

Chairman's review



Despite the decline in economic growth in South Africa amidst the steepest slowdown since the 1920 Great Depression, Mvelaphanda Group Limited is proud to announce above-average results for the 2009 financial year. The year under review saw the resignations of my predecessor principal co-founder of Mvelaphanda, Mr T Sexwale as well as Mr V Mavimbela, an executive director of the Company, both of whom now occupy senior positions in government. Mr Sexwale created a BEE Group whose legacy we want to preserve as an enduring symbol of commercial success. We wish them well in their current positions and thank them for their solid contribution while at the Company.

Economic environment

Inflation pressures continued to prevail during the year under review, which had a negative impact on the business environment in general. Although we have seen the negative effect of the economic contraction in some of our subsidiary results, the overall result achieved by the Group exceeded our expectations with a 6% growth in turnover. This was achieved despite the sharp decline in commodity prices and their resultant effect on specifically the mining industry which forms an important client base of certain of our subsidiaries.

The economic slowdown resulted in increased uncertainty in financial markets, and investment markets' performance remained depressed throughout the year under review. Our strategic

investments, on a portfolio basis, beat the market against a background where share prices in general continued to decline, albeit at a slower rate than the previous year. This contributed to an increase in our earnings per share for 2009.

Financial results

Measured against our strategic review and objectives, the Group has succeeded in preserving capital and streamlining operations under the Mvelaserve banner. This is evidenced by the improved operating profit and cost-income ratio achieved by the Group.

The Group's intrinsic net asset value per ordinary share, which we continue to regard as the primary measure of the Group's performance, decreased to R7,90 at 30 June 2009 from R8,68 at 30 June 2008. The decline of R0,78 for the current financial year is, however, materially less than the decline of R5,42 the previous year.

Board of directors

As at 30 June 2009 the Mvelaphanda Group board comprised 10 members of whom three were executives, one non-executive and six were independent non-executive directors. Apart from the resignations of Messrs Sexwale and Mavimbela, Mr M Willcox resigned as non-executive director, and likewise we extend our appreciation for his contribution to the Group since its inception.

Chairman's review continued



Black economic empowerment

Mvelaphanda Group still regards its BEE credentials to be one of its most important competitive advantages. The recently published BEE survey of the *Financial Mail*, which places Mvelaphanda Group ahead of the pack, is further testimony of the strides our company has made to consolidate its position as a premier player in the South African economy.

Employment levels of Mvelaphanda Group increased by 3%, of which approximately 80% were HDSA female, despite a decrease in general employment levels since the latter half of 2008.

Governance

Mvelaphanda Group strives to maintain the highest standards of corporate governance and recognises that corporate governance is a developing process. For this reason compliance with applicable codes is reviewed on an ongoing basis. A full corporate governance report is set out on pages 52 to 56 of this report.

Restructuring

This is the last year that the Group is presenting itself in its current form. As announced, the Group will be following a value-unlock strategy, which will result in the realisation and unbundling of the Group's assets over a period of 36 months. This, we are certain, will create long-term value for our shareholders.

Acknowledgements

My thanks and appreciation go to all the directors, executives and employees of all our operating businesses and investments.

A handwritten signature in black ink, appearing to read 'Mikki Xayiya'. The signature is stylized and written in a cursive-like font.

Mikki Xayiya

Executive Chairman