 112           | 66            |
| Motor vehicles   | 25 591         | 47 671           | —             | —             |
| Improvements to leasehold premises   | 2 139          | 4 410            | 94            | 1             |
|  | <b>42 937</b>  | <b>104 645</b>   | <b>246</b>    | <b>92</b>     |
| <b>Amortisation</b>  |                |                  |               |               |
| Computer software  | 2 066          | 4 066            | —             | —             |
|  | <b>2 066</b>   | <b>4 066</b>     | <b>—</b>      | <b>—</b>      |
| <b>Employee costs</b>  |                |                  |               |               |
| Salaries and bonuses   | 814 423        | 1 760 339        | —             | —             |
| Fringe benefits  | 13 963         | 31 696           | —             | —             |
| Pension/provident fund contributions   | 51 127         | 116 262          | —             | —             |
|  | <b>879 513</b> | <b>1 908 297</b> | <b>—</b>      | <b>—</b>      |
| <b>Directors' emoluments</b>   |                |                  |               |               |
| Salaries and bonuses   | 25 715         | 24 306           | —             | —             |
| Fringe benefits  | 177            | 345              | —             | —             |
| Pension/provident fund contributions   | 230            | 458              | —             | —             |
|  | <b>26 122</b>  | <b>25 109</b>    | <b>—</b>      | <b>—</b>      |
| <b>Remuneration other than to employees</b>  |                |                  |               |               |
| Technical services   | 1 841          | 2 735            | —             | —             |
| <b>Rentals under operating leases</b>  |                |                  |               |               |
| Land and buildings   | 13 184         | 21 197           | —             | —             |
| Equipment  | 676            | 2 396            | —             | —             |
| Motor vehicles   | 114            | 41               | —             | —             |
| Other  | 564            | 247              | —             | —             |
|  | <b>14 538</b>  | <b>23 881</b>    | <b>—</b>      | <b>—</b>      |
| <b>Other (losses)/gains</b>  |                |                  |               |               |
| Foreign currency losses  | (1 621)        | (2 242)          | —             | —             |
| Loss on disposal of property, plant and equipment  | (25)           | (258)            | —             | —             |
| Foreign currency gains   | 765            | 2 114            | —             | —             |
| Profit on disposal of property, plant and equipment  | 1 440          | 775              | —             | —             |
| Administration fees received   | 273            | 1 696            | —             | —             |

\*The amounts stated above include both continuing and discontinued operations.

|   | Group            |                | Company          |                  |
|---|------------------|----------------|------------------|------------------|
|   | 2011<br>R'000    | 2010<br>R'000  | 2011<br>R'000    | 2010<br>R'000    |
| <b>20. NET INTEREST EXPENSE/(INCOME)</b>  |                  |                |                  |                  |
| Interest expense  | 6 405            | 31 951         | 230              | 5 789            |
| Preference dividends paid/accrued   | 57 335           | 95 819         | —                | —                |
| Finance charges   | 7 272            | 15 523         | —                | —                |
| Less: Interest income   | (26 011)         | (35 428)       | (12 573)         | (2 690)          |
| Less: Net interest expense from discontinued operations (note 25)   | (20 537)         | (60 631)       | —                | —                |
|   | <b>24 464</b>    | <b>47 234</b>  | <b>(12 343)</b>  | <b>3 099</b>     |
| <b>21. NET FAIR VALUE ADJUSTMENTS AND (LOSS)/PROFIT FROM INVESTMENTS</b>                                  |                  |                |                  |                  |
| Net fair value adjustment on financial instruments designated through profit and loss                     | 196 786          | 608 970        | 94 453           | (82 643)         |
| Derivative financial instrument held for trading with fair value through profit and loss                  | 3 149            | (2 701)        | —                | —                |
| Net realised loss on disposal of investments  | (142 734)        | (201 373)      | (112 757)        | —                |
| Fair value adjustment on unbundling Mvelaserve and Health Strategic Investments                           | (283 557)        | —              | (118 324)        | —                |
| Impairment on shares and loan receivables for subsidiaries  | —                | —              | (426 377)        | (877 883)        |
| Loan payable to subsidiary waived   | —                | —              | —                | 151 182          |
| Less: Net fair value adjustment and (profit)/loss from investments from discontinued operations (note 25) | (3 149)          | 2 726          | —                | —                |
|   | <b>(229 505)</b> | <b>407 622</b> | <b>(563 005)</b> | <b>(809 344)</b> |

|  | Group          |                 |
|--|----------------|-----------------|
|  | 2011<br>R'000  | 2010<br>R'000   |
| <b>22. SHARE OF LOSS FROM ASSOCIATES</b>                                     |                |                 |
| Group's share of retained income   | 21 369         | 22 145          |
| Dividend income  | 24 548         | 23 965          |
| Impairment to investment in associate  | (50 337)       | (68 627)        |
| Less: Share of profit from associates from discontinued operations (note 25) | (3 522)        | (6 076)         |
|  | <b>(7 942)</b> | <b>(28 593)</b> |

|                                    | Group         |               | Company       |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| <b>23. COST OF BEE TRANSACTION</b> |               |               |               |               |
| BEE cost                           | 15 501        | 16 175        | 15 501        | 16 175        |

**Cost of BEE transaction**

The cost to Mvelaphanda Group of the options attached to the redeemable option-holding shares as disclosed in note 11, issued to the Mvelaphanda Group Employee Trust and the Mvelaphanda Group Management Trust of R64 701 000 has been recognised over the period of the service conditions applicable to the directors, managers and employees who are the beneficiaries of these trusts, in accordance with AC 503 – *Accounting for BEE Transactions* and IFRS 2 – *Share-based payments*.

|   | Group            |               | Company          |               |
|---|------------------|---------------|------------------|---------------|
|   | 2011<br>R'000    | 2010<br>R'000 | 2011<br>R'000    | 2010<br>R'000 |
| <b>24. TAXATION CHARGE</b>  |                  |               |                  |               |
| South African normal tax  | <b>24 897</b>    | 78 926        | <b>948</b>       | —             |
| Current year  | <b>27 236</b>    | 81 119        | —                | —             |
| Prior year over provision   | <b>(2 339)</b>   | (2 193)       | <b>948</b>       | —             |
| Deferred tax  | <b>(196 667)</b> | (224 553)     | <b>(32 034)</b>  | (4 585)       |
| Normal tax  | <b>(5 777)</b>   | 5 368         | —                | (137)         |
| Capital gains tax   | <b>9 097</b>     | 3 699         | —                | (4 448)       |
| Prior year over provision   | <b>(199 987)</b> | (233 620)     | <b>(32 034)</b>  | —             |
| Capital gains tax   | <b>46 833</b>    | 788           | —                | —             |
| Secondary tax on companies  | <b>5 772</b>     | 6 593         | <b>1 471</b>     | 3 001         |
| Foreign tax   | —                | 2 152         | —                | —             |
|   | <b>(119 165)</b> | (136 094)     | <b>(29 615)</b>  | (1 584)       |
| Tax charge from continuing operations   | <b>(140 250)</b> | (226 153)     | <b>(29 615)</b>  | (1 584)       |
| Tax charge from discontinued operations (note 25)                                       | <b>21 085</b>    | 90 059        | —                | —             |
| <b>Reconciliation of taxation amount</b>  |                  |               |                  |               |
| South African normal tax amount   | <b>(68 598)</b>  | 211 512       | <b>435 765</b>   | (223 304)     |
| <i>Adjusted for:</i>  | <b>(103 922)</b> | (357 139)     | <b>(466 851)</b> | 218 719       |
| Disallowable expenditure  | <b>37 927</b>    | 43 915        | <b>19 941</b>    | 16 252        |
| Income from associates  | <b>1 810</b>     | (6 201)       | —                | —             |
| Exempt income and exceptional items   | <b>(102 995)</b> | (6 984)       | <b>(601 029)</b> | 194 758       |
| Investment and other special allowances   | <b>163 753</b>   | (174 170)     | <b>146 271</b>   | 4 448         |
| Prior year over provision   | <b>(202 326)</b> | (235 813)     | <b>(32 034)</b>  | —             |
| Utilisation of previously unrecognised assessed losses                                  | <b>(18 977)</b>  | (1 062)       | —                | —             |
| Assessed losses for which no deferred tax assets was recognised                         | <b>16 886</b>    | 23 176        | —                | 3 261         |
| Total normal tax  | <b>(172 520)</b> | (145 627)     | <b>(31 086)</b>  | (4 585)       |
| Capital gains tax   | <b>46 833</b>    | 788           | —                | —             |
| Secondary tax on companies  | <b>5 772</b>     | 6 593         | <b>1 471</b>     | 3 001         |
| Foreign tax   | —                | 2 152         | —                | —             |
| Effective taxation  | <b>(119 915)</b> | (136 094)     | <b>(29 615)</b>  | (1 584)       |
| <b>Estimated taxation losses</b>  |                  |               |                  |               |
| Net estimated normal tax losses available for utilisation against future taxable income | <b>87 160</b>    | 370 665       | —                | 11 648        |
| Potential taxation relief at current taxation rates                                     | <b>24 405</b>    | 103 786       | —                | 3 261         |

## Group

|  | 2011<br>R'000 | 2010<br>R'000  |
|--|---------------|----------------|
| <b>25. PROFIT FROM DISCONTINUED OPERATIONS</b>   |               |                |
| Profit from discontinued operations discloses the pre-unbundling consolidated trading results of Mvelaserve (including Zonke) for five months to 6 December 2010 and for the full 12 months of the previous year. In addition, prior period also includes the trading results of Novare Holdings (Proprietary) Limited that was disposed of by the Group on 26 October 2009. |               |                |
| Revenue  | 1 886 411     | 4 199 259      |
| Cost of sales  | (1 423 799)   | (3 120 917)    |
| Gross profit   | 462 612       | 1 078 342      |
| Profit from operations   | 70 655        | 323 850        |
| Profit from operations pre-exceptional items   | 140 933       | 323 850        |
| Exceptional items  | (70 278)      | —              |
| Net interest expense   | (20 537)      | (60 631)       |
| Interest income  | 10 529        | 14 958         |
| Interest expense   | (31 066)      | (75 589)       |
| Net fair value adjustments and profit/(loss) from investments  | 3 149         | (2 726)        |
| Share of profit from associates  | 3 522         | 6 076          |
| Profit before taxation   | 56 789        | 266 569        |
| Taxation charge  | (21 085)      | (90 059)       |
| <b>Profit for the year from discontinued operations</b>  | <b>35 704</b> | <b>176 510</b> |

## Group

|   | 2011<br>Cents | 2010<br>Cents |
|---|---------------|---------------|
| <b>26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS</b>                 |               |               |
| <b>26.1 (Loss)/earnings per ordinary share</b>                              |               |               |
| Basic   | (26,0)        | 212,7         |
| Diluted   | (26,0)        | 192,5         |
| <b>26.1.1 (Loss)/earnings per ordinary share from continuing operations</b> |               |               |
| Basic   | (32,0)        | 171,0         |
| Diluted   | (32,0)        | 156,0         |
| <b>26.1.2 Earnings per ordinary share from discontinued operations</b>      |               |               |
| Basic   | 6,0           | 41,7          |
| Diluted   | 6,0           | 36,5          |

Basic earnings per ordinary share is based on the net (loss)/profit attributable to the owners of the parent of (R124 471 000) (2010: R865 781 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year.

During the period 53 995 906 convertible perpetual cumulative preference shares converted into 121 999 596 ordinary shares. At 30 June 2010, 265 362 perpetual preference shares remain in issue. Up to 4 November 2010, preference shareholders earned dividends at a rate of 5,5% per annum and 80% of the ruling price overdraft rate from 5 November 2010 to 30 June 2011. The dilutive effect on earnings from the conversion of the remaining 265 362 preference shares is not material and has therefore not been presented. Prior year diluted earnings per share is based on the diluted net profit attributable to the owners of the parent of R895 789 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

**26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS (continued)**

Basic earnings per ordinary share from continuing operations is based on the net (loss)/profit from continuing operations attributable to the owners of the parent of (R156 887 000) (2010: 696 068 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from continuing operations is based on the diluted net profit from continuing operations attributable to the owners of the parent of R726 076 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic earnings per ordinary share from discontinued operations is based on the net profit from discontinued operations attributable to the owners of the parent of R32 416 000 (2010: R169 713 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from discontinued operations is based on the diluted net profit from discontinued operations attributable to the owners of the parent of R169 713 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

|  | Group         |               |
|--|---------------|---------------|
|  | 2011<br>Cents | 2010<br>Cents |
| <b>26.2</b>  |               |               |
| <b>Headline earnings per ordinary share</b>                              |               |               |
| Basic  | 43,0          | 238,5         |
| Diluted  | 43,0          | 215,0         |
| <b>26.2.1</b>  |               |               |
| <b>Headline earnings per ordinary share from continuing operations</b>   |               |               |
| Basic  | 36,0          | 196,9         |
| Diluted  | 36,0          | 178,6         |
| <b>26.2.2</b>  |               |               |
| <b>Headline earnings per ordinary share from discontinued operations</b> |               |               |
| Basic  | 7,0           | 41,6          |
| Diluted  | 7,0           | 36,4          |

Basic headline earnings per ordinary share is based on headline net profit attributable to the owners of the parent of R208 404 000 (2010: R970 629 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year.

The dilutive effect on headline earnings per ordinary share from the conversion of the remaining 265 362 preference shares is not material and has therefore not been presented. Prior year diluted headline earnings per share is based on the diluted headline net profit attributable to the owners of the parent of R1 000 634 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic headline earnings per ordinary share from continuing operations is based on the headline net profit from continuing operations attributable to the owners of the parent of R177 007 000 (2010: 801 285 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from continuing operations is based on the diluted net profit from continuing operations attributable to owners of the parent of R831 293 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic headline earnings per ordinary share from discontinued operations is based on the net profit attributable to the owners of the parent of R31 397 000 (2010: R169 341 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted headline earnings per share from discontinued operations is based on the diluted net profit from discontinued operations attributable to owners of the parent of R169 341 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

|   | Group                          |                               | Group                              |                               |
|---|--------------------------------|-------------------------------|------------------------------------|-------------------------------|
|   | 2011<br>Basic<br>loss<br>R'000 | Headline<br>earnings<br>R'000 | 2010<br>Basic<br>earnings<br>R'000 | Headline<br>earnings<br>R'000 |
| <b>26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS</b> <i>(continued)</i>                              |                                |                               |                                    |                               |
| <b>26.3 Reconciliation between (loss)/earnings and diluted (loss)/earnings</b>                              |                                |                               |                                    |                               |
| Net (loss)/profit attributable to the owners of the parent  | (124 471)                      | (124 471)                     | 865 781                            | 865 781                       |
| <i>Adjusted for:</i>  |                                |                               |                                    |                               |
| Disposal of investments and subsidiaries  | —                              | 283 557                       | —                                  | 42 516                        |
| Profit on sale of property, plant and equipment   | —                              | (1 415)                       | —                                  | (517)                         |
| Tax effect on profit on sale of property, plant, equipment and disposal of investments and subsidiaries     | —                              | 396                           | —                                  | (5 781)                       |
| Impairment to investment in associate   | —                              | 50 337                        | —                                  | 68 627                        |
| Net (loss)/profit attributable to the owners of the parent  | (124 471)                      | 208 404                       | 865 781                            | 970 626                       |
| Less: Net earnings/ headline earnings attributable to the owners of the parent from discontinued operations | (32 416)                       | (31 397)                      | (169 713)                          | (169 341)                     |
| Net profit attributable to the owners of the parent from discontinued operations                            | (32 416)                       | (32 416)                      | (169 713)                          | (169 713)                     |
| Less: Profit on sale of property, plant and equipment net of tax  | —                              | 1 019                         | —                                  | 372                           |
| Net (loss)/profit attributable to the owners of the parent from continuing operations                       | (156 887)                      | 177 007                       | 696 068                            | 801 285                       |
| Net profit attributable to preference shareholders  | —                              | —                             | 30 008                             | 30 008                        |
| <b>Diluted net (loss)/profit attributable to the owners of the parent from continuing operations</b>        | <b>(156 887)</b>               | <b>177 007</b>                | 726 076                            | 831 293                       |

|  | Number of<br>shares<br>2011 | Number of<br>shares<br>2010 |
|--|-----------------------------|-----------------------------|
| <b>26.4 Reconciliation of the weighted average number of ordinary shares in issue and the diluted weighted average net number of ordinary shares</b> |                             |                             |
| Weighted average number of ordinary shares in issue  | 527 552 282                 | 443 297 059                 |
| Weighted average number of ordinary shares held by a subsidiary in terms of share buy-backs  | (35 765 285)                | (35 765 285)                |
| Weighted average number of ordinary shares held by the Share Incentive Scheme <sup>1</sup>   | (569 746)                   | (569 746)                   |
| Weighted average net number of ordinary shares in issue during the year  | 491 217 251                 | 406 962 028                 |
| Ordinary shares to be issued on the basis that all preference shares will be converted into ordinary shares after 4 November 2010 <sup>2</sup>       | —                           | 58 345 449                  |
| Diluted weighted average net number of ordinary shares   | 491 217 251                 | 465 307 477                 |

<sup>1</sup>The options granted to directors and employees to subscribe for ordinary shares via the Share Incentive Scheme have been settled in cash. As a result, these options are not taken into account in calculating diluted (loss)/earnings and diluted headline earnings per ordinary share.

<sup>2</sup>During the year 53 995 906 preference shares have converted into 121 999 596 ordinary shares, leaving a remaining balance of 265 362 preference shares. A dilutive effect of the remaining preference shares is considered immaterial and thus has not been taken into account.

The redeemable option-holding shares issued in June 2007 and December 2010 have not been taken into account in calculating the dilutive effect on ordinary shareholding as the minimum strike price of R9,18 is greater than the Group's ordinary share price at 30 June 2011 of R3,28 (2010: R7,75) and is unlikely to be exercised.

The application of circular 3/2009 has resulted in no material changes.

## Company

|  | 2011<br>R'000 | 2010<br>R'000 |
|--|---------------|---------------|
| <b>26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS</b> <i>(continued)</i>                           |               |               |
| <b>26.5 Dividends paid</b>   |               |               |
| <b>Preference shares</b>   |               |               |
| Dividend of 30,0 cents per preference share for the period ended 31 December 2010 paid on 11 April 2011  | 14 710        | —             |
| Dividend of 27,58 cents per preference share for the period ended 31 December 2009 paid on 29 March 2010 | —             | 14 965        |
| Dividend of 27,5 cents per preference share for the period ended 30 June 2009 paid on 28 September 2009  | —             | 15 043        |
|  | <b>14 710</b> | <b>30 008</b> |

## Group

|   | 2011<br>R'000    | 2010<br>R'000    |
|---|------------------|------------------|
| <b>27. CASH RECEIVED FROM CUSTOMERS</b>                 |                  |                  |
| Revenue   | 1 886 411        | 4 199 259        |
| Movement in trade and other receivables                 | (79 630)         | (56 027)         |
|   | <b>1 806 781</b> | <b>4 143 232</b> |
| <b>28. CASH PAID TO SUPPLIERS AND EMPLOYEES</b>         |                  |                  |
| Revenue   | 1 886 411        | 4 199 259        |
| Profit from operations                                  | (30 818)         | (327 048)        |
|   | <b>1 855 593</b> | <b>3 872 211</b> |
| Depreciation  | (42 937)         | (104 645)        |
| Amortisation of intangible assets                       | (2 066)          | (4 066)          |
| Net profit on disposal of property, plant and equipment | 1 415            | 517              |
| Donation – BEE shares                                   | (151)            | —                |
| Movement in inventories                                 | 2 704            | (1 376)          |
| Movement in trade and other payables                    | 13 428           | (47 658)         |
|   | <b>1 827 986</b> | <b>3 714 983</b> |

|  | Group           |               |                |               |
|--|-----------------|---------------|----------------|---------------|
|  | 2011<br>R'000   | 2010<br>R'000 |                |               |
| <b>29. CASH GENERATED FROM OPERATIONS</b>                            |                 |               |                |               |
| Profit from operations   | 30 818          | 327 048       |                |               |
| Depreciation   | 42 937          | 104 645       |                |               |
| Amortisation of intangible assets                                    | 2 066           | 4 066         |                |               |
| Net profit on disposal of property, plant and equipment              | (1 415)         | (517)         |                |               |
| Donation – BEE shares  | 151             | —             |                |               |
| Working capital changes  | (95 762)        | (6 993)       |                |               |
|  | <b>(21 205)</b> | 428 249       |                |               |
| <b>30. WORKING CAPITAL CHANGES</b>                                   |                 |               |                |               |
| Inventories  | (2 704)         | 1 376         |                |               |
| Trade and other receivables  | (79 630)        | (56 027)      |                |               |
| Trade and other payables   | (13 428)        | 47 658        |                |               |
|  | <b>(95 762)</b> | (6 993)       |                |               |
|  | Group           |               | Company        |               |
|  | 2011<br>R'000   | 2010<br>R'000 | 2011<br>R'000  | 2009<br>R'000 |
| <b>31. TAXATION PAID/(REFUNDED)</b>                                  |                 |               |                |               |
| Unpaid at the beginning of the year and on disposals of subsidiaries | (17 214)        | 3 683         | —              | 314           |
| Charged/(credited) to the statement of comprehensive income          | 77 502          | 88 459        | (2 419)        | 3 001         |
| Overpaid/(unpaid) at the end of the year                             | 1 110           | (20 621)      | —              | —             |
|  | <b>61 398</b>   | 71 521        | <b>(2 419)</b> | 3 315         |

### 32. NET (DISPOSAL)/ACQUISITION OF SUBSIDIARIES

On 20 August 2010, the Group unbundled and distributed its 53,33% interest in Health Strategic Investments, the vehicle holding the Group's 14,25% indirect interest in Life Healthcare, to its ordinary shareholders. The fair value unbundled/distributed amounted to R1 892 million.

As part of the Group's unbundling process, the Group disposed of its 75% interest in the share capital of Zonke Monitoring Systems (Proprietary) Limited ("Zonke") to Mvelaserve on 29 October 2010. The fair value of its net assets disposed of was R81 million for which the Group received additional shares in Mvelaserve valued at R81 million.

On 6 December 2010, the Group unbundled its 100% interest in Mvelaserve. Mvelaserve and its subsidiaries contributed R1 886 million in revenue and R71 million in operating profit to the Group's profit before tax for the period 1 July 2010 to 30 November 2010. The assets and liabilities unbundled/ disposed are as follows:

|                                  | Group         |               | Company       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2011<br>R'000 | 2010<br>R'000 | 2011<br>R'000 | 2010<br>R'000 |
| Property, plant and equipment    | (394 724)     | (7 982)       | —             | —             |
| Trademarks and other intangibles | (135 974)     | —             | —             | —             |
| Investments in subsidiaries      | —             | —             | (117 248)     | —             |
| Investments in associates        | (9 745)       | —             | —             | —             |
| Strategic investments            | (1 912 928)   | (6 679)       | —             | —             |
| Inventory                        | (44 589)      | 2 355         | —             | —             |
| Trade and other receivables      | (915 670)     | (15 542)      | —             | —             |
| Cash and cash equivalents        | (188 368)     | (8 862)       | —             | —             |
| Trade and other payables         | 803 936       | 3 815         | —             | —             |
| Non-current liabilities          | 393 513       | 120           | —             | —             |
| Current liabilities              | 75 489        | 5 227         | —             | —             |
| Deferred taxation                | (28 080)      | (260)         | —             | —             |
| Normal taxation                  | 37 835        | 3 443         | —             | —             |
| Net assets disposed              | (2 319 305)   | (24 365)      | (117 248)     | —             |
| Minority interest                | 12 422        | 2 400         | —             | —             |
| Goodwill                         | (703 373)     | (27 603)      | (101 251)     | —             |
| Loss on disposal                 | 283 557       | 42 561        | 118 324       | —             |
|                                  | (2 726 699)   | (7 007)       | (100 175)     | —             |
| <i>Satisfied by:</i>             |               |               |               |               |
| Cash                             | —             | (13 000)      | 653 289       | —             |
| Loans                            | —             | 2 817         | —             | —             |
| Dividend/distribution            | (2 726 699)   | 3 176         | (753 464)     | —             |
|                                  | (2 726 699)   | (7 007)       | (100 175)#    | —             |
| Net cash effect                  | (188 368)     | 4 138         | 653 288       | —             |

#Dividend/distribution for the Company is net of dividend received in lieu of shares for Health Strategic Investments and Mvelaserve.

For the year ended 30 June 2010, the Group disposed of its 50,1% interest in Novare Holdings (Proprietary) Limited, which was offset by an additional 2% purchase in Zonke.

### 33. RELATED-PARTY TRANSACTIONS

#### 33.1 Parent company

Mvelaphanda Holdings is the controlling company of Mvelaphanda Group. All transactions between Mvelaphanda Group and Mvelaphanda Holdings are concluded at arm's length.

#### 33.2 Subsidiary companies

Details of principal subsidiary companies are set out on page 73 to this report.

Details of loans to subsidiary companies are set out on page 73 to this report.

All transactions between Mvelaphanda Group and/or subsidiary companies are concluded at arm's length. On consolidation, intercompany transactions are eliminated.

**33. RELATED-PARTY TRANSACTIONS** (continued)**33.3 Associated companies**

Details of investments in associated companies are disclosed in note 5 to this report.

All transactions between Mvelaphanda Group and/or its subsidiary companies and the associated companies are concluded at arm's length.

**33.4 Directors**

The names of the directors of Mvelaphanda Group are set out on pages 2 to 3 to this report.

Details of directors' interests in Mvelaphanda Group ordinary shares, redeemable option-holding shares and options/scheme shares are set out in the directors' report on page 19.

**33.5 Shareholders**

A detailed analysis of shareholders is set out on page 71.

R1 892 236 000 in Health Strategic Investments shares and R834 463 000 in Mvelaserve shares were unbundled to ordinary shareholders on 20 August 2010 and 6 December 2010 respectively.

Dividends paid to preference shareholders during the year ended 30 June 2011 amounted to R14 790 000 (2010: R30 008 000).

A subsidiary of Mvelaphanda Group held 35 765 285 (2010: 35 765 285) Mvelaphanda Group ordinary shares which were acquired in terms of share buy-backs in the open market at a cost of R360 041 000.

|                                 |   | Group         |               |
|---------------------------------|---|---------------|---------------|
|                                 |   | 2011<br>R'000 | 2010<br>R'000 |
| <b>34. CAPITAL COMMITMENTS</b>  |   |               |               |
| <b>34.1 Capital expenditure</b> |   |               |               |
|                                 | Commitments in respect of capital expenditure approved by the directors:                        |               |               |
|                                 | Contracted for  | —             | 16 354        |
|                                 | Not contracted for  | —             | 9 770         |
|                                 |   | —             | 26 124        |
| <b>34.2 Operating leases</b>    |   |               |               |
|                                 | The minimum commitments are:  |               |               |
|                                 | Land and buildings  | —             | 114 174       |
|                                 | Equipment   | —             | 5 423         |
|                                 | Motor vehicles  | —             | 325           |
|                                 | Total operating lease commitments   | —             | 119 922       |
|                                 | Less: Amounts accrued as a result of accounting for operating leases on the straight-line basis | —             | (1 191)       |
|                                 | Net operating lease commitments not provided for  | —             | 118 731       |
|                                 | Analysis of total operating lease commitments:  |               |               |
|                                 | due in year one   | —             | 24 906        |
|                                 | due in year two   | —             | 19 777        |
|                                 | due in year three   | —             | 17 205        |
|                                 | due in year four  | —             | 30 797        |
|                                 | Thereafter  | —             | 26 046        |
|                                 |   | —             | 118 731       |

With the unbundling of Mvelaserve, the Group is no longer exposed to material capital commitments. In the prior year, material lease commitments related mainly to immovable property, vehicles and equipment. Specific details and terms of leases varied between different contracts. Renewal options, where these existed, were between one and five years. Rentals on certain leases escalated annually. The majority of rentals under property lease renewal options are determined with reference to market rentals at the time of renewal. There are no contingent rental payments.

**35. CONTINGENT LIABILITIES****35.1 Bank facilities**

Bank facilities of certain subsidiaries are secured by a negative pledge over certain assets and a cession of book debts of Rnil (2010: R28 800 000).

Bank facilities of certain subsidiary companies and non-current interest-bearing liabilities of Rnil (2010: R119 000 000) incurred by certain subsidiary companies have been guaranteed by Mvelaphanda Group.

Loans between certain subsidiary companies have been subordinated in favour of the other creditors of the debtor companies.

**Group**

|                              | <b>2011</b>  | 2010   |
|------------------------------|--------------|--------|
|                              | <b>R'000</b> | R'000  |
| <b>35.2 Other guarantees</b> |              |        |
| Bank guarantees to clients   | —            | 6 736  |
| Bank guarantees to suppliers | —            | 11 585 |

**35.3 Secondary tax on companies**

STC is levied on dividends distributed at a rate of 10%.

In the event that the Company were to declare a dividend equal to its distributable reserve, it would be liable for secondary tax on companies amounting to R36 245 000 (2010: R28 916 000).

Credits in respect of secondary tax on companies, available for set-off by the Company against future dividends, amounted to Rnil (2010: R3 111 000)

**36. FINANCIAL INSTRUMENTS****36.1 Financial risk management objective**

The board of directors is ultimately responsible for the management of risk. In order to discharge this responsibility the board has put in place various policy and procedure frameworks that are applicable at various levels of the organisation. Compliance with these policies and procedures is monitored by the audit committee and the board on a regular basis.

In the course of the Group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency, price and interest rate risk. Risk management relating to each of these risks are detailed below:

**36.2 Capital risk management**

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of a gearing ratio.

**The gearing ratio and the weighted average cost of capital at 30 June 2011 and 30 June 2010:****Group**

|   | <b>2011</b>      | 2010      |
|---|------------------|-----------|
|   | <b>R'000</b>     | R'000     |
| Total interest-bearing liabilities including overdrafts | <b>357 444</b>   | 1 394 870 |
| Capital and reserves                                    | <b>2 351 036</b> | 4 894 283 |
| Gearing ratio (%)                                       | <b>15,2</b>      | 28,5*     |
| Weighted average cost of capital (%)                    | <b>10,5</b>      | 11,6      |

\*Gearing ratio restated to include the interest rate swap.

## 36. FINANCIAL INSTRUMENTS (continued)

## 36.3 Analysis of financial assets and liabilities

## Financial assets

| Group: 2011  | Financial services<br>R'000 | Consumer services<br>R'000 | Construction and infra-structure<br>R'000 | Telecoms, media and technology<br>R'000 | Cash and cash equivalents<br>R'000 | Total<br>R'000   |
|--|-----------------------------|----------------------------|---|---|------------------------------------|------------------|
| <i>Financial asset classes</i>                     |                             |                            |   |   |                                    |                  |
| <b>Non-current assets</b>                          |                             |                            |   |   |                                    |                  |
| Strategic investments                              | 826 689                     | 747 440                    | 87 240                                    | —                                       | —                                  | 1 661 369        |
| <b>Current assets</b>                              |                             |                            |   |   |                                    |                  |
| Other investments                                  | —                           | 306 944                    | —   | 48 125                                  | —                                  | 355 069          |
| Trade and other receivables                        | —                           | 614                        | —   | 23 062                                  | —                                  | 23 676           |
| Cash and cash equivalents                          | —                           | —                          | —   | —                                       | 88 285                             | 88 285           |
| <b>Non-financial assets</b>                        | —                           | 1 310                      | —   | 636 437                                 | —                                  | 637 747          |
|  | <b>826 689</b>              | <b>1 056 308</b>           | <b>87 240</b>                             | <b>707 624</b>                          | <b>88 285</b>                      | <b>2 766 146</b> |
| <i>Financial asset categories</i>                  |                             |                            |   |   |                                    |                  |
| <b>Fair value</b>                                  |                             |                            |   |   |                                    |                  |
| <i>Held for trading</i>                            |                             |                            |   |   |                                    |                  |
| Designated at "fair value through profit and loss" | 826 689                     | 1 054 384                  | 87 240                                    | 48 125                                  | —                                  | 2 016 438        |
| – Listed investments                               | 826 689                     | 1 033 355                  | 87 240                                    | 48 125                                  | —                                  | 1 995 409        |
| – Unlisted investments                             | —                           | 21 029                     | —   | —                                       | —                                  | 21 029           |
| <b>Amortised cost</b>                              |                             |                            |   |   |                                    |                  |
| Loans and receivables                              | —                           | 614                        | —   | 23 062                                  | 88 285                             | 111 961          |
| Trade and other receivables                        | —                           | 614                        | —   | 23 062                                  | —                                  | 23 676           |
| Cash and cash equivalents                          | —                           | —                          | —   | —                                       | 88 285                             | 88 285           |
| Non-financial assets                               | —                           | 1 310                      | —   | 636 437                                 | —                                  | 637 747          |
|  | <b>826 689</b>              | <b>1 056 308</b>           | <b>87 240</b>                             | <b>707 624</b>                          | <b>88 285</b>                      | <b>2 766 146</b> |

**36. FINANCIAL INSTRUMENTS** (continued)**36.3 Analysis of financial assets and liabilities** (continued)**Financial assets**

| <b>Group: 2010</b>                                 | Financial services<br>R'000 | Consumer services<br>R'000 | Construction and infrastructure<br>R'000 | Telecoms, media and technology<br>R'000 | Cash and cash equivalents<br>R'000 | Non-financial instruments<br>R'000 | Total<br>R'000 |
|--|-----------------------------|----------------------------|--|---|------------------------------------|------------------------------------|----------------|
| <i>Financial asset classes</i>                     |                             |                            |  |   |                                    |                                    |                |
| <b>Non-current assets</b>                          |                             |                            |  |   |                                    |                                    |                |
| Strategic investments                              | 684 566                     | 93 017                     | 144 189                                  | 515 484                                 | —                                  | 1 408                              | 1 438 664      |
| <b>Current assets</b>                              |                             |                            |  |   |                                    |                                    |                |
| Strategic investments                              | —                           | 2 626 286                  | —  | —                                       | —                                  | —                                  | 2 626 286      |
| Trade and other receivables                        | 240                         | 554 065                    | 182 455                                  | 31 644                                  | —                                  | 32 780                             | 801 184        |
| Cash and cash equivalents                          | —                           | —                          | —  | —                                       | 526 143                            | —                                  | 526 143        |
| <b>Non-financial assets</b>                        |                             |                            |  |   |                                    |                                    |                |
|  | —                           | —                          | —  | —                                       | —                                  | 1 962 780                          | 1 962 780      |
|  | 684 806                     | 3 273 368                  | 326 644                                  | 547 128                                 | 526 143                            | 1 996 968                          | 7 355 057      |
| <i>Financial asset categories</i>                  |                             |                            |  |   |                                    |                                    |                |
| <b>Fair value</b>                                  |                             |                            |  |   |                                    |                                    |                |
| Held for trading                                   |                             |                            |  |   |                                    |                                    |                |
| Designated at "fair value through profit and loss" |                             |                            |  |   |                                    |                                    |                |
|  | 684 566                     | 2 719 303                  | 144 189                                  | 515 484                                 | —                                  | 1 408                              | 4 064 950      |
| – Listed investments                               | 684 566                     | 2 610 733                  | 144 189                                  | 41 250                                  | —                                  | —                                  | 3 480 738      |
| – Unlisted investments                             | —                           | 108 570                    | —  | 474 234                                 | —                                  | 1 408                              | 584 212        |
| <b>Amortised cost</b>                              |                             |                            |  |   |                                    |                                    |                |
| Loans and receivables                              | 240                         | 554 065                    | 182 455                                  | 31 644                                  | 526 143                            | 32 780                             | 1 327 327      |
| Trade and other receivables                        | 240                         | 554 065                    | 182 455                                  | 31 644                                  | —                                  | 32 780                             | 801 184        |
| Cash and cash equivalents                          | —                           | —                          | —  | —                                       | 526 143                            | —                                  | 526 143        |
| <b>Non-financial assets</b>                        |                             |                            |  |   |                                    |                                    |                |
|  | —                           | —                          | —  | —                                       | —                                  | 1 962 780                          | 1 962 780      |
|  | 684 806                     | 3 273 368                  | 326 644                                  | 547 128                                 | 526 143                            | 1 996 968                          | 7 355 057      |

**Financial liabilities**

| <b>Group: 2011</b>                         | Amortised cost<br>R'000 | Non-financial instruments<br>R'000 | Total<br>R'000 |
|--|-------------------------|------------------------------------|----------------|
| <b>Capital and reserves</b>                |                         |                                    |                |
|  | —                       | 2 357 323                          | 2 357 323      |
| <b>Non-current and current liabilities</b> |                         |                                    |                |
| Interest-bearing liabilities               | 357 444                 | —                                  | 357 444        |
| Trade and other payables                   | 1 933                   | —                                  | 1 933          |
| Non-financial liabilities                  | —                       | 49 446                             | 49 446         |
|  | 359 377                 | 2 406 769                          | 2 766 146      |

**36. FINANCIAL INSTRUMENTS** (continued)**36.3 Analysis of financial assets and liabilities** (continued)**Financial liabilities**

|  | Investment funding                                   |                            |  | Other                      |   | Total<br>R'000 |
|--|--|----------------------------|--|----------------------------|---|----------------|
|  | Fair value<br>through<br>profit and<br>loss<br>R'000 | Amortised<br>cost<br>R'000 | Asset-based<br>finance<br>amortised<br>cost<br>R'000 | Amortised<br>cost<br>R'000 | Non-<br>financial<br>instruments<br>R'000 |                |
| <b>Group: 2010</b>                         |  |                            |  |                            |   |                |
| <b>Capital and reserves</b>                | —  | —                          | —  | —                          | 4 894 283                                 | 4 894 283      |
| <b>Non-current and current liabilities</b> |  |                            |  |                            |   |                |
| Interest-bearing liabilities               | —  | 1 106 503                  | 201 054  | 50 677                     | —   | 1 358 234      |
| Financial liability                        | 36 900   | —                          | —  | —                          | —   | 36 900         |
| Non-interest-bearing liabilities           | —  | —                          | —  | 2 577                      | 18 135                                    | 20 712         |
| Trade and other payables                   | —  | —                          | —  | 536 028                    | 252 540                                   | 788 568        |
| Non-financial liabilities                  | —  | —                          | —  | —                          | 256 360                                   | 256 360        |
|  | 36 900   | 1 106 503                  | 201 054  | 589 282                    | 5 421 318                                 | 7 355 057      |

The fair value of the financial assets and liabilities carried at amortised cost is approximately equal to their carrying amounts.

No gain or loss has been recognised in the statements of comprehensive income as a result of a change in the Group's credit spread. The valuation method utilised is based on the constant credit spread approach. Management has evaluated this assumption and determined that no adjustment is necessary in the current year.

**36.4 Valuation hierarchy**

The following table presents the Group's assets that are measured at fair value at 30 June 2011:

|                                    | Level 1 <sup>(a)</sup><br>R'000 |        | Level 2 <sup>(b)</sup><br>R'000 |  | Carrying<br>value<br>30 June<br>2011<br>R'000 |
|------------------------------------|---------------------------------|--------|---------------------------------|--|---|
|                                    | <b>Assets</b>                   |        |                                 |  |   |
| Fair value through profit and loss | 1 995 409                       | 21 029 |                                 |  | 2 016 438                                     |

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2010:

|                                    | Level 1 <sup>(a)</sup><br>R'000 |           | Level 2 <sup>(b)</sup><br>R'000 |  | Carrying<br>value<br>30 June<br>2010<br>R'000 |
|------------------------------------|---------------------------------|-----------|---------------------------------|--|---|
|                                    | <b>Assets</b>                   |           |                                 |  |   |
| Fair value through profit and loss | 1 995 409                       | 1 364 205 |                                 |  | 2 016 438                                     |
| <b>Liabilities</b>                 |                                 |           |                                 |  |   |
| Financial liability                | —                               | 36 900    |                                 |  | 36 900  |

(a) This level includes listed equity shares which are valued at the closing share price on the JSE on the financial position date.

(b) This level includes unlisted equity shares and loan receivables. Equity shares are valued using market values of similar listed shares, PE multiples, net asset value methodologies less associated debt. Loan receivables are carried at amortised costs. In addition to equity shares and loan receivables, the prior year includes an interest rate swap. The interest rate swap's value was determined by the forward-looking three-month JIBAR.

**36. FINANCIAL INSTRUMENTS** (continued)**36.5 Credit risk**

Credit and counterparty risk refer to the effects on future cash flows and earnings of borrowers defaulting on their obligations. This exposure to credit risk, which primarily arose from investment activities, cash placed with financial institutions and trade and other receivables from subsidiary trading activities, has been materially reduced with the unbundling of Mvelaserve and Health Strategic Investments. Credit exposure arising from equity investments are evaluated and monitored based on the investment as a whole. Significant cash deposits are placed with investment grade banks and monitored by the Group's chief financial officer. For the current financial period, both trade and other receivables and cash and cash equivalents as presented on the statement of financial position have been assessed as neither past due nor impaired.

| Analysis of credit quality   | Financial services | Consumer services         | Construction and infrastructure <sup>1</sup> | Telecoms, media and technology | Other investments        | Total R'000 |
|--|--------------------|---------------------------|--|--------------------------------|--------------------------|-------------|
|  | Receivables        |                           |  |                                | Cash and cash equivalent |             |
| Group: 2010  | High R'000         | Medium <sup>2</sup> R'000 | High R'000                                   | High R'000                     | High R'000               |             |
| Financial assets that are neither past due nor impaired                    | 240                | 349 521                   | 170 126                                      | 31 370                         | 526 143                  | 1 077 400   |
| Financial assets that are past due but not yet impaired (per age analysis) | —                  | 170 220                   | 11 789                                       | 111                            | —                        | 182 120     |
| 0 – 30 days  | —                  | 34 718                    | —  | —                              | —                        | 34 718      |
| 31 – 60 days   | —                  | 30 404                    | 3 214  | 98                             | —                        | 33 716      |
| 61 – 90 days   | —                  | 30 255                    | 1 896  | 3                              | —                        | 32 154      |
| > 90 days  | —                  | 74 843                    | 6 679  | 10                             | —                        | 81 532      |
| Financial assets that are impaired   | —                  | 34 324                    | 540  | 163                            | —                        | 35 027      |
| Carrying amount  | —                  | 85 038                    | 4 396  | 37 798                         | —                        | 127 232     |
| Provision for impairment   | —                  | (50 714)                  | (3 856)                                      | (37 635)                       | —                        | (92 205)    |
| Total credit exposure <sup>3</sup>   | 240                | 554 065                   | 182 455                                      | 31 644                         | 526 143                  | 1 294 547   |

<sup>1</sup>TFMC has a large operational exposure to Telkom. This exposure represents a concentration risk for the Group both strategically and in terms of credit risk. This relationship is closely managed and the credit risk is mitigated through upfront monthly payments of some of the services rendered.

<sup>2</sup>Consumer services is considered to be of medium credit quality as the industries involved are subjected to cyclical trends, interest and inflation rate changes.

<sup>3</sup>Of the total exposure, R1 052 000 000 was in respect of Mvelaserve which, in most instances consisted of a large number of customers, spread across diverse industries and geographical areas. Each subsidiary of Mvelaserve was responsible for the evaluation of customers prior to the granting of credit as each subsidiary had a unique customer base and differing levels of exposure. Credit exposures were managed through prudent credit limits and constant evaluation of repayment behaviour. Where the behaviour fell outside of an acceptable range, remedial action was taken to recover the debt. As Mvelaserve is a services business, in some instances, the continuation of the service was cancelled until full repayment was received.

Unless otherwise indicated, the maximum exposure to credit risk is the carrying value of the financial assets. Given the nature of the risk no additional collateral is taken against the credit risk exposures except for credit guarantee insurance, where considered appropriate.

| Reconciliation of allowance account                | Consumer services R'000 | Construction and infrastructure R'000 | Telecoms, media and technology R'000 | Total R'000 |
|--|-------------------------|---------------------------------------|--------------------------------------|-------------|
| <b>At 30 June 2010</b>                             | 50 714                  | 3 856                                 | 37 635                               | 92 205      |
| Disposal of subsidiaries via Mvelaserve unbundling | (50 714)                | (3 856)                               | (37 635)                             | (92 205)    |
| <b>At 30 June 2011</b>                             | —                       | —                                     | —                                    | —           |

**36. FINANCIAL INSTRUMENTS** (continued)**36.6 Market risk**

Market risk is the potential change in the value of a financial instrument resulting from changes in market conditions or market parameters such as equity prices, exchange rates or interest rates. The Group is exposed to two primary types of market risk namely equity and interest rate risk. The specific risk management objectives, policies and procedures relating to each type of market risk, is described in the sections below.

**36.6.1 Equity risk management**

The Groups' primary exposure to equity risk is through the medium to long-term investments entered into by the Group. The Group does not currently hedge the equity price risk inherent in the investment, but manages performance, to the extent possible, on an investment-specific basis.

| Group: 2011             | Carrying value at year-end | Carrying value exposed to market risk | Reasonably possible change <sup>1</sup> | Impact on profit/loss |                             |
|-------------------------|----------------------------|---------------------------------------|---|-----------------------|-----------------------------|
|                         | R'000                      | R'000                                 | %                                       | Pre-tax R'000         | Post-tax <sup>2</sup> R'000 |
| <b>Financial assets</b> |                            |                                       |   |                       |                             |
| Strategic investments   | 2 016 438                  | 1 995 409                             | 2                                       | 39 908                | 5 587                       |
|                         | <b>2 016 438</b>           | <b>1 995 409</b>                      |   | <b>39 908</b>         | <b>5 587</b>                |
| <b>Group: 2010</b>      |                            |                                       |   |                       |                             |
| <b>Financial assets</b> |                            |                                       |   |                       |                             |
| Strategic investments   | 4 064 950                  | 3 983 908                             | 2                                       | 79 678                | 11 154                      |
|                         | <b>4 064 950</b>           | <b>3 983 908</b>                      |   | <b>79 678</b>         | <b>11 154</b>               |

<sup>1</sup>Based on the average estimated volatility in the All Share Index (ASI) over a period of one year.

<sup>2</sup>At CGT rate.

**36.6.2 Interest rate risk management**

Interest rate risk refers to the impact on future cash flows and earnings of assets and liabilities of interest rates re-pricing either at different points in time or on a different basis.

The Group is not exposed to a significant amount of interest rate risk relative to its exposure to equity risk and therefore the majority of the funding and asset profile is at variable interest rates. This exposure is monitored relative to the investments and where considered necessary, management may hedge the exposure to interest rate risk either through fixed rate funding or interest rate derivatives.

| Group: 2011                          | Carrying value at year-end | Carrying value exposed to market risk | Index to which interest rate is linked | Reasonably possible change | Impact on profit/loss |                |
|--------------------------------------|----------------------------|---------------------------------------|--|----------------------------|-----------------------|----------------|
|                                      | R'000                      | R'000                                 | R'000                                  | %                          | Pre-tax R'000         | Post-tax R'000 |
| <b>Financial assets</b>              |                            |                                       |  |                            |                       |                |
| Strategic investments                | 21 029                     | 21 029                                | Prime                                  | 1                          | 210                   | 59             |
| Cash and cash equivalents            | 88 285                     | 88 285                                | Prime                                  | 1                          | 883                   | 247            |
|                                      | <b>109 314</b>             | <b>109 314</b>                        |  |                            | <b>1 093</b>          | <b>306</b>     |
| <b>Financial liabilities</b>         |                            |                                       |  |                            |                       |                |
| Preference A shares issued to Depfin | 194 000                    | 194 000                               | Prime                                  | 1                          | 1 940                 | 543            |
| Preference B shares issued to Depfin | 139 078                    | 139 078                               | Prime                                  | 1                          | 1 391                 | 389            |
| Bank overdraft                       | 24 366                     | 24 366                                | Prime                                  | 1                          | 244                   | 68             |
|                                      | <b>357 444</b>             | <b>357 444</b>                        |  |                            | <b>3 575</b>          | <b>1 000</b>   |

**36. FINANCIAL INSTRUMENTS** (continued)**36.6.2 Interest rate risk management** (continued)

| Group: 2010                                | Carrying value at year-end | Carrying value exposed to market risk | Index to which interest rate is linked | Reasonably possible change | Impact on profit/loss |                |
|--|----------------------------|---------------------------------------|--|----------------------------|-----------------------|----------------|
|  | R'000                      | R'000                                 | R'000                                  | %                          | Pre-tax R'000         | Post-tax R'000 |
| <b>Financial assets</b>                    |                            |                                       |  |                            |                       |                |
| Other investments                          | 48 710                     | 48 710                                | Prime                                  | 3                          | 1 461                 | 409            |
| Cash and cash equivalents                  | 526 143                    | 526 143                               | Prime                                  | 3                          | 15 784                | 4 420          |
|  | 574 853                    | 574 853                               |  |                            | 17 245                | 4 829          |
| <b>Financial liabilities</b>               |                            |                                       |  |                            |                       |                |
| Asset-based finance                        | 201 054                    | 201 054                               | Prime                                  | 3                          | 6 032                 | 1 689          |
| Financial liability                        | 36 900                     | 36 900                                | JIBAR                                  | 3                          | 1 107                 | 310            |
| Term loan                                  | 50 677                     | 50 677                                | Prime                                  | 3                          | 1 520                 | 426            |
| Preference A shares issued to Absa Capital | 255 718                    | 255 718                               | Prime                                  | 3                          | 7 672                 | 2 148          |
| Preference shares issued to Absa Capital   | 241 219                    | 241 219                               | Prime                                  | 3                          | 7 237                 | 2 026          |
| Preference shares issued to Nedbank        | 241 219                    | 241 219                               | Prime                                  | 3                          | 7 237                 | 2 026          |
| Preference A shares issued to Nedbank      | 236 452                    | 236 452                               | Prime                                  | 3                          | 7 094                 | 1 986          |
| Preference B shares issued to Nedbank      | 131 895                    | 131 895                               | Prime                                  | 3                          | 3 957                 | 1 108          |
|  | 1 395 134                  | 1 395 134                             |  |                            | 41 856                | 11 719         |

**36.7 Foreign exchange rate risk management**

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At 30 June 2011, the Group had no exposure to foreign exchange rate risk, prior years' exposure related to Mvelaserve.

| Group: 2010                         | Carrying value at year-end | Carrying value exposed to market risk | Index to which interest rate is linked | Reasonably possible change | Impact on profit/loss |          |
|-------------------------------------|----------------------------|---------------------------------------|--|----------------------------|-----------------------|----------|
|                                     |                            |                                       |  | %                          | Pre-tax               | Post-tax |
| <b>Financial assets</b>             |                            |                                       |  |                            |                       |          |
| Cash and cash equivalents           | 7 763                      | 7 763                                 | USD                                    | 10.00                      | 776                   | 217      |
| Cash and cash equivalents (R'000)   | 632                        | 632                                   | Other                                  | 10.00                      | 63                    | 18       |
|                                     | 8 395                      | 8 395                                 |  |                            | 839                   | 235      |
| <b>Liability</b>                    |                            |                                       |  |                            |                       |          |
| Deposit received in advance (R'000) | 18 260                     | 18 260                                | USD                                    | 10.00                      | 1 826                 | 511      |

**36. FINANCIAL INSTRUMENTS** (continued)**36.8 Liquidity**

Liquidity risk arises in the general funding of the Group's activities when there are mismatches between the sizes and maturities of assets and liabilities and also in its other investments, funds management and trading operations. The liquidity risk refers to the ability of the Group to meet its financial obligations as they fall due. The chief financial officer is responsible for monitoring through the use of daily, weekly and rolling monthly liquidity analyses. This cash flow analyses are used to determine appropriate cash investment strategy.

| <b>Group: 2011</b>                   | <b>Carrying value at 30 June 2011 R'000</b> | <b>0 to 3 months R'000</b> | <b>1 to 2 years R'000</b> | <b>Total R'000</b> |
|--------------------------------------|---|----------------------------|---------------------------|--------------------|
| Preference A shares issued to Depfin | 194 000                                     | —                          | 215 538                   | 215 538            |
| Preference B shares issued to Depfin | 139 078                                     | —                          | 158 089                   | 158 089            |
| Trade and other payables             | 1 933                                       | 1 933                      | —                         | 1 933              |
| Bank overdraft                       | 24 366                                      | 24 914                     | —                         | 24 914             |
|                                      | <b>359 377</b>                              | <b>26 847</b>              | <b>373 627</b>            | <b>400 474</b>     |

| <b>Group: 2010</b>                        | <b>Carrying value at 30 June R'000</b> | <b>0 to 3 months R'000</b> | <b>4 to 6 months R'000</b> | <b>7 to 12 months R'000</b> | <b>1 to 2 years R'000</b> | <b>2 to 3 years R'000</b> | <b>Greater than 3 years R'000</b> | <b>Total R'000</b> |
|---|--|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------------|--------------------|
| <b>Asset-based finance</b>                | 201 054                                | 20 093                     | 19 803                     | 38 127                      | 58 967                    | 43 765                    | 20 300                            | 201 054            |
| <b>Investment funding</b>                 |  |                            |                            |                             |                           |                           |                                   |                    |
| Preference shares issued to Absa Capital  | 255 718                                | —                          | —                          | —                           | —                         | —                         | 283 289                           | 283 289            |
| Preference shares issued to United Towers | 241 219                                | —                          | —                          | —                           | 68 303                    | 123 270                   | 125 941                           | 317 514            |
| Preference shares issued to Depfin        | 241 219                                | —                          | —                          | —                           | 68 303                    | 123 270                   | 125 941                           | 317 514            |
| Preference A shares issued to Depfin      | 236 451                                | —                          | —                          | —                           | —                         | —                         | 414 295                           | 414 295            |
| Preference B shares issued to Depfin      | 131 895                                | —                          | —                          | —                           | —                         | —                         | 540 438                           | 540 438            |
| <b>Financial liability</b>                | 36 900                                 | —                          | —                          | —                           | —                         | —                         | 36 900                            | 36 900             |
| <b>Other liabilities</b>                  |  |                            |                            |                             |                           |                           |                                   |                    |
| Term loan                                 | 50 677                                 | 50 677                     | —                          | —                           | —                         | —                         | —                                 | 50 677             |
| Non-interest-bearing liability            | 2 577                                  | 2 577                      | —                          | —                           | —                         | —                         | —                                 | 2 577              |
| Trade and other payables                  | 536 028                                | 536 028                    | —                          | —                           | —                         | —                         | —                                 | 536 028            |
|   | <b>1 933 738</b>                       | <b>609 375</b>             | <b>19 803</b>              | <b>38 127</b>               | <b>195 573</b>            | <b>290 305</b>            | <b>1 547 104</b>                  | <b>2 700 286</b>   |

**37. RETIREMENT BENEFITS**

With the unbundling of Mvelaserve Limited, only employees employed by the Company remain on the Mvelaphanda Group Provident Fund. The Mvelaphanda Group Provident Fund is a defined-contribution fund which is governed by the Pension Funds Act No 24 of 1956. The Group's contributions to all retirement funds are charged against income when incurred. The Company contributed R520 000 to the defined-contribution plan during this financial year. Included in the Group's operating expenses is an amount of R50 837 000 in respect to provident/pension contributions that pertain to Mvelaserve. In the prior year 85% of the Group's (inclusive of Mvelaserve) 30 173 employees were members of the various pension and provident funds including the Mvelaphanda Group Provident Fund. For the year ending 30 June 2010, the Group contributed R93 278 000.

---

**38. EVENTS SUBSEQUENT TO THE REPORTING DATE**

**38.1** There have been no events between 30 June 2011 and the date of these financial statements which necessitate adjustments to the statements of financial position and comprehensive income at that date.

**38.2 Collar option on 7 000 000 Life Healthcare shares**

As part of the Group's strategy to realise value for its shareholders, the Group entered into a collar option transaction with a financial institution in July 2011 with a view to lock-in shareholder value. The collar option entered into is in respect of 7 000 000 Life Healthcare ordinary shares. The deemed value of the collar option is R122 010 000 which is based on the market price per Life Healthcare ordinary share of R17,43 on 30 June 2011.

**38.3 Vox Telecom**

On 1 July 2011, Mvela Group has irrevocably committed to vote in favour of an offer to acquire the entire share capital of Vox Telecom by Business Venture Investments No 1542, a special purpose vehicle held by Metier Trustees (Proprietary) Limited and Investec Bank Limited.

In terms of the irrevocable undertaking, Mvela Group has elected to receive a cash consideration of approximately R61,9 million in respect to its 137,5 million Vox Telecom shares held at 30 June 2011.

---

| Size of shareholding       | Number of ordinary shareholders | % of total | Number of ordinary shares | % of total |
|----------------------------|---------------------------------|------------|---------------------------|------------|
| 1 – 1 000 shares           | 944                             | 43         | 284 081                   | 0,05       |
| 1 001 – 5 000 shares       | 552                             | 25         | 1 517 701                 | 0,27       |
| 5 001 – 100 000 shares     | 435                             | 20         | 11 768 731                | 2,08       |
| 100 001 – 1 000 000 shares | 194                             | 9          | 64 789 857                | 11,46      |
| 1 000 001 shares and over  | 77                              | 3          | 487 113 280               | 86,14      |
|                            | 2 202                           | 100        | 565 473 650               | 100        |

| Nature of shareholding   | Number of ordinary shareholders | % of total | Number of ordinary shares | % of total |
|--|---------------------------------|------------|---------------------------|------------|
| Insurance companies, pension funds, corporate bodies and nominee companies | 682                             | 31         | 557 791 444               | 99         |
| Individuals  | 1 520                           | 69         | 7 682 206                 | 1          |
|  | 2 202                           | 100        | 565 473 650               | 100        |

| Beneficial shareholders holding of 5% or more                 | Number of shares | % of issued ordinary shares |
|---|------------------|-----------------------------|
| <b>Direct</b>   |                  |                             |
| Mvelaphanda Holdings (Proprietary) Limited <sup>1</sup>       | 84 060 371       | 15                          |
| Mvelaphanda Treasury & Finance Services (Proprietary) Limited | 35 765 285       | 6                           |
| Clidet 603  | 39 752 650       | 7                           |
| Coronation Fund Managers                                      | 59 344 183       | 11                          |
| Tantalum Capital  | 40 415 016       | 8                           |
| Allan Gray  | 33 425 256       | 6                           |
| Government Employees Pension Fund                             | 28 297 325       | 5                           |
| <b>Indirect</b>   |                  |                             |
| Mvelaphanda Empowerment Trust <sup>2</sup>                    | 32 011 680       | 5                           |

| Public/non-public shareholders          | Number of shareholders | Number of shares | % of issued share capital |
|---|------------------------|------------------|---------------------------|
| <b>Public shareholders</b>              | 2 194                  | 445 647 894      | 79                        |
| <b>Non-public shareholders</b>          |                        |                  |                           |
| Directors of the Company <sup>3</sup>   | 1                      | 100              | —                         |
| Strategic holdings (more than 10%)      | 1                      | 64 808 570       | 11                        |
| Empowerment                             | 4                      | 19 251 801       | 3                         |
| Related holdings (Mvelaphanda Treasury) | 2                      | 35 765 285       | 7                         |
|   | 2 202                  | 565 473 650      | 100                       |

<sup>1</sup>With respect to Mvelaphanda Holdings, the number of Mvelaphanda Group ordinary shares includes Mvelaphanda Group ordinary shares owned and/or controlled by Mvelaphanda Holdings and/or in respect of which Mvelaphanda Holdings hold the voting rights. Such voting rights include voting rights in respect of the Mvelaphanda Group ordinary shares held by TJS Family Trust, Mvelaphanda Empowerment Trust and Mvelaphanda Investment Trust.

<sup>2</sup>Held via Mvelaphanda Holdings.

<sup>3</sup>Includes directors and their associates, and Mvelaphanda Holdings.

| <b>Size of shareholding</b> | <b>Number of preference shareholders</b> | <b>% of total</b> | <b>Number of preference shares</b> | <b>% of total</b> |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 1 – 1 000 shares            | 10                                       | 32,50             | 1 482                              | 0,01              |
| 1 001 – 5 000 shares        | 11                                       | 35,00             | 38 813                             | 15,00             |
| 5 001 – 100 000 shares      | 10                                       | 32,50             | 225 067                            | 84,99             |
|                             | 31                                       | 100,00            | 265 362                            | 100,00            |

| <b>Nature of shareholding</b>  | <b>Number of preference shareholders</b> | <b>% of total</b> | <b>Number of preference shares</b> | <b>% of total</b> |
|--|--|-------------------|------------------------------------|-------------------|
| Insurance companies, pension funds, corporate bodies and nominee companies | 31                                       | 100,00            | 265 362                            | 100,00            |

| <b>Beneficial shareholders holding of 5% or more</b> | <b>Number of preference shareholders</b> | <b>% of total</b> | <b>Number of preference shares</b> | <b>% of issued preference share</b> |
|--|--|-------------------|------------------------------------|-------------------------------------|
| Standard Bank Nominees                               |  |                   | 192 506                            | 72                                  |
| First National Nominees (Proprietary) Limited        |  |                   | 33 055                             | 12                                  |
| Absa Stockbrokers (Proprietary) Limited              |  |                   | 18 700                             | 7                                   |
| Stockshare Nominees (Proprietary) Limited            |  |                   | 17 500                             | 6                                   |

| <b>Public/non-public shareholders</b> | <b>Number of preference shareholders</b> | <b>% of total</b> | <b>Number of preference shares</b> | <b>% of issued preference shares</b> |
|---------------------------------------|--|-------------------|------------------------------------|--------------------------------------|
| <b>Public shareholders</b>            | 31                                       |                   | 265 362                            | 100,00                               |
| <b>Non-public shareholders</b>        | —  |                   | —                                  | —                                    |

For the year ended 30 June

Details of principal subsidiary companies at 30 June 2011<sup>1</sup>

|  | %<br>holding | Nature of<br>business<br>(refer to<br>notes) | Issued<br>capital<br>R'000 | Shares<br>at cost<br>R'000 | Loans <sup>2</sup><br>R'000 |
|--|--------------|--|----------------------------|----------------------------|-----------------------------|
| <b>HEAD OFFICE COMPANIES</b>   |              |  |                            |                            |                             |
| Mvelaphanda Management Services (Proprietary) Limited                    | —            | 1  | —                          | —                          | —                           |
| Mvelaphanda Treasury and Financial Services (Proprietary) Limited        | 100          | 1  | #                          | —                          | 72 276                      |
| Mvelaserve Limited   | —            | 2  | —                          | —                          | —                           |
| <b>INVESTMENT COMPANIES</b>  |              |  |                            |                            |                             |
| Business Venture Investments No. 819 (Proprietary) Limited               | 50,5         | 2  | #                          | 94 864                     | 94 863                      |
| Business Venture Investments No. 821 (Proprietary) Limited               | 67,5         | 2  | #                          | 126 681                    | 126 680                     |
| Business Venture Investments No. 906 (Proprietary) Limited               | 93,4         | 2  | #                          | 113 942                    | 113 480                     |
| Dixonville Investments (Proprietary) Limited                             | 100          | 2  | #                          | #                          | 48 125                      |
| Lexshell 650 Investments (Proprietary) Limited                           | 100          | 2  | #                          | —                          | 105                         |
| Mvelaphanda Capital (Proprietary) Limited                                | 100          | 2  | #                          | 25 150                     | —                           |
| Mvelaphanda Private Equity (Proprietary) Limited                         | 100          | 2  | #                          | 27 736                     | —                           |
| Mvelaphanda Strategic Investments (Proprietary) Limited                  | 100          | 2  | #                          | 15 724                     | —                           |
| Newshelf 776 (Proprietary) Limited                                       | 100          | 2  | #                          | —                          | —                           |
| Richtrau No. 229 (Proprietary) Limited                                   | 100          | 2  | #                          | #                          | 403 989                     |
| Vulani Amasango Investments (Proprietary) Limited                        | 100          | 2  | #                          | 103 191                    | 103 190                     |
| <b>MVELASERVE LIMITED</b>  |              |  |                            |                            |                             |
| Khuseti Holdings (Proprietary) Limited                                   | —            | 3  | —                          | —                          | —                           |
| Mvelaserve Cleaning (Proprietary) Limited                                | —            | 4  | —                          | —                          | —                           |
| Protea Coin (Armed reaction and Assets-in-transit) (Proprietary) Limited | —            | 6  | —                          | —                          | —                           |
| Protea Coin (Physical and Technical Security) (Proprietary) Limited      | —            | 6  | —                          | —                          | —                           |
| Rebhold Freight Services (2000) (Proprietary) Limited                    | —            | 7  | —                          | —                          | —                           |
| RoyalSechaba Holdings (Proprietary) Limited                              | —            | 8  | —                          | —                          | —                           |
| TFMC Holdings (Proprietary) Limited                                      | —            | 9  | —                          | —                          | —                           |
| Zonke Monitoring Systems (Proprietary) Limited                           | —            | 10   | —                          | —                          | —                           |
|  |              |  |                            | 507 288                    | 962 708                     |

<sup>1</sup>Details are given in respect of interests in subsidiaries, where material. A full list of subsidiaries is available to shareholders, on request, at the registered office of the Company. All principal subsidiaries are incorporated in South Africa.

<sup>2</sup>All loans receivables except a loan receivable of R86 000 000 for Richtrau are non-interest-bearing with no fixed repayment terms. The interest-bearing loan receivable to Richtrau earns interest at prime rate and is repayable on or before 31 December 2013.

<sup>\*</sup>Less than R1 000.

**Notes**

1. Management and/or treasury services
2. Intermediate/investment holding company
3. Franchise and manufacturing
4. Cleaning services
6. Security services
7. Freight forwarding services
8. Catering services
9. Facilities management
10. Gambling services

For the year ended 30 June

**Details of principal investments, associated companies and joint ventures at 30 June 2011**

|   | Effective interest % | Sector                         | Nature of business   |
|---|----------------------|--------------------------------|--|
| <b>PRINCIPAL INVESTMENTS</b>                                      |                      |                                |  |
| Absa Group Limited <sup>5</sup>                                   | 2,23                 | Financial services             | Banking, insurance, financial and property products and services group listed on the JSE.  |
| African Renaissance Holdings Limited <sup>2</sup>                 | 2,90                 | Investment                     | Investment holding company.  |
| Group Five Limited <sup>2</sup>                                   | 12,1                 | Construction                   | Construction group listed on the JSE.  |
| Life Healthcare Group Holdings (Proprietary) Limited <sup>4</sup> | 1,67                 | Healthcare                     | Private healthcare service provider.   |
| Steinhoff International Holdings Limited <sup>1#</sup>            | 0,60                 | Furniture and household goods  | Integrated lifestyle supplier that manufactures, sources, warehouses, distributes and retails household goods on a global basis, operating in approximately 16 countries in Europe, Southern Africa and the Pacific, and is listed on the JSE. |
| Swissport South Africa (Proprietary) Limited <sup>5</sup>         | 39,20                | Transport                      | Logistics service provider operating at major airports in South Africa.  |
| Unitrans Express Deliveries (Proprietary) Limited <sup>2</sup>    | 25,00                | Transport                      | Provider of courier and express delivery services. Part of the Steinhoff International Holdings Limited group.   |
| Unitrans Fuel and Chemicals (Proprietary) Limited <sup>2</sup>    | 25,00                | Transport                      | Provider of transport and logistic services to the fuel and chemicals industries of Southern Africa. Part of the Steinhoff International Holdings Limited group.   |
| Vox Telecom Limited <sup>3</sup>                                  | 12,30                | Telecoms, media and technology | Alternative telecoms group listed on the JSE AltX.   |
| <b>PRINCIPAL ASSOCIATED COMPANY</b>                               |                      |                                |  |
| Avusa Limited <sup>1</sup>  | 22,00                | Media and entertainment        | A diversified media and entertainment company listed on the JSE.   |
| Experience Delivery Company <sup>2*</sup>                         | —                    | Consumer services              | Provider of facilities management.   |
| <b>PRINCIPAL JOINT VENTURE</b>                                    |                      |                                |  |
| Al-Jaber Coin LLC <sup>3*</sup>                                   | —                    | Consumer services              | A provider of security services in the UAE.  |

<sup>#</sup>Unwound in February 2011

\*Disposed of via the Mvelaserve unbundling on 6 December 2010

<sup>1</sup>Year-end 31 March 2010<sup>2</sup>Year-end 30 June 2010<sup>3</sup>Year-end 31 August 2010<sup>4</sup>Year-end 30 September 2010<sup>5</sup>Year-end 31 December 2010